

NEW HORIZONS. NEW FRONTIERS.



UltraTech Cement Limited

ANNUAL REPORT 2007-08

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Mr. G. D. Birla and Mr. Aditya Birla, our founding fathers.

We live by their values.

Integrity, Commitment, Passion, Seamlessness and Speed

# UltraTech Cement Limited

## BOARD OF DIRECTORS

Kumar Mangalam Birla  
*Chairman*

Mrs. Rajashree Birla

R. C. Bhargava

G. M. Dave

Y. M. Deosthalee

N. J. Jhaveri

Dr. S. Misra

V. T. Moorthy

J. P. Nayak

S. Rajgopal

D. D. Rath

S. Misra  
*Managing Director*

## Chief Financial Officer

K. C. Birla

## Company Secretary

S. K. Chatterjee

## Executives

O. P. Puranmalka  
*Group Executive President & Chief Marketing Officer*

S. K. Maheshwari  
*Group Executive President & Chief Manufacturing Officer*

C. B. Tiwari  
*Chief People Officer*

## Unit Heads

K. Y. P. Kulkarni  
*Kovaya & Jafrabad (Gujarat)*

S. Kumar  
*Hirmi (Chhattisgarh)*

P. S. Mazumdar  
*Tadipatri (Andhra Pradesh)*

B. Singh  
*Awarpur (Maharashtra)*

## Corporate Finance Division

J. Bajaj  
*Joint President (Finance)*

M. B. Agarwal  
*Sr. Vice President (F&C)*

## Auditors

Deloitte Haskins & Sells, Chartered Accountants, Mumbai

G. P. Kapadia & Co., Chartered Accountants, Mumbai

## Solicitors

Amarchand & Mangaldas & Suresh A. Shroff & Co.,  
*Advocates & Solicitors, Mumbai*

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**REGISTERED OFFICE:** 'B' Wing, Ahura Centre, 2<sup>nd</sup> Floor, Mahakali Caves Road, Andheri (East), Mumbai 400 093

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# THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Fellow Shareholders,

India continues on its growth trajectory. Since the year 2003-04, our GDP growth has exceeded 8% year on year. Today we can take justifiable pride in having joined the ranks of the US\$ trillion economies of the world. I do believe India will continue its momentum despite some strong headwinds. For instance inflation – where the Government is trying to pull out all stops to stem it. Additionally we have to contend with the hardening interest rates and the volatility in global financial markets, consequent to the sub prime crises.

That despite these adverse factors enveloping the business environment, India continues to grow is a validation of the inherent fundamental strengths of our economy.

The Indian cement industry - the second largest cement producer in the world, has a capacity of around 195 MTPA. The industry has been witnessing over 95% capacity utilisation during the last couple of years, as compared to 80 – 90 % earlier. An additional capacity of around 115 MTPA has been planned, which is likely to be on stream by 2012.



The per capita consumption of cement at 135 kgs is one of the lowest, when compared with the levels in other rapidly growing economies, offering scope for future growth. This, together with the Government's thrust on infrastructure growth bodes well for your Company.

Your Company's performance in FY08 has been impressive. Net Revenues at US\$ 1,368 million (Rs. 5,509 crores) was up by 26%, while Net Profit of US\$ 250 million (Rs. 1,008 crores) reflected a growth of 45%.

Your Company has initiated various expansion and modernisation programs to grow in the markets in which it operates. Continuous efforts are also on to improve productivity and cost efficiencies. The Clinkerisation unit at Andhra Pradesh Cement Works has been commissioned. Trials have begun on the 1<sup>st</sup> Stream of the TPP of 23MW at Gujarat Cement Works and all the four Streams aggregating 92MW will be fully operational during the year. The work relating to setting up of the split grinding Unit at Ginigera in Karnataka and thermal power plants at various locations across your Company is progressing satisfactorily. A capex of around Rs. 3,300 crores is committed towards these programs and on completion they will result in sustaining growth and reducing costs.

*"I believe our people – our human capital is our key resource and we owe a large part of our success to them. We have thought leaders across the Company. A majority of our people tap into each others knowledge-base and collaborate effectively to achieve a shared vision."*

With an eye on value added growth, your Company has set up 15 Ready Mix Concrete Plants in FY08. More such Plants are in the pipeline.

New capacity announcements may lead to a surplus scenario from the next calendar year, resulting in a challenging price environment. Your Company will focus on sustaining plant performance, optimise efficiencies and improve service standards.

I believe our people – our human capital is our key resource and we owe a large part of our success to them.

We have thought leaders across the Company. A majority of our people tap into each others knowledge-base and collaborate effectively to achieve a shared vision.

### **The Aditya Birla Group: In Perspective**

We are moving in sync with our vision to be a premium global conglomerate with a clear focus at each business level. Our Group is now a US\$ 28 billion meritocratic Corporation, with a market cap in excess of US\$ 31.5 billion with a 100,000 strong human capital belonging to 25 nationalities, spanning 20 countries across 5 continents. Our values – Integrity, Commitment, Passion, Seamlessness and Speed bind us all together regardless of geographies and nationalities.

