Good things come to those who *innovate.*
To those who weather the storm,
who challenge the norms,
who stay true to their vision, values and beliefs.

To those who follow their *passion,*
stick to their commitments and keep
their heads up high in times of difficulty.

As we continue on our path to growth & success
we will tackle setbacks and difficulties with the same focus,
persistence & strength
that we believe in.

ANNUAL REPORT | 2012-2013

UltraTech Cement Limited

Mr. Aditya Birla
We live by his values.
Integrity, Commitment, Passion, Seamlessness and Speed.

Dear Shareholder,

The global scenario

Across the world in 2012 the economy remained a worry. Global GDP fell to 3.2% compared to 4% in 2011. Many of the systemic vulnerabilities continued. Among these were fiscal fragility, hidden and unknown risks of financial derivative instruments and the problems of the weaker Eurozone economies. The increasing instances of political gridlock aggravated the situation.

While these are not totally left behind, there are strong positives. The unwinding of financial leverage, several rounds of liquidity injections, with Japan also joining in augur well for the global economy. Alongside, continuing low interest rates, sharp corrections in commodity and energy prices and a modest recovery in the US housing market ring in a degree of optimism. Furthermore, the private corporate sector seems on the path to stepping up investment outlays. Thankfully, the worst case outcomes have been averted. The US has not fallen off the fiscal cliff. And despite the recent financial shocks in Cyprus, government bond yields have fallen. The global economy has clearly shown a lot of resilience.

The global economy is now moving on to a surer recovery mode. The IMF projects growth at 3.25% in 2013, increasing to 4.0% in 2014. GDP growth in emerging markets and developing countries is placed at 5.3% in 2013, increasing to 5.7% in 2014. US GDP is expected to grow 1.9% in 2013, rising sharply to 3.0% in 2014. Europe will remain a laggard, with growth

"We have blueprinted an audacious growth plan. By 2015, our goal is to scale our cement capacity to 64.45 million tons per annum from the current 53.90 million tons."

projected at -0.3% this year, and inching to just over 1% in 2014. China's growth will scale back from its recent double digit levels to 7-8%, which is still respectable.

Developments on the global front undeniably dented India's growth level, besides the issues at home.

The Indian economy – ongoing resilience

Slow growth, investor diffidence, the rupee falling to an all time low, power outages and a poor monsoon added to the country'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. The manufacturing sector recorded a growth of only 1.9% in 2012-13, down from 2.7% in 2011-12. Export growth in 2012-13 was 5.1%, compared to 15.3% in the previous year.

There are good signs, as we move into fiscal 2013–2014. There have been some positive policy developments in recent months. These include a decline in interest rates and a move towards market-based pricing for diesel and petrol. If this pricing flexibility persists, it could make a considerable dent in the subsidy bill. The expectation of a normal monsoon is a positive, going forward.

In FY 2013-14, GDP growth is projected to rise modestly to around 6.0% with much of the improvement likely only in the second half of the year. Industrial activity will continue to be adversely affected by regulatory bottlenecks. The recent decline in commodity prices, particularly of crude oil, and continuing buoyancy of FII inflows will pave the way for greater exchange rate stability, and a moderation of inflation. The RBI projects a 5.5% increase in the wholesale price index in FY 2013-14, down from 7.3% in the previous year.

These developments affect your Company's growth and performance.

In the face of all these odds, for the Financial Year 2012-13, your Company's net turnover stood at ₹ 20,018 crores up by 10%, vis-à-vis ₹ 18,158 crores in the previous year. It attained net profit of ₹ 2,655 crores. Net profit for the earlier year was ₹ 2,446 crores.

We have blueprinted an audacious growth plan. By 2015, our goal is to scale our cement capacity to 64.45 million tons per annum from the current 53.90 million tons.

During the year, the projects commissioned include a 3.30 million tpa clinkerisation plant at Rawan in Chhattisgarh; a 1.55 million tpa grinding unit at Hotgi, Maharashtra and an increase of 0.60 million tpa in the cement grinding capacity at the Gujarat plant.

