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## AMBUJA CEMENTS LIMITED

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ANNUAL REPORT 2015

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## **OUR VISION**

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To be the most sustainable and competitive  
company in our industry.

## **OUR MISSION-**

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## **CREATE VALUE FOR ALL**

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Delighted Customers | Inspired Employees  
Enlightened Partners | Energised Society | Loyal Shareholders  
Healthy Environment

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GIVE A MAN ORDERS  
AND HE WILL DO THE TASK  
REASONABLY WELL.  
BUT LET HIM SET HIS  
OWN TARGETS, GIVE HIM  
THE FREEDOM AND  
THE AUTHORITY,  
AND HIS TASK BECOMES  
A PERSONAL MISSION:

I CAN.

## CORPORATE INFORMATION

### BOARD OF DIRECTORS

**Mr. N. S. Sekhsaria**

– Chairman

**Mr. Eric Olsen** (w.e.f. 27.07.2015)

– Vice Chairman

**Mr. Bernard Fontana** (up to 16.07.2015)

**Mr. Bernard Terver** (up to 10.02.2016)

**Mr. Christof Hassig** (w.e.f. 09.12.2015)

**Mr. Martin Kriegner** (w.e.f. 11.02.2016)

**Mr. Nasser Munjee**

**Mr. Rajendra P. Chitale**

**Mr. Shailesh Haribhakti**

**Dr. Omkar Goswami**

**Mr. Haigreve Khaitan**

**Ms. Usha Sangwan**

**Mr. B. L. Taparia**

**Mr. Ajay Kapur**

– Managing Director &  
Chief Executive Officer

### CHIEF FINANCIAL OFFICER

**Mr. Suresh Joshi** (w.e.f. 01.02.2016)

### COMPANY SECRETARY

**Mr. Rajiv Gandhi**

### EXECUTIVE COMMITTEE

**Mr. Ajay Kapur**

– Managing Director & CEO

**Mr. Suresh Joshi**

– Chief Financial Officer

**Mr. Vilas Deshmukh**

– Chief Manufacturing Officer

**Mr. Sanjay Gupta**

– Chief Marketing Officer

**Ms. Meenakshi Narain**

– Chief HR Officer

**Mr. Henning Sasse**

– Head of Techport

**Mr. Pierre Alexandre De Lavallaz**

– Chief Procurement Officer

### AUDITORS

M/s. SRBC & Co.LLP (Statutory Auditors)

M/s. P. M. Nanabhoy & Co. (Cost Auditors)

M/s. Rathi & Associates (Secretarial Auditors)

### CORPORATE OFFICE

Elegant Business Park,  
MIDC Cross Road 'B',  
Off Andheri-Kurla Road,  
Andheri (E), Mumbai 400 059.

### REGISTERED OFFICE

P. O. Ambujanagar, Tal. Kodinar  
Dist. Gir Somnath, Gujarat 362 715.

## CHAIRMAN'S LETTER

Dear Shareholders,

Last year, our industry witnessed a historic event when two of the world's largest cement companies merged. Holcim Ltd. Switzerland and Lafarge SA, France announced the completion of their global merger in July 2015, to create LafargeHolcim Ltd. – a leader in the cement and building material industry, present in 90 countries, with over 1,15,000 employees. LafargeHolcim will support Ambuja in all our business functions, just as Holcim has so ably in the past. We look forward to strengthening our relationship with LafargeHolcim, with even greater achievements enabled by the many synergies and interests shared between us.

India's slow-moving economy in 2015 adversely impacted the cement industry, which has always been closely tied with the country's growth. The demand for cement last year grew by just 1.5%, on a YOY basis, due to a weak rural economy and reduced government spending. A poor monsoon, for the second consecutive year, further affected the rural economy.

Once again, when faced with a challenge, our teams used their grit and ingenuity to steer the Company to safer ground. Because of their hard work, Ambuja's sales volume remained constant through 2015, even in the face of weak demand. Our teams were able to offset negative growth in the 1st quarter by improving sales performance in the 2nd quarter. They were also able to improve efficiencies in cost management by using a better energy mix (pet coke and alternative fuels), helped in part by softer fuel prices. However in the final analysis, weak cement demand, excess capacity and falling prices had a negative impact on the Company's financial performance, with net sales lower by 5.5% to ₹9368 crores. Net profit was down by 46% at ₹808 crores due to lower prices, additional depreciation and tax provisions, and higher tax write-backs in 2014.

On a positive note, the government has announced various initiatives that could lead to growth for the cement industry. Revival of infrastructure projects would increase demand, thereby reducing the gap between supply and demand. Going forward, it's not unreasonable to foresee cement demand enjoying a compounded growth rate of 6-7% over the next five years. This is expected to be driven by strong urbanisation and residential demand coming from individual home builders, along with government's announcement of various initiatives and their on-ground implementation. We are also confident that our various Operational Excellence Programs will yield results for the Company across every parameter.

