

# Ambuja Cement

ACL: SEC

April 3, 2017

Bombay Stock Exchange Limited Phiroz Jeejeebhoy Towers, Dalal Street, Mumbai – 400 023 Fax No. 22723719/22723121/22722037 / 22722039 / 22722041/ 22722061 corp.relations@bseindia.com	National Stock Exchange of India Ltd., Plot No.C11 'G' Block Bandra - Kurla Complex Bandra East, Mumbai 400 051 Fax No.26598237   38 cmlist@nse .co.in
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Dear Sirs,

## Re: Annual Accounts for F.Y. 2016

The Shareholders of the Company at the 34<sup>th</sup> Annual General Meeting held on 31<sup>st</sup> March, 2017 at the Registered Office of the Company at Ambujanagar, Gujarat have considered and adopted the following:-

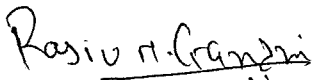
- (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31st December, 2016, together with the Reports of the Directors and the Auditors thereon; and
- (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31st December, 2016 and the Report of the Auditors thereon.

You are requested to kindly take note of the same.

We are enclosing the aforesaid accounts and request you to kindly take the same on your records.

Thanking You,

Yours Faithfully,  
For Ambuja Cements Ltd.



Rajiv Gandhi  
(Company Secretary)  
Membership No. A11263

### AMBUJA CEMENTS LIMITED

Elegant Business Park, MIDC Cross Road 'B', Off Andheri Kurla Road, Andheri (E), Mumbai 400059.  
Tel.: 022- 4066 7000 / 6616 7000, Fax: 022 - 6616 7711 / 4066 7711. Website: www.ambujacement.com  
Regd. Off. : P. O. Ambujanagar, Taluka - Kodinar, Dist. Gir Somnath, Gujarat.  
CIN: L26942GJ1981PLC004717

# 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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# Our Vision

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

# Our Mission: Create Value For All

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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. Haigreve 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

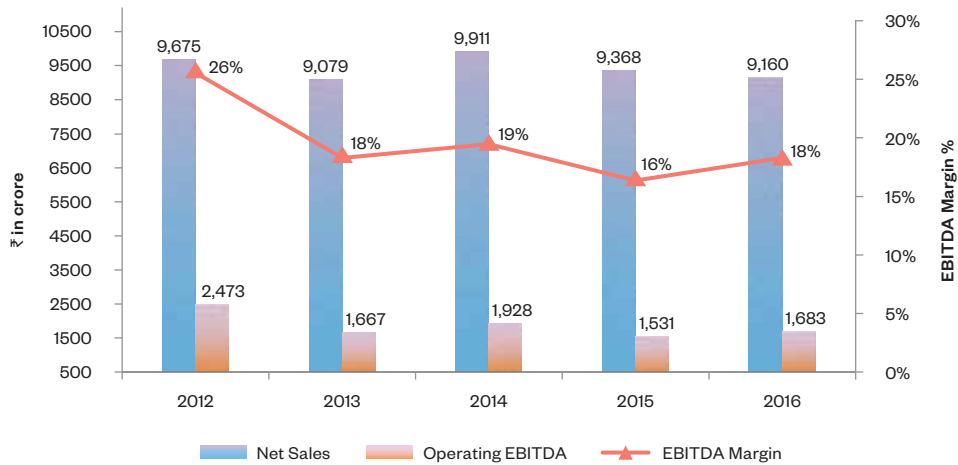
Amount in ₹ crore

	2016	2015	2014	2013	2012
<b>INCOME STATEMENT</b>					
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
<b>BALANCE SHEET</b>					
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
<b>CASH FLOW STATEMENT</b>					
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
<b>SIGNIFICANT RATIOS</b>					
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
<b>OPERATIONS</b>					
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

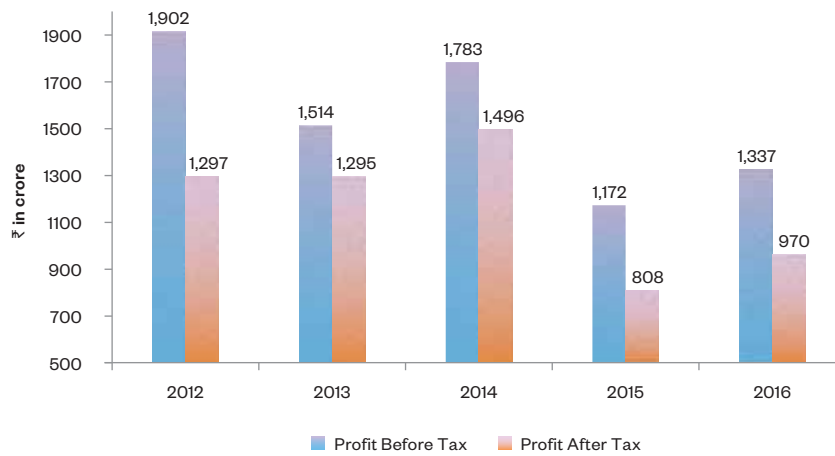
# Market Price as per BSE on last day of year

