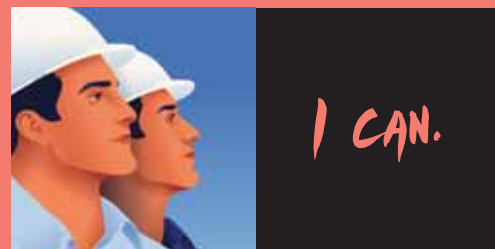


Ambuja Cements Limited

Annual Report
2016



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

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Directors' Report and
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Our Vision

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

Our Mission: Create Value For All

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

Corporate Information

Board of Directors

Mr. N. S. Sekhsaria
Chairman & Principal Founder

Mr. Eric Olsen
Vice Chairman

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Haigreave Khaitan

Ms. Usha Sangwan

Mr. Christof Hassig

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

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. Rajiv Malhotra
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.

Committees of Directors

Audit Committee

Mr. Rajendra P. Chitale
Chairman

Mr. Nasser Munjee

Dr. Omkar Goswami

Mr. Martin Kriegner

Mr. Ajay Kapur
Permanent Invitee

Mr. B. L. Taparia
Permanent Invitee

Nomination and Remuneration Committee

Mr. Nasser Munjee
Chairman

Mr. N. S. Sekhsaria

Mr. Shailesh Haribhakti

Mr. Martin Kriegner

Mr. Eric Olsen
Permanent Invitee

Mr. Ajay Kapur
Permanent Invitee

Compliance Committee

Mr. Haigreve Khaitan
Chairman

Dr. Omkar Goswami

Mr. Shailesh Haribhakti

Mr. B. L. Taparia

Mr. Ajay Kapur

Corporate Social Responsibility Committee

Mr. N. S. Sekhsaria
Chairman

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Martin Kriegner

Mr. B. L. Taparia

Mr. Ajay Kapur

Risk Management Committee

Mr. Rajendra P. Chitale,
Chairman

Mr. Nasser Munjee

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Ajay Kapur

Stakeholders' Relationship Committee

Mr. Rajendra P. Chitale
Chairman

Mr. Haigreve Khaitan

Mr. Ajay Kapur

Mr. B. L. Taparia

Management Committee

Mr. Rajendra P. Chitale
Chairman

Mr. Shailesh Haribhakti

Mr. B. L. Taparia

Mr. Ajay Kapur

Chairman's Letter

Dear Shareholders,

It gives me great pleasure to share some momentous news - in August 2016, the company received the approval of the Foreign Investment Promotion Board (FIPB) for the acquisition of 24% equity shares of Holcim India Pvt. Ltd. and its subsequent amalgamation with the company. With the implementation of the aforesaid transaction, ACC Ltd., along with all its subsidiaries became the subsidiary of your company. As a result of this, the combined annual cement capacity of both the companies today stand at 63 million tonnes. This has also significantly increased our pan-India presence. And we are confident that this arrangement will deliver value for both the organisation and their stakeholders.

The Indian economy moved steadily along in 2016. The GDP as per advance estimates of National Income is expected to accelerate to 7.1%, aided by the Government's continuous efforts to push reforms, RBI's inflation focus, benign global commodity prices and a good monsoon after two consecutive droughts.

The cement demand exhibited robust growth of 8.5% on a yearly basis up to the first half of 2016. However, demand growth remained muted during the latter part of 2016 due to a heavy monsoon across the country. Further, the demonetisation drive of the Government pulled back the construction cycle in the short run. Overall, cement demand growth in 2016 stood at 5% over 2015. To overcome this temporary demand slowdown, the Government announced various measures for Affordable Housing and Infrastructure, which augurs well for cement demand growth in the next few years.

The company delivered a solid performance despite the cement demand slowdown largely during the second half of 2016. To overcome demand impediments post demonetisation, our team immediately swung into action to minimise business risk for the company as well as for our channel partners. A 'Go Cashless' drive was launched successfully in all markets to facilitate business for our channel partners.

A key factor in this enhanced performance was our people's renewed commitment to the customer, with a structured approach that emphasised the value of customer discovery. Our marketing team repositioned our premium 'roof special' brand and reinforced it further by offering a bundle of technical services and solutions, which propagated superior construction practices. As a result, the premium product volume saw a healthy growth of 70% in 2016. The product portfolio offer to the B2B segment was also repositioned to deliver a superior value proposition.

