



UltraTech Cement Limited

Chairman's Speech

at

The 13th Annual General Meeting

on

Monday, 29th July, 2013

Ravindra Natya Mandir, Mumbai

Dear Fellow Shareholders,

It's a pleasure to share with you a roundup of the year's performance, its highs and lows and how the future will pan out. The year 2012-13 was indeed a very trying year. The economy both in India and across the world faced several headwinds. Even today the worst case scenarios for the global economy have not come to pass. The IMF estimates the global economy to be range bound between 3.5% to 4%.

Slow growth, investor diffidence, the rupee falling to an all time low and, power outages added to India's woes. High commodity prices and supply constraints of critical raw material, such as coal and natural gas further compounded the problem. Unsurprisingly then, India's GDP growth slowed markedly in 2012-13, to 5%, down from 6.2% in the previous year.

It's most creditable that your Company, UltraTech navigated these turbulent times and turned in an encouraging performance.

For FY13, your Company's revenues stood at ₹ 20,018 crores and Profit before Depreciation, Interest and Tax at ₹ 4,980 crores.

I would like to reiterate that over the years through determinant and deliberate efforts, we have moved from the position of the 'last man standing to the first man forward'. Your Company is today India's largest and most respected Cement Company.

The year saw the addition of our cement capacity practically all over the country, with a total investment of ₹11,400 crores. We commissioned –

- A state-of-the-art clinkerization unit of 3.3 MMTPA in Chhattisgarh.
- A 1.55 MMTPA Grinding Unit in Maharashtra, which along with the existing unit, is the largest split grinding unit in the country.

- A port based bulk terminal of 0.50 MMTPA at Cochin.
- A new wallcare putty plant at Katni in Madhya Pradesh, and
- Augmented our cement capacity at Gujarat Cement Works by 0.60 MMTPA

Consequently, your Company's cement capacity stands augmented to 53.90 MMTPA, including 3 MMTPA overseas.

Further, the clinkerisation plant of 3.30 MMTPA at Malkhed in Karnataka was commissioned recently. A 2.90 MMTPA expansion at Aditya Cement in Rajasthan is under way. We expect it to go on stream by March 2015.

We have blueprinted an audacious growth plan. It entails raising our current cement capacity by yet another 10 million tons to ramp up to 64.45 million tons in the next 20 months.

I am also delighted to inform you that your Company is now a part of the Nifty – which as you know is the index of the TOP 50 companies on the NSE. This elevation reflects the strength and scale of your Company and the positive investor sentiment associated with it. I want to thank all of you our shareholders for this vote of confidence in UltraTech.

Some of the other strategic initiatives that we have taken related to environment conservation, customer orientation and people processes :

- We are looking at new ways to preserve the environment and non-renewable resources. Your Company continues to maximize use of industrial waste and alternative sources of fuel and setting up of waste heat recovery systems.
- Towards customer insight and service, your Company has opened the UltraTech Building Solutions across the country. This is a one-stop-shop for all building materials.

- As a Group, we have always laid big bets on our people. While their competencies and skills are being continuously honed, given the current business environment, we felt the need to reinforce our sense of ethics – we put the highest premium on our values. Value workshops were held for our management cadre. It was heartening to see our people unanimously reaffirming their commitment to our values and your Company's growth.

Having given you a brief overview of the major happenings of FY 2012-13, let me now move on to the dividend. Your Directors have recommended a dividend of ₹ 9/- per share vis-à-vis ₹ 8/- per share in the previous year. This accounts for 11 % of the net profit. It entails a cash outgo of ₹ 289 crores. It is inclusive of tax on dividend of ₹ 42 crores compared to ₹ 255 crores, (including tax on dividend of ₹ 36 crores) paid for the year 2011-12.

I would now like to brief you on your Company's performance in the first quarter of 2013-14.

Your Company's performance has been impacted by the prevailing economic environment characterized by rising inflation, high interest rates and soaring input costs.

Net sales stood at ₹ 4,958 crores as compared to ₹ 5,072 crores in the corresponding period last year. Profit before interest, depreciation, tax was ₹ 1,237 crores and profit after Tax ₹ 673 crores vis-à-vis ₹ 1,377 crores and ₹ 778 crores respectively in the corresponding period previous year.

Though the first quarter has been a tad subdued, I view the future with optimism, given that the long term drivers for cement remain intact. The Government's focus on infrastructure development should bolster the demand for cement. I believe the sector would do even better if the government meets with its request for a reduction of the heavy tax burden that is currently imposed on the sector. Likewise, coal

linkage is critical to the cement sector. We are sure that the Government is seized of these legitimate concerns and that it will respond favourably.

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

As a Company on the sustainability journey, our thrust is on the three critical dimensions of people, planet and profit.

We have always looked upon our people as the single most important asset of our extended Aditya Birla family. Looking outside the organization, for us the welfare of the communities in which we operate continues to be our priority. This is manifest in the various CSR projects that we run, providing the less fortunate strata of society with education, healthcare, sustainable livelihood and infrastructure support. Your Company's CSR activities span 407 villages, and touch the lives of over 2 million people. These massive efforts are channelized through the Aditya Birla Centre for Community Initiatives and Rural Development of which, your Director Mrs. Rajashree Birla, is the Chairperson.

On the profit dimension, i.e. economic value added, UltraTech's journey is well known. In the last 9 years, your Company has grown 9 times in revenue and the CAGR in EBITDA has been 33%.

We are deeply committed to sustainable business practices across all our operations. Environment conservation will always be a priority. I have alluded briefly to the initiatives that we have taken to reduce the carbon footprint. A detailed chapter in your Company's Annual Report highlights the roadmap in our journey towards sustainable development. I am sure you would have read these reports as well.

Finally, let me conclude by saying that your Company has a very strong Balance Sheet, robust cash flows and gearing levels well within reasonable limits.

Furthermore, it enjoys the confidence of its multiple stakeholders, which is reflected in its market cap, today in excess of US dollar 9 billion.

I would also like to take this opportunity to express on behalf of your Company's Board our deep sense of gratitude to the banks, financial institutions, stakeholders, business associates, Central and State Governments for their co-operation and support. We look forward to their continued backing in future.

We very warmly acknowledge all of our employees for their contribution to your Company's performance and for their superior levels of dedication and commitment to your Company.

Last, but not the least, I would like to express our deepest gratitude to each one of you, our shareholders. I look forward to your ongoing commitment and support.

Having provided you with a snapshot of your Company, may I now come to the first resolution relating to adoption of audited accounts as of 31st March, 2013 and Directors Report , for your consideration and approval.

Thank you

Kumar Mangalam Birla