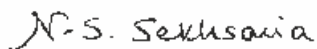
The Company embarked on an initiative to strengthen customer support in 2015. A network of 7 Ambuja Knowledge Centres (AKC) were added to the existing 20 AKCs that were set up in metros and towns to reach out to construction professionals. These centres bring in world-renowned speakers to give lectures and practical guidance on contemporary construction practices. This enables small contractors across India to use cutting-edge techniques to improve the quality and efficiency of their work.

Over the last few years, sustainability has been a key focus area for the Company. Our journey to achieve sustainability continued this year with improved performance in governance, environmental protection and social responsiveness. Our efforts have borne fruit yet again. I'd like to congratulate our teams for winning the prestigious CII Sustainability Award for Corporate Excellence for the 5th year in a row.

Our CSR initiatives have also broken new ground. I am happy to share that the Ambuja Cement Foundation (ACF) has made new strides to develop the employment skills of young people in our communities. ACF has established 16 Skill and Entrepreneurship Development Institutes (SEDI) across 10 states that provide vocational training in 12 sectors. Till date, SEDI has trained over 26,000 youth, 70% of which have been successfully employed in various industries. I am also delighted to share with you the outstanding performance of two intellectually challenged students of the Ambuja Manovikas Kendra (AMK), who brought glory to their school at the Summer Special Olympics held in Los Angeles.

The coming year may be as challenging as the last. But I am confident, as in the past, that our people's *I Can* spirit will help us turn adversity into opportunity, and we will rise to overcome every challenge the year brings.

With warm regards,

A handwritten signature in dark ink, reading "N.S. Sekhsaria". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

N.S. Sekhsaria  
25th February, 2016

## FINANCIAL HIGHLIGHTS OF 5 YEARS

Amount in ₹ crores

	2015	2014	2013	2012	2011
<b>INCOME STATEMENT</b>					
Net Sales	9,368	9,911	9,079	9,675	8,504
Operating EBITDA	1,531	1,928	1,667	2,473	1,977
Profit Before Tax	1,172	1,783	1,514	1,902	1,703
Profit After Tax	808	1,496	1,295	1,297	1,229
<b>BALANCE SHEET</b>					
Net Worth	10,307	10,103	9,486	8,805	8,069
Borrowings	33	29	29	35	43
Capital Employed	10,946	10,763	10,121	9,414	8,778
Fixed Assets - Gross Block	12,013	11,429	10,826	10,184	9,702
Fixed Assets - Net Block	6,092	6,227	6,063	5,862	6,186
Current Assets	6,549	5,995	5,537	5,276	4,264
Current Liabilities	3,226	3,138	2,843	2,899	2,764
<b>CASH FLOW STATEMENT</b>					
Net Cash Generated from Operations	1,553	1,675	1,287	1,858	1,533
Cash and Cash Equivalents	5,032	4,459	3,961	3,860	2,899
<b>SIGNIFICANT RATIOS</b>					
Operating EBITDA / Net Sales	16%	19%	18%	26%	23%
Return on Capital Employed (EBIT / Avg. CE)	12%	18%	16%	22%	21%
Debt Equity Ratio (Debt / [Debt+NW])	0.00	0.00	0.00	0.00	0.01
Price Earning Ratio <sup>#</sup>	39.02	23.65	21.79	23.83	19.37
Book Value Per Share (₹)	66.52	65.29	61.43	57.24	52.67
Basic Earning Per Share (₹)	5.21	9.67	8.39	8.43	8.02
Dividend Per Share (₹)	2.80	5.00	3.60	3.60	3.20
Dividend Payout Ratio	65%	62%	50%	50%	46%
Current Ratio	2.03	1.91	1.95	1.82	1.54
<b>OPERATIONS</b>					
Cement Capacity - Million Tonnes	29.65	28.75	27.95	27.95	27.35
Cement Production - Million Tonnes	21.54	21.43	20.96	21.62	20.97

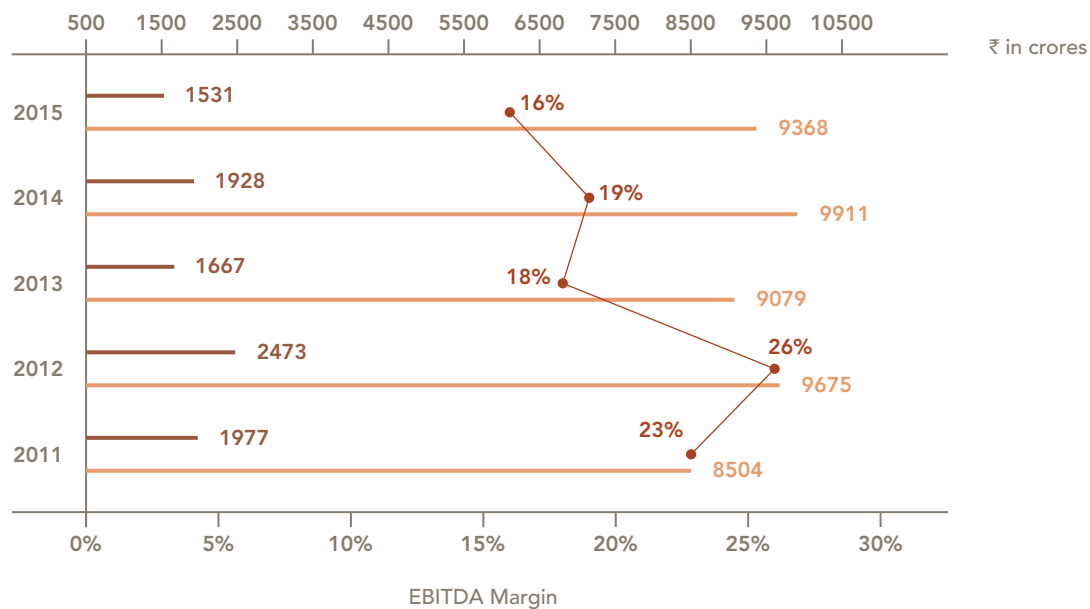
<sup>#</sup> Market Price as per BSE on last day of the year.

