

**UltraTech**



ANNUAL REPORT  
2004-2005

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UltraTech Cement Limited





# IN HOMAGE TO OUR LEGENDARY LEADERS




GHANSHYAMDAS BIRLA

ADITYA VIKRAM BIRLA

“WE LIVE BY THEIR VALUES”





### OUR VISION

To be a premium global conglomerate  
with a clear focus on each business.

### OUR MISSION

To deliver superior value to our customers,  
shareholders, employees and society at large.

### OUR VALUES

Integrity  
Commitment  
Passion  
Seamlessness  
Speed

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(Formerly UltraTech CemCo Limited)

**REGISTERED OFFICE:** B Wing, Ahura Centre, 2 Floor, Mahakali Caves Road, Andheri (East), Mumbai 400 093

# UltraTech Cement Limited

## BOARD OF DIRECTORS

Mr. Kumar Mangalam Birla, Chairman

Mrs. Rajashree Birla

Mr. R. C. Bhargava

Mr. Y. M. Deosthalee

Mr. A. R. Gandhi

Mr. Y. P. Gupta

Dr. S. Misra

Mr. V. T. Moorthy

Mr. J. P. Nayak

Mr. S. Rajgopal

Mr. D. D. Rathi

## Executives

Mr. O. P. Puranmalka Chief Marketing Officer

Mr. V. M. Muralidharan Chief Manufacturing Officer

Mr. D. Razdan EVP International Business

Mr. V. Shukla Chief People Officer

## Cement Works

Mr. A. K. Jain Unit Head, Awarpur (Maharashtra)

Mr. K. Y. P. Kulkarni Unit Head, Rajula (Gujarat)

Mr. J. Kumar Unit Head, Hirni (Chattisgarh)

Mr. C. S. Reddy Unit Head, Tadipatri (Andhra Pradesh)

## Auditors

S. B. Billimoria & Co., Mumbai

G. P. Kapadia & Co., Mumbai

## Manager & CEO

Mr. S. Misra

## Chief Financial Officer

Mr. K. C. Birla

## Solicitors

Amarchand & Mangaldas & Suresh A. Shroff & Co.,

Advocates & Solicitors, Mumbai

## Company Secretary

Mr. S. K. Chatterjee

# THE CHAIRMAN'S LETTER TO SHAREHOLDERS



Dear Shareholders,

India has become the centripetal force of globalisation. The country is attracting capital and companies at an accelerated pace. In the process, it is rewriting the economics of scores of industries. Consolidation is becoming the order of the day. We welcome this trend sparked by globalisation.

With the resurgence of the industrial sector, propelled by buoyant exports and the brightening of the domestic investment climate, both business optimism and consumer confidence rose. The macro economic performance of our country, in fact, turned out to be stronger than anticipated.

These developments at the macro level bode well for your Company, which upon becoming a part of the Aditya Birla Group, reflected the Group's commitment to build a leadership position in Cement.

The transition from the 'L&T Cement' brand to 'UltraTech Cement – the Engineers Choice' was smooth. I am pleased to inform you that "UltraTech" is well accepted in all markets across India.

Your Company enhanced its capacity utilisation across its plants. Cement is an energy intensive industry with coal and power being the major cost contributors. Use of alternative fuels is being actioned, while over Rs.600 crores has been committed for the installation of captive power plants. Your Company initiated measures for realising synergy gains with Grasim. With prudent financial management the debt is being restructured so as to optimise on interest costs.

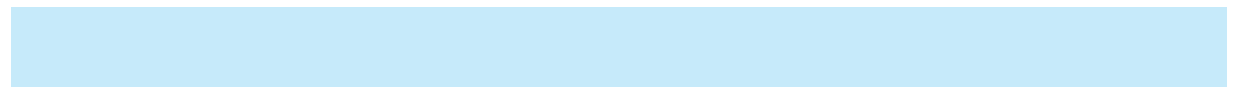
Your Company had revenues of Rs. 2,681 crores as against Rs. 2,251 crores in the previous year. After providing for interest at Rs.107 crores and Depreciation at Rs.222 crores, the Profit Before Tax and provision for diminution in value of investments stood at Rs. 43 crores.

Going forward, your Company will focus on asset sweating, enhancing efficiencies, a tight rein on costs, especially of power, fuel, energy and logistics and continue to realise synergies with Grasim. The Government's renewed impetus to infrastructure development, buoyant housing sector and rapid industrial growth that is becoming more evident, are indeed encouraging.

Having said that, I do believe that it will take UltraTech sometime to provide a competitive return on the aggressive price offered to its shareholders.

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I would like to take this opportunity to place on record, your Board and my personal appreciation of the dedication and uncompromising commitment of an overwhelming majority of your Company's employees. They will enable us to build a culture of meritocracy.

#### The Aditya Birla Group : In Perspective

I am pleased to share that much of the consolidation that we had embarked upon is now behind us. Going forward, our accent is on accelerated growth as we stand at an inflection point. In each of our major businesses, scaling up of capacities and services will be necessary. Our road-map includes exploring further acquisitions and leveraging upon both greenfield and brownfield opportunities. Our plans are well under way.

To take Hindalco's strategic stake in Indal to its logical conclusion, all of the businesses of that Company have been merged into Hindalco, with the exception of its foil business at Kollur.

With the completion of the brownfield expansion in the Copper business, its capacity stands doubled from 250,000 tpa to 500,000 tpa. When fully ramped-up, it will elevate Hindalco into the league of the Top-10 Copper producers in the world. It also positions Birla Copper as the world's single largest Copper Smelter in one location.

As a step up to fortify our Pulp operations in the Viscose Staple Fibre business, we have signed a Framework Agreement with the Province of New Brunswick for the acquisition of St. Anne Nackawick Pulp Mill, in partnership again with Tembec. To become self-sufficient in pulp, we are exploring the



setting up of greenfield pulp plants globally. This strategy is consistent with our game - plan of reinforcing our competitive edge in the Cellulosic man-made fibre sector through setting up fully integrated operations virtually from the “Forest to the Fabric” stage.

Our Carbon Black Plant in Egypt has become the largest producer in the world. In China, at the Liaoning Carbon Black Plant, we are scaling up the capacity significantly. Today, we are the fourth largest Carbon Black player in the world, and we hope to rise in the rank.

In essence, our vision as a Group is to be a premium global conglomerate with a clear focus on each business. Our focus is both top-line and bottom-line growth and not growth for the mere sake of growth.

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### **Focus on People**

Being essentially a meritocracy and a people’s organisation, our attention in the people area remains unwavering. We are enhancing the quality and the pace of the institutionalisation of our systems and processes. These now embrace the entire life cycle of the employees’ engagement with the organisation. Several new initiatives have been taken towards the well-being of our employees, particularly in the area of healthcare, education of their children and other critical aspects that can have a significant bearing on his or her performance.

Our focus on managerial capabilities is getting much sharper. We are proactively addressing the need to build a robust leadership pipeline. International firms have been enlisted by us to assess the talent and the potential in our Group to meet our future growth aspirations. I have also impressed upon our management teams that it is our collective responsibility to spot talent, track it and help spawn leaders.

Let me reiterate, our aspiration is to hone capabilities not for an Indian manager who is posted overseas, but for a world-class manager who simply happens to be an Indian.

Finally, I believe few organisations can take pride in the quality of competence, passion and commitment that we find here. We have the organisational will, discipline and people power to achieve our stretched ambition.

Best regards,

23 April 2005

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Yours sincerely,



Kumar Mangalam Birla