The commissioning of these projects has raised your Company's cement capacity by 2.15 million tpa, taking the total cement production to 53.90 million tpa.

Several other projects are underway, such as the 3.30 million tpa clinkerisation plant in Karnataka, slated to go on stream in Quarter-1 FY 2013-14. At Aditya Cement Works in Rajasthan a 2.9 million tpa capacity expansion is on the anvil. It includes the setting up of two grinding units. We expect to flag off the new expansion by March 2015. This expansion entails a capital outlay of ₹ 2,000 crores (US $ 369 million).

Capital Outlay

We have provided for a capital outlay of over ₹ 11,400 crores (US $ 2.1 billion). The capex is earmarked for capacity expansion, captive power plant, waste heat recovery system, ready-mix concrete plants, strengthening of logistic infrastructure and modernisation.

Outlook

I believe, we will be able to consolidate our leadership position in the Cement sector, backed by our robust capex plans. The sector's growth prospects are indeed encouraging in the long term. Housing, infrastructure and allied spending are the need of the hour. The Government is fully cognizant of issues relating to this sector. It has allocated US $ 1 trillion towards bridging the gap. This augurs well for the growth of your Company.

So on a note of optimism and given your Company's single minded focus on growth – both top-line and bottom-line, I do believe that we will scale new peaks.

To our Teams

I thank all of our teams. For most of our employees, I can say with certitude that their commitment towards their responsibility to give results has been incredibly overwhelming. They have enriched your Company and determined its course over the years. I am confident that as

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"Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy."

"Our in-house learning university 'Gyanodaya' is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership...

we move into an even higher growth trajectory, our people will continue to rise to the increasing demands of their work.

The Aditya Birla Group in perspective

Over the last two years, significant changes have impacted the global and domestic business scenario. Given our resilience, our Group has managed to weather the storm. Our consolidated revenue at US 42 billion dollars is marginally above that of the last year.

I believe, that if we have been able to sustain our revenues, it is because of the quality of our 136,000 strong workforce spread over 36 countries and 42 nationalities. The hallmark of our overall leadership development efforts has been our belief in taking "bets on our people". And it has indeed paid off.

Our entrepreneurial DNA also encourages risk taking which includes taking risks with people, of course with safety nets. We believe that people are endowed with immense capability - our task is to spot them, early in their careers and provide them with suitable opportunities to try their hand at and test their skills. Our investment in people processes has enabled us have a robust bench strength of talent. Our entire focus is on ensuring that we always remain a meritocracy. This pool of talent is developed through a series of planned exposures, assignments and training opportunities so that they are prepared to take on leadership roles as and when these emerge.

Let me elucidate these aspects with an overview of our talent management and leadership development processes.

Two new programmes namely "Step UP" and "Turning Point" have been launched. These aim primarily to prepare Departmental Heads and Functional Heads for the next stage of their career development as Functional heads and Cost Centre heads respectively. The first pilot batches have already undergone the initial rounds of training. These programmes will be further institutionalised.

Last year, I had alluded to the launch of our *P&L Leaders Development Program*, called – "*The Cutting Edge*". The objective of this program is to prepare our high-performing functional heads to take on P&L roles. The program has taken off to a solid start. The first batch of participants has been already absorbed in the global immersion program across 4 different countries. The second batch of "*The Cutting Edge*" will soon start their programme.

To augment talent on the technical side, we have also been hiring, for the first time, a select set of manufacturing professionals directly at the Group level – The first group has already moved into our businesses.

Our in-house learning university 'Gyanodaya' is a globally benchmarked institution. It leverages resources from around the world to meet the development needs of our leadership. Last year it had 28,000 touch points and partnered with several external institutions and corporations for collaborative learning. More than a 1,000 executives take courses at Gyanodaya each year.