Our HR strategy ongoingly focuses on enhancing stakeholder value through superior organisation and people capability. Today, more than ever before, talent is at a premium, thanks to globalisation and the multi-polar world, both of which afford unique opportunities. At our Group attracting the best talent and engaging them continues to be a key priority. We have made huge investments in not only attracting but developing and retaining our human capital over the long term.

To arrive at an employee proposition that would draw more talent to our Group, we conducted an indepth research aimed at finding out what is our DNA as an employer and what does our employer brand connote. Apart from trust and admiration for the Group as a professional values-driven organisation, what also emerged strikingly was the

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fact of our diversity – the number of countries and businesses in which we are engaged, that is an enduring characteristic of our Group.

We have therefore positioned ourselves as an employer that offers “a world of opportunities”, other factors being a given in our case. I am happy to share with you that our employer brand has attracted more than 50 top-notch professionals from India and across the globe. To provide cross-functional, cross-cultural and cross-country agility and learnings, as well as to strengthen our leadership pipeline, more than 100 colleagues from middle management to senior management have been job-rotated.

A Performance Management Centre at our Group’s Headquarters has been set up with dedicated resources to sharpen our high performance culture. This team’s sole responsibility is to assist

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in Institutionalising world-class performance framework and leadership processes.

As in the past our high-calibre Management talent have been put through our Development Assessment Centres and their professional development plans drawn up. Gyanodaya, our Institute of Management Learning continues to provide a good base for new learnings for our people, and honing competencies. Up until now more than 4,500 colleagues have participated in its programmes.

We had said last year that we would introduce ESOP schemes during the course of the year. In this year, we covered 700 employees under ESOP schemes, a significant move, for the first time in the history of our Group. And, we will cover many more from now on.



Going forward in the next five years, I see our workforce mix expanding to over 100 nationalities and our senior management team becoming even more global. I visualise a multi-generational workforce able to overcome generational barriers, and effectively, feeding on each one's core offerings of experience, raw energy, risk taking and organisational knowledge. Enhancing our attractiveness as an employer also calls for creating a workspace that accepts and encourages the existence of a sharp sense of individual identity, even within the strong organisational brand and cultural fabric. We want to create top-notch leaders on virtually an assembly-line scale. And lastly, we want to be in that enviable position where the best talent globally wants to join us, just as much as we seek them.

Best regards,

Yours sincerely,

22<sup>nd</sup> April, 2008

  
Kumar Mangalam Birla

# NOTICE

**NOTICE** is hereby given that the Eighth Annual General Meeting of **UltraTech Cement Limited** will be held at Ravindra Natya Mandir, P. L. Deshpande Maharashtra Kala Academy, Near Siddhivinayak Temple, Sayani Road, Prabhadevi, Mumbai – 400 025 on Friday, 18<sup>th</sup> July, 2008 at 3:30 p.m. to transact, with or without modification(s), as may be permissible, the following business:

## **ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Balance Sheet as at 31<sup>st</sup> March, 2008 and the Profit & Loss Account for the year ended 31<sup>st</sup> March, 2008 and the Report of the Directors' and Auditors' thereon.
2. To declare dividend on Equity Shares for the year ended 31<sup>st</sup> March, 2008.
3. To appoint a Director in place of Mrs. Rajashree Birla, who retires by rotation and, being eligible, offers herself for re-appointment.
4. To appoint a Director in place of Mr. V. T. Moorthy, who retires by rotation and, being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Mr. R. C. Bhargava, who retires by rotation and, being eligible, offers himself for re-appointment.
6. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 224 and other applicable provisions, if any, of the Companies Act, 1956, M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai and M/s. G. P. Kapadia & Co., Chartered Accountants, Mumbai be and are hereby re-appointed Joint Statutory Auditors of the Company, to hold office from the conclusion of the Eighth Annual General Meeting until the conclusion of the next Annual General Meeting at such remuneration to each of them, plus service tax as applicable and reimbursement of out-of-pocket expenses in connection with the audit as the Board of Directors may fix in this behalf.”

## **SPECIAL BUSINESS:**

7. To consider and if thought fit, to pass, the following resolution as an Ordinary Resolution:  
“RESOLVED THAT pursuant to the provisions of Section 228 and other applicable provisions, if any, of the Companies Act, 1956 (the “Act”) M/s. Haribhakti & Co., Chartered Accountants, Mumbai, be and are hereby re-appointed Branch Auditors of the Company, to audit the Accounts in respect of the Company's Units at Jafrabad and Magdalla in Gujarat and Ratnagiri in Maharashtra, to hold office from the conclusion of the Eighth Annual General Meeting until the conclusion of the next Annual General Meeting of the Company at such remuneration, plus service tax as applicable and reimbursement of