One of the most variable and crucial parts of our business are costs, and we make every effort to control them in our favour. Energy prices have been continuously firming up and have

impacted us in the second half of the year. It was at this point that our people displayed the 'I Can' spirit by countering the problem head on. They focused on least-cost fuel mixes (including alternative fuels), and also improved efficiency parameters to offset the cost increases. Additionally, significant improvements were made by optimising the fly ash and gypsum mix to lower production costs. In the end, despite a continuous increase in diesel prices, our logistics cost remained at par with last year.

To encapsulate our company's performance, here are the highlights for the year ended 31st December, 2016, as compared to 2015:

- Sales by cement volume decreased to 21.1 million tonnes
- Absolute EBITDA was higher by 10% to ₹1683 crore
- Net Profit after tax was higher by 20% to ₹970 crore

Numbers take a backseat though, when it comes to our people's Health and Safety, which remains our top priority. We have made significant progress by staying focused on creating a healthy and safe environment for our people. The strategy covers 3 broad areas: mass sensitisation, capability building, and finally recognition and reward for exceptional efforts.

Sustainability has been a part of our core business strategy and guides us in all our endeavours. Our journey with sustainability has continued seamlessly through the resolute enthusiasm of our team, which increased performance in several areas of governance, environmental protection and social responsiveness. The company's endeavour to give back to society at large continued with great enthusiasm. We are now aiming to become a 5 times water positive company by the end of 2017. We are also consciously synchronising our sustainable development (SD) efforts with the strategies of LafargeHolcim Group, and have aligned ourselves with their 'SD 2030 Plan'.

We are on the threshold of another challenging year. However, with our enduring focus on safety, sustainability, efficiency, quality, along with the support of several Government initiatives like Make in India, Housing for All, and Digital India, coupled with our people's 'I Can' spirit, I am confident our company will scale new heights and set global benchmarks for the industry.

With warm regards,



N. S. Sekhsaria
Chairman & Principal Founder
20th February, 2017

Financial Highlights of 5 Years

Amount in ₹ crore

	2016	2015	2014	2013	2012
INCOME STATEMENT					
Net Sales	9,160	9,368	9,911	9,079	9,675
Operating EBITDA	1,683	1,531	1,928	1,667	2,473
Profit Before Tax	1,337	1,172	1,783	1,514	1,902
Profit After Tax	970	808	1,496	1,295	1,297
BALANCE SHEET					
Net Worth	19,074	10,307	10,103	9,486	8,805
Borrowings	37	33	29	29	35
Capital Employed	19,656	10,946	10,763	10,121	9,414
Fixed Assets - Gross Block	15,289	12,013	11,429	10,826	10,184
Fixed Assets - Net Block	5,979	6,092	6,227	6,063	5,862
Current Assets	4,109	6,549	5,995	5,537	5,276
Current Liabilities	3,611	3,226	3,138	2,843	2,899
CASH FLOW STATEMENT					
Net Cash Generated from Operations	1,415	1,553	1,675	1,287	1,858
Cash and Cash Equivalents	2,420	5,032	4,459	3,961	3,860
SIGNIFICANT RATIOS					
Operating EBITDA / Net Sales	18%	16%	19%	18%	26%
Return on Capital Employed (EBIT/Avg. CE)	9%	12%	18%	16%	22%
Debt Equity Ratio (Debt / [Debt+NW])	0.00	0.00	0.00	0.00	0.00
Price Earning Ratio#	42.17	39.02	23.65	21.79	23.83
Book Value Per Share (₹)	96.15	66.52	65.29	61.43	57.24
Basic Earning Per Share (₹)	4.89	5.21	9.67	8.39	8.43
Dividend Per Share (₹)	2.80	2.80	5.00	3.60	3.60
Dividend Payout Ratio	76%	65%	62%	50%	50%
Current Ratio	1.14	2.03	1.91	1.95	1.82
OPERATIONS					
Cement Capacity - Million Tonnes	29.65	29.65	28.75	27.95	27.95
Cement Production - Million Tonnes	21.19	21.54	21.43	20.96	21.62

Market Price as per BSE on last day of year