

ADITYA BIRLA



21st July, 2016

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Corporate Relationship Department
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Mumbai 400 001.
Tel.: 2272 1233/34
Fax: 022 2272 2039/3121
Scrip Code: 532538

The Manager
Listing Department
The National Stock Exchange of India Limited
"Exchange Plaza", Bandra-Kurla Complex,
Bandra (East), Mumbai 400 051.
Tel.: 26598236
Fax: 2659 8237 / 38.
Scrip Code: ULTRACEMCO

Sub: Submission of Annual Report for FY 2015-2016

Dear Sir,

Pursuant to the provisions of Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Annual Report of the Company for the financial year 2015-2016 duly approved and adopted by the Members of the Company at the Annual General Meeting held on 19th July, 2016.

The same is for your records, please.

Yours very truly,

S. K. Chatterjee
Company Secretary

Encl. a/a.

UltraTech Cement Limited

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Mahakali Caves Road, Andheri (E), Mumbai - 400093

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www.adityabirla.com
CIN L 26940MH2000PLC128420



ANNUAL REPORT
2015 -16

UltraTech Cement Limited



BIG ON GROWTH
BASED ON STRONG FUNDAMENTALS



Mr. Aditya Birla

We live by his values.

Integrity, Commitment, Passion, Seamlessness and Speed.



THE CHAIRMAN'S LETTER TO SHAREHOLDERS

Dear Shareholder,

Global Economy

The global scenario continues to be trapped in a low growth trajectory, despite the steep drop in crude oil and commodity prices. Furthermore, a barrage of monetary stimulus has driven down interest rates close to zero in many of the advanced economies. With the monetary stimulus option by and large exhausted, governments are more likely to turn to fiscal and structural measures to revive growth.

The IMF projects global growth to inch up from 3.1% in 2015, to 3.2% in 2016, and increasing to 3.5% in 2017. Growth in the advanced economies is projected at 1.9% in 2016, with US growth pegged at 2.4%, Europe at 1.5% and Japan at 0.5%. Growth in the emerging markets in 2016, overall, is projected at 4.1%, much of it coming from China, India and the ASEAN region. Growth in Latin America is expected to be only 0.5%, on account of a 3.8% decline in growth in Brazil. No sustained upside is seen in oil and commodity prices in 2016.

The path ahead for the global economy remains challenging, with greater uncertainties thrown in. Concerns persist about the slowdown in China and its ability to shift smoothly from export-led to domestic-led growth. Fiscal pressures will accentuate in the oil producing countries, including the rich Middle-East countries. Financial markets remain nervous and exchange rate volatility has been pronounced. This is reinforced by the impending reversal of the interest rate cycle in the US.

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Indian Economy

Against the backdrop of a muted global economy, India's economy is an outperformer. For 2016-17, GDP growth is projected at 7.5%. This would make it the fastest growing among the large economies. This is particularly creditable in the context of two successive unfavourable monsoons and a decline in exports. Recent data indicate a 5.7% year-on-year growth in eight of the key core sector industries, against 2.3% growth registered last year.

Inflationary pressures have been contained. The rise in the consumer price index averaged 4.9% in 2015-16, down from 5.9% in the previous year. The wholesale price index declined 2.5% on an averaged basis, compared to a rise of 2.0% in the previous year. In 2015-16, merchandise exports and imports each fell over 15% over 2014-15. The trade deficit in 2015-16 was US\$ 118.5 billion, a decline of 14% over the previous year. The current account deficit narrowed sharply from US\$ 26.1 billion to US\$ 22.0 billion, representing 1.4% of GDP. India's foreign exchange reserves, as at March-end 2016 were US\$ 360.2 billion. The government is also committed to meeting the current year's fiscal target of 3.5% of GDP. Overall, the economic fundamentals are sound.

There have also been positive moves on the policy front, in areas related to ease of doing business, promoting start-ups, rationalising the tax structure and administration, and opening up more areas for foreign investment through the automatic route. The government is substantially stepping up infrastructure spending.

Having said that, some issues come to the fore. For instance, capital investment will take time to revive, given stretched corporate balance sheets, low capacity utilisation, (at only 72.5% in the organised industrial sector), and competition from imports. Slow global output and trade growth will continue to impact exports. There is also the overhang of non-performing assets in the banking sector. Much more also needs to be done to "monsoon-proof" the Indian economy.

The growth in the manufacturing sector has been subdued, including a decline in the output of capital goods. UltraTech too has faced headwinds. Construction activity including the housing sector has been running in slow gear.

Despite these headwinds, your Company recorded revenues of US\$ 3.86 billion (Rs.25,281 crores) and EBITDA of US\$ 0.784 billion (Rs.5,109 crores) a rise of 7%.