# Performance Highlights

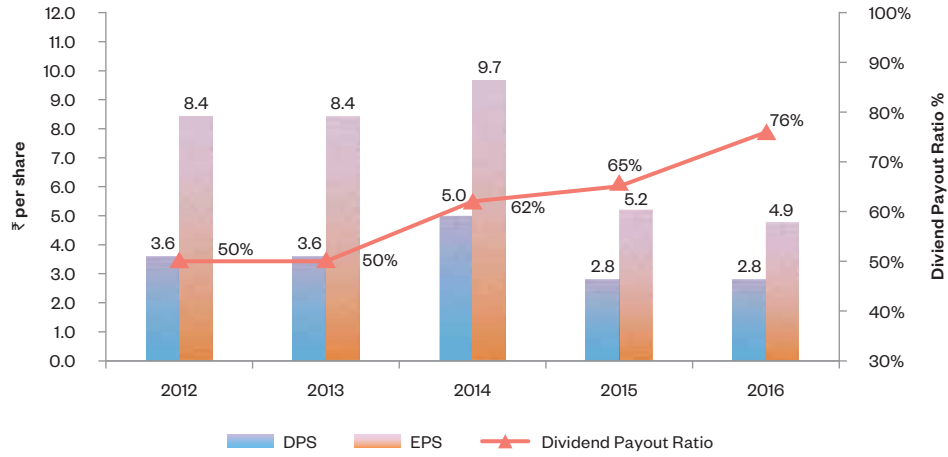
### Net Sales, EBITDA & EBITDA Margin



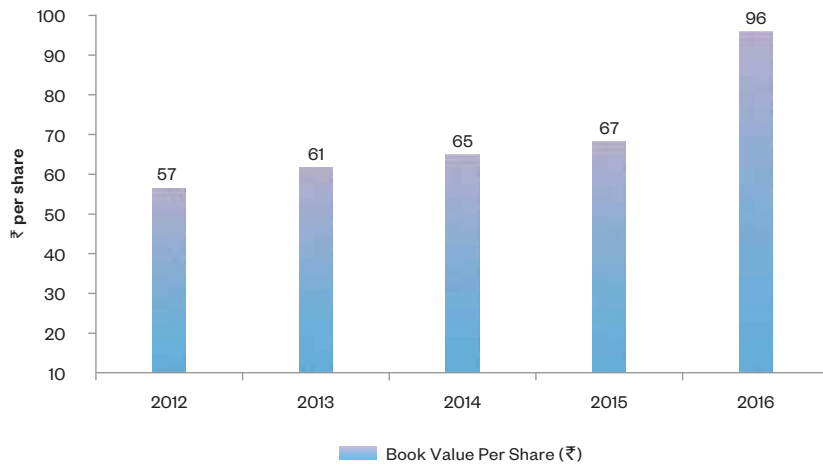
### Profit Before Tax & Profit After Tax



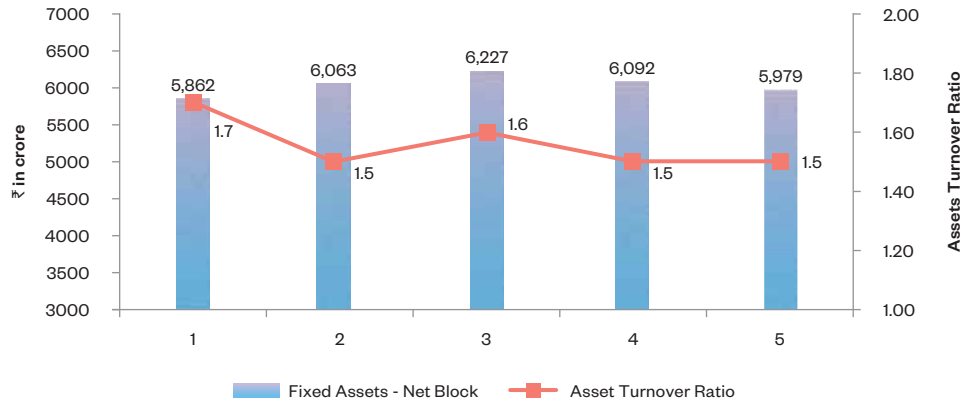
### Dividend Per Share, Earning Per Share & Dividend Payout Ratio