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Furthermore, we have institutionalised global career paths - driven both by the individual and the organisation's needs. To a great extent this allows an individual to 'take charge of his own career'. We leverage vacancies across the Group and stimulate talent mobility by identifying and moving leaders across geographies and functions and into new roles as part of their career development. Development for us today means providing people opportunities to learn from their work rather than taking them away from their work to learn.

Let me give you some statistics relating to fast tracking of talent. Since April 2011, from our management cadre comprising of 37,600 colleagues 15%, i.e. 5,824 have been promoted, 18% i.e. 6,481 have moved roles and 12% i.e. 4,543 have moved location.

Additionally, we seek feedback in an institutionalised way and conduct conversations with our people across the Group to gauge their engagement with our Group. We call it 'Vibes'. The Vibes survey is carried out by a global reputed external HR research agency. This year 94% of our 35,000 Executives participated in the Vibes survey – which is an indication of their engagement with the Group. It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business.

Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent.

I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13. An extract from their media release would interest you –

"It was very heartening for me to see that 92% of employees have an overwhelming sense of pride in our Group. More than 80% are engaged employees and again over 90% say that they understand the connect between their work and goals of business. Today, we are reckoned as an Employer of Choice that offers a World of Opportunities for talent. I take great pride in sharing with you that our Group (Aditya Birla Group) has topped Nielsen's Corporate Image Monitor 2012-13."

> ***"Our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times."***

"Aditya Birla Group has emerged as the Number 1 corporate, the 'Best in Class' across all the six pillars of Corporate Image, according to the annual Corporate Image Monitor 2012-13, conducted by Nielsen, a leading global provider of insights and information into what consumers watch and buy. The six pillars of Corporate Image comprise of Product & Service quality, Vision and Leadership, Workplace Management, Financial Performance, Operating style and Social responsibility.

Nielsen's Corporate Image Monitor measures the reputation of the 40 leading companies in India across sectors and serves as an important indicator of the strength of the corporate brand."

The survey was conducted among policy makers, the financial media, financial analysts, investors, professionals from the corporate sector and the general public across 7 metros. The 40 corporates covered in this survey were selected using The Economic Times-500 and the Business Today-500 list of listed companies. Nielsen is a global market research company, headquartered in New York and operating in 60 countries.

In sum

Let me conclude that we have strong Balance Sheets, robust cash-flows and gearing levels well within reasonable limits. The global presence of our Group and the experience of operating in 36 countries invests us with the strength to acquire assets or grow organically anywhere in the world in different business environments.

And finally, our indomitable strength of running low cost, highly-efficient and vastly productive operations, through our embedded culture of continuous improvement and innovation, will see us through good times as well as tough times.

Yours sincerely,

Kumar Mangalam Birla

Board of Directors

Kumar Mangalam Birla,
Chairman

Mrs. Rajashree Birla

R. C. Bhargava

M. Damodaran

G. M. Dave

Rajiv Dube

Adesh Gupta

Nirmalya Kumar

S. B. Mathur

S. Rajgopal

D. D. Rathi

O. P. Puranmalka,
Whole-time Director

Chief Financial Officer
K. C. Birla

Company Secretary
S. K. Chatterjee

Executives

R. K. Shah	*Group Executive President & CMO (Mfg. & Projects)*
S. N. Jajoo	*Chief Marketing Officer*
C. B. Tiwari	*Chief People Officer*
R. Mohnot	*Unit Head – White Cement*

Corporate Finance Division

M. B. Agarwal	*Executive President*
V. Swaminathan	*President (Finance)*

Statutory Auditors

Deloitte Haskins & Sells, *Chartered Accountants, Mumbai*

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

Branch Auditors

Haribhakti & Co., *Chartered Accountants, Mumbai*

Cost Auditors

N. I. Mehta & Co., *Cost Accountants, Mumbai*

N. D. Birla & Co., *Cost Accountants, Ahmedabad*

Solicitors

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

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