Let me briefly dwell on the milestones reached in FY 2015-16. The year saw the commissioning of your Company's grinding units in Haryana and West Bengal. A cement bulk terminal at Pune in Maharashtra went on stream as well and a Grinding unit was commissioned in Bihar in April, 2016. Consequently, your Company's cement capacity has climbed upto 66.3 mtpa from 60.2 mtpa in the previous year.

Definitive agreements have been signed for the acquisition of cement plants of Jaiprakash Associates Limited in Madhya Pradesh, Uttar Pradesh, Himachal Pradesh, Uttarakhand and Andhra Pradesh. These plants have

a capacity of 21.2 mtpa. This acquisition will be fructified through a court sanctioned scheme within a time frame of 12 months. After this is in place, your Company's cement capacity shall rise up to 87.5 mtpa in India. Together with its overseas operations and on-going expansion, UltraTech's capacity will move on to an impressive 91.1 mtpa. With a sense of pride I record that UltraTech is the largest cement player in India and the 4th largest on the world stage (excluding China).

With the addition of 26 MW waste heat recovery systems during the year, the total waste heat recovery capacity is now 59 MW. Besides this, your Company has a 717 MW thermal power capacity, both of which cater to more than 88% of its total power requirement.

Outlook

India is moving on to a higher growth trajectory and to that extent, the cement sector is poised for a pick-up in growth – around 7% in FY 16-17. The Government's push on the infrastructure front will give an added impetus to the cement industry. Your Company has robust plans to proactively ride this next phase of growth in India.

Despite yet another year of dismal growth in volumes, we have achieved good results. This has been largely due to deft cost management, a concerted move towards on-streaming of new capacities, focus on efficiency improvement, productivity and customer centricity. Our employees have unflinchingly rallied around us. And for this, I would say a big "thank you" to all of them.

The Aditya Birla Group: In perspective

At the Group level, we have done well both in terms of revenue and earnings. As a matter of fact, the EBIDTA attained has been the highest ever.

Having worked extensively on the people front for over a decade, I am happy to state that our leadership processes are now mature. At the management level we have built quality bench strength.

The Chairman's Series launched last year for senior leaders in the areas of business strategy, finance and personal leadership saw 150 of our senior most leaders recourse to these learning interventions.

To create a leadership pipeline to the Business Head roles within the next couple of years, we have created the Aditya Birla Fellows programme. The managers who have won this recognition are put in charge of critical Group-wide projects under my personal oversight. Up until now, we have named 14 managers who have tremendous potential to rise to the stature of Business Heads, going forward.

A slew of other initiatives have been set afoot to grow leaders from within. To do so, we have announced a hiring freeze at the middle and senior management levels for the next 3 years. It paves the way for accelerated talent growth.

In this context, I am happy to state that our accelerated leadership programme Cutting Edge, which prepares high potential leaders for P&L

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Our people are fully aware of what business needs to succeed. They are committed to contribute their best to our values based, performance driven, meritocratic culture. We are future ready.

positions across our Group is gaining traction. It was launched last year. Up until now, 20 of the 35 graduates of this programme have already moved roles to take on higher responsibilities.

Furthermore, the 250+ youngsters who joined us over 6 years ago as Group Management Trainees, in our Leadership Associate Programmes (Lead) and Leadership Programme for Experienced youngsters (Leap), are shaping well. In the last 2 years nearly a 100 from this lot have moved across functions and businesses. Additionally, we have 25 mid-career participants who have joined us in the Group Manufacturing Leadership Programme. They too are making significant contributions in our manufacturing business units.

The first batch of 14 participants in "Spring Board", (a programme designed specially for high calibre women) graduated commendably to higher roles. The second batch of 39 women leaders is making good progress on their way to greater responsibilities. As of now, we have nearly 5,000 women (14%) in the managerial cadre.

In the last 3 years, we have had more than 1,100 inter-business and over 1,000 intra-business transfers of employees across levels.

At Gyanodaya, the Aditya Birla Global Centre for Leadership Learning over 2,000 managers enrolled for learning programmes. With a mix of academics and live case studies, these programmes enable our people to keep abreast of the developments in their area and stay contemporary. Side by side, the Gyanodaya Virtual Campus hosts more than 500 e-learning modules in multiple languages. During the year, over 25,000 employees chose to access these programmes.

The Aditya Birla Group Leadership Programme aimed at securing young talent from the top tier Business Schools of India has become aspirational. I am happy to record that our Group's brand attractiveness has taken a quantum leap across 35 top B-Schools in India. Our Group features among the formidable Top-5 in the A C Nielsen – CRI Campus Recruitment India Index 2015.