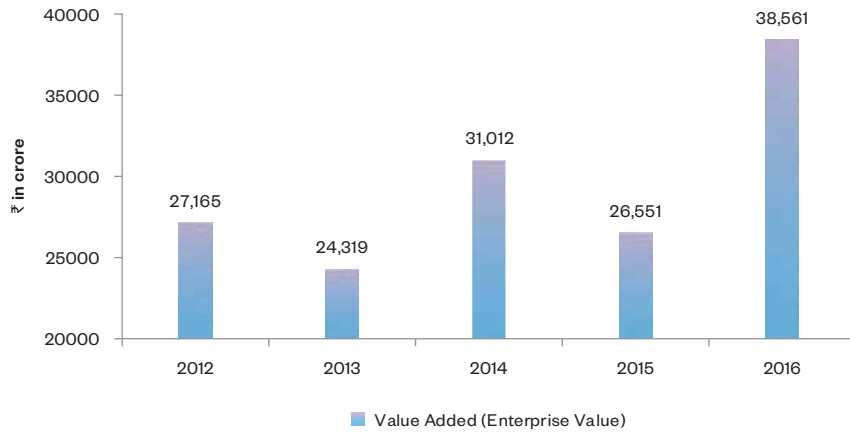
### Book Value Per Share



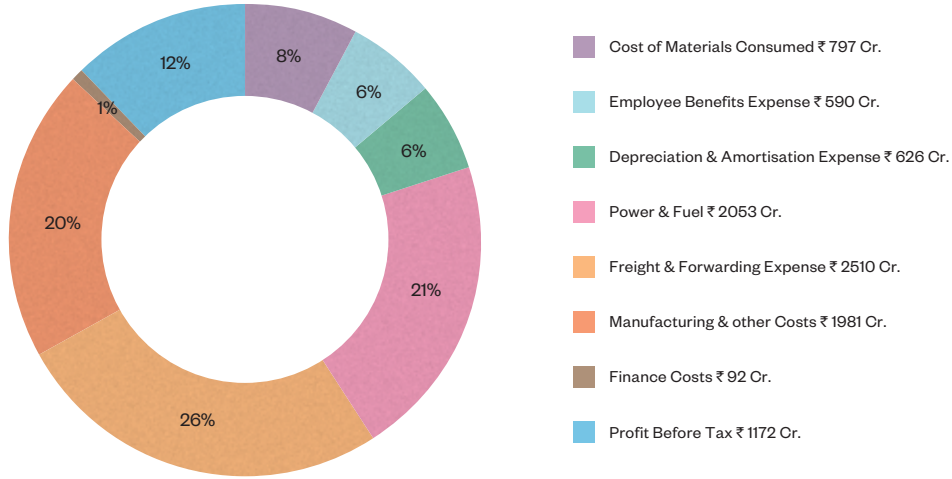
### Net Fixed Assets & Assets Turnover Ratio