Except for the year 2011, figures of the rest of the years are based on Revised Schedule VI.

## PERFORMANCE HIGHLIGHTS

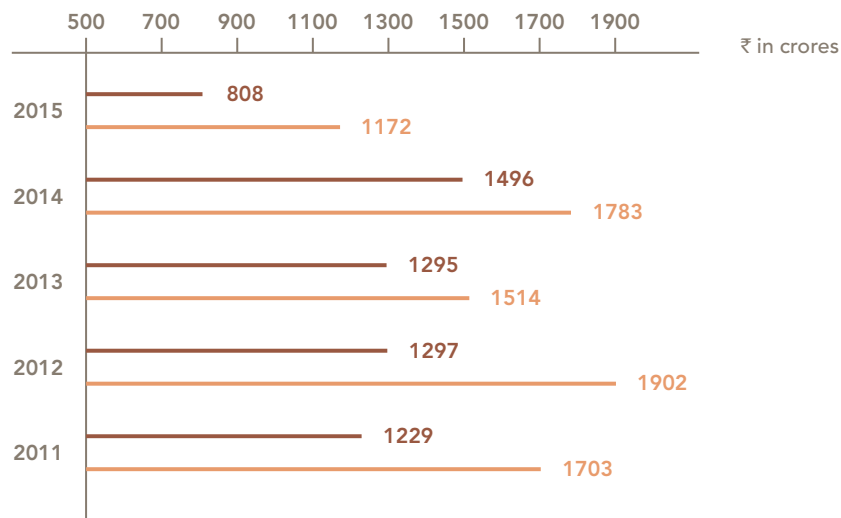
### Net Sales, EBITDA & EBITDA Margin

Net Sale Operating EBITDA EBITDA Margin



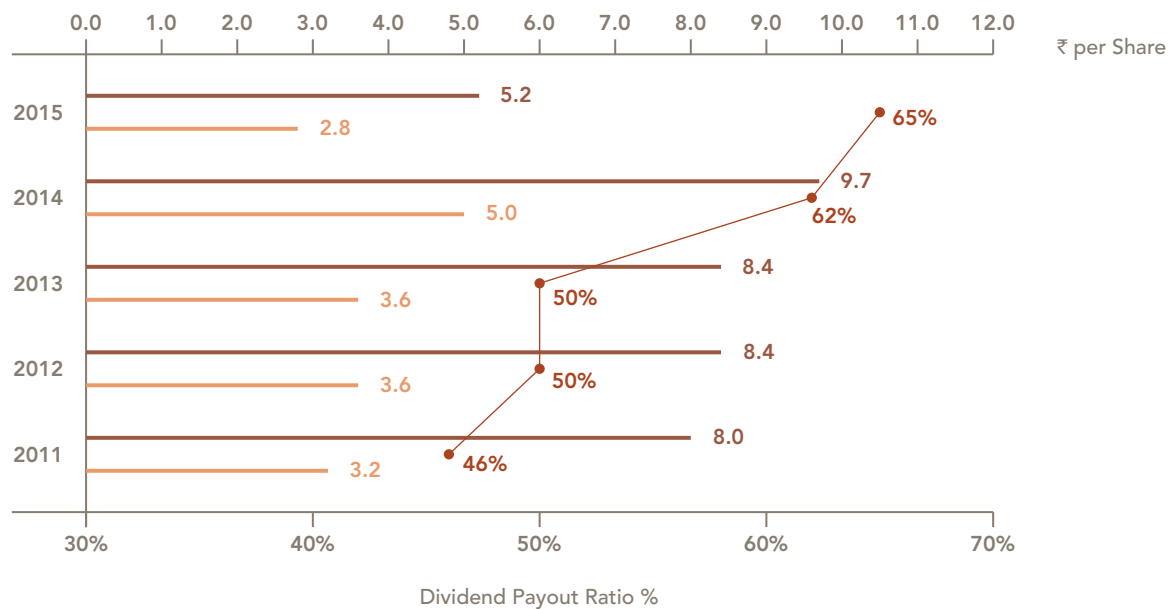
### Profit Before Tax & Profit After Tax

Profit Before Tax Profit After Tax



### Dividend Per Share, Earning Per Share & Dividend Payout Ratio

■ DPS ■ EPS ● Dividend Payout Ratio



### Book Value Per Share

■ Book Value Per Share (₹)