In sum

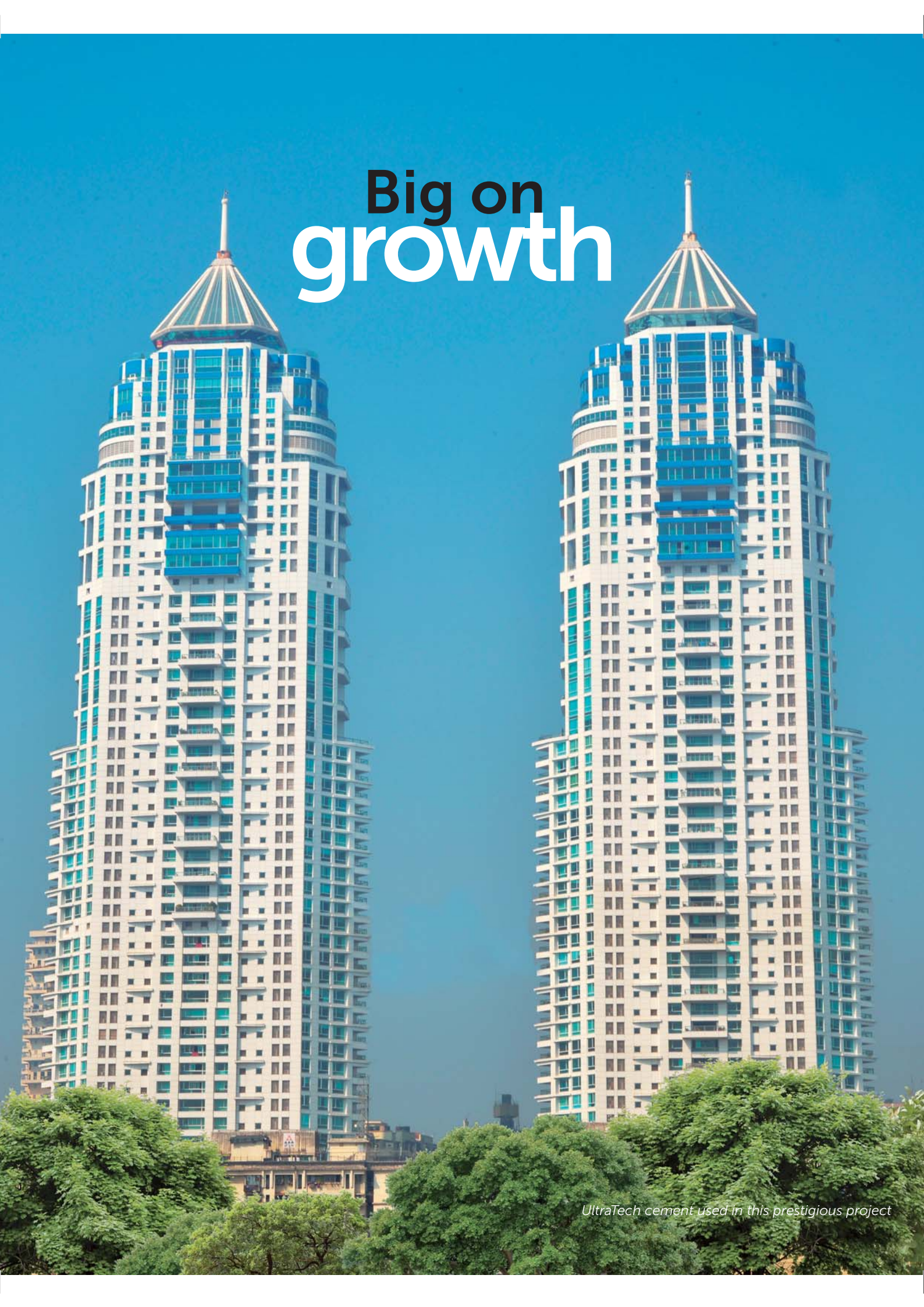
All these moves are a testament to our commitment to accord a World of Opportunity for our people and they are leveraging it. Our people are fully aware of what business needs to succeed. They are committed to contribute their best to our values based, performance driven, meritocratic culture. We are future ready.

Your's sincerely,



Kumar Mangalam Birla

Big on growth



UltraTech cement used in this prestigious project



At UltraTech, Big
on Growth is an
attitude.
A relentless pursuit
of excellence.



Inspired by a distinctive UltraTech attitude prompting us to ask, 'What will the country need tomorrow?' and then planning for it through capacity accretion today.

Motivated by a restless UltraTech attitude continuously seeking an answer to 'How can we move towards greater consumer convenience and delight?'

Prompted by a passionate UltraTech attitude challenging employees with, 'Can we manufacture the best quality at the lowest cost?'

Provoked by an irrepressible UltraTech attitude that questions, 'Will this be good for country, customer, community and earth as well?'

Big on Growth. Destroys barriers. Extends frontiers.

