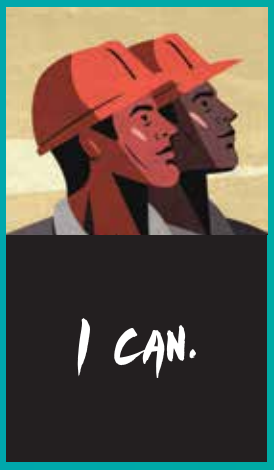
Ambuja Cements Limited

Annual Report
2017



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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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. Jan Jenisch
Vice Chairman (w.e.f. 24.10.2017)

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Haigreve Khaitan

Ms. Usha Sangwan

Mr. Christof Hassig

Mr. Martin Kriegner

Mr. Roland Kolher
(w.e.f. 20.02.2018)

Mr. B. L. Taparia

Mr. Ajay Kapur
Managing Director &
Chief Executive Officer

Chief Financial Officer

Mr. Suresh Joshi

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 Corporate Officer

Ms. Meenakshi Narain
Chief HR Officer

Mr. Deepak Mehra
Chief Marketing Officer

Mr. Rajeev Mehta
Chief Logistics Officer

Auditors

M/s Deloitte Haskins & Sells 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 Board

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. Ajay Kapur
Permanent Invitee

Stakeholders' Relationship Committee

Mr. Rajendra P. Chitale
Chairman

Mr. Haigreve Khaitan

Mr. Ajay Kapur

Mr. B. L. Taparia

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

Mrs. Pearl Tiwari
Permanent Invitee

Risk Management Committee

Mr. Rajendra P. Chitale
Chairman

Mr. Nasser Munjee

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Ajay Kapur

Compliance Committee

Mr. Haigreve Khaitan
Chairman

Dr. Omkar Goswami

Mr. Shailesh Haribhakti

Mr. B. L. Taparia

Mr. Ajay Kapur

Chairman's Letter

Dear Shareholders,

Last year the Government of India undertook path-breaking reforms to improve the economy and its macroeconomic management. The implementation of GST and the introduction of the Fiscal Responsibility and Budget Management Act underlined the Government's desire to strengthen India's institutional framework.

With the GDP increasing to 7.1 per cent in 2016-17, India emerged as the fastest-growing major economy in the world (as per the Central Statistics Organisation and International Monetary Fund). Growth sentiments during the year were further lifted by the marginal reduction in the repo rate by the RBI, as well as upgradation of India's government bond rating. The improvement in the economic scenario brought with it immense potential for the cement industry in infrastructure, commercial construction and the housing sector.

Despite the market challenges, and the initial hiccup of GST implementation, the cement industry grew at 6% in 2017. This growth was aided by favourable demand, supply-side developments, improvements in product range, higher investment in infrastructure and Government sponsored affordable housing. Demand from real estate and individual housing sector, which forms approximately 55% of total cement demand, remained subdued throughout the year.

The company experienced significant pressure on input cost increases during the year. This was largely external and affected many industries. Crude prices, raw material costs, and fuel costs saw a significant rise in price. The cost of raw materials increased by 8% over the previous year on a per tonne basis. This was largely due to an increase in the cost of fly ash, which was in short supply and had to be sourced from further afield. In order to limit the impact of these cost increases, the company focussed significantly on improving efficiency, optimising the fuel mix, employing strategic sourcing practices and a judicious change in our gypsum mix.

Last year, Ambuja Cement launched two value added products that I am proud to announce were developed in-house with the help of the LafargeHolcim Group. Ambuja Compocem reiterates our strong commitment to create products that help in sustainable construction. While Ambuja Plus Cool Wall is a premium product for Individual Home Builders - a segment that comprises the largest percentage of construction demand annually.

In the face of all these challenges, the *'I Can'* spirit of our people shone through. Let me share with you the result of our people's efforts – the company's performance highlights for the year ended 31st December, 2017, as compared to the previous year:

- Sales by volume increased to 23.0 million tonnes.
- Absolute EBITDA was higher by 14.66% to ₹1,940 crores.
- Net Profit after tax was higher by 34.12% to ₹1,250 crores.