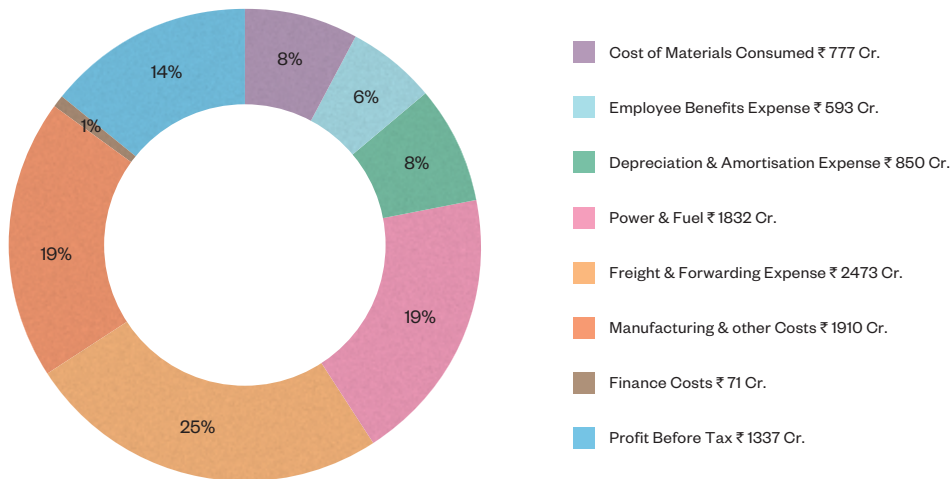
### Enterprise Value



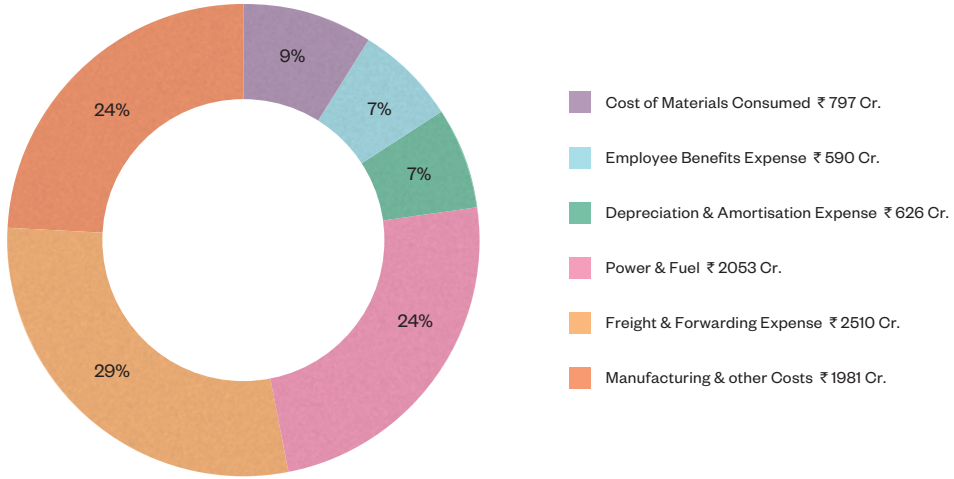
### Cost & Profit as Percentage of Total Income 2015



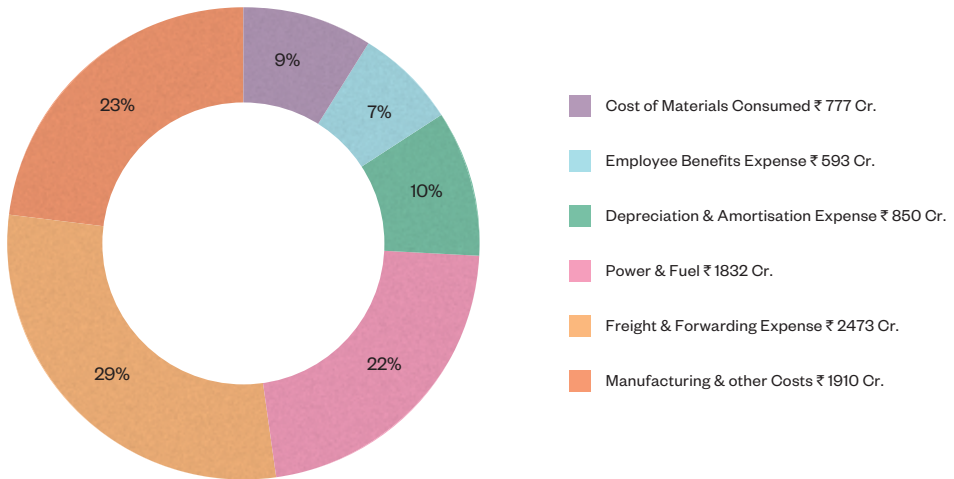
### Cost & Profit as Percentage of Total Income 2016



**Cost Breakup as Percentage of Total Cost 2015**



**Cost Breakup as Percentage of Total Cost 2016**





Our people refused to  
match industry standards  
on alternative fuels.

| It was too low a target.



Ambuja aims to be the most sustainable company in the industry. With this in mind, our people are always looking to improve upon the sustainable solutions they provide. One of the critical ways to do this was increasing the proportion of alternative fuels, which conserves natural resources. In 2015, they were already exceeding the industry average of 1-2%. But our people weren't content, and wanted to push boundaries.

However, increasing the percentage of substitutes is a tricky process, governed by factory trials and due process. This can result in delays, instead of quick results. While discussing the issue, our plant managers realised that the biggest factor holding them back was their old mindset. It wasn't just the kilns they needed to fire up, it was people's desire to excel.

For one month, the theme was 'no limits'. Plants managers, processing teams and engineers were in constant touch, competing in real time. What resulted were numbers far beyond expectations.

Plants consistently raised their performance, till the point our Rabriyawas plant in Rajasthan achieved an unprecedented Thermal Substitution Rate of 22%. At the company level, this push averaged out to 10%, and reduced CO2 emissions by 24,000 tonnes, coupled with a Gross Value Add of ₹ 3.25 crore. It was the empowering 'I Can' spirit that allowed our people to make history, by ignoring the past.



We helped women  
from the villages to learn  
their rightful place.

| In boardrooms  
and entrepreneurial roles.



The Ambuja Kodinar plant is located in a small block in Gir Somnath district, but it took giant strides for women empowerment.

In the nearby village, women's rights were a distant concept. But witnessing daily injustices unsettled our people. Instead of giving them assistance, our people gave them a voice.

In the form of a women's Self Help Group. The group started small, encouraging the women to build savings, and then expanded into training and job creation.

They quickly ran into their biggest obstacle – family opposition. Male members of the families threatened to undo all the progress made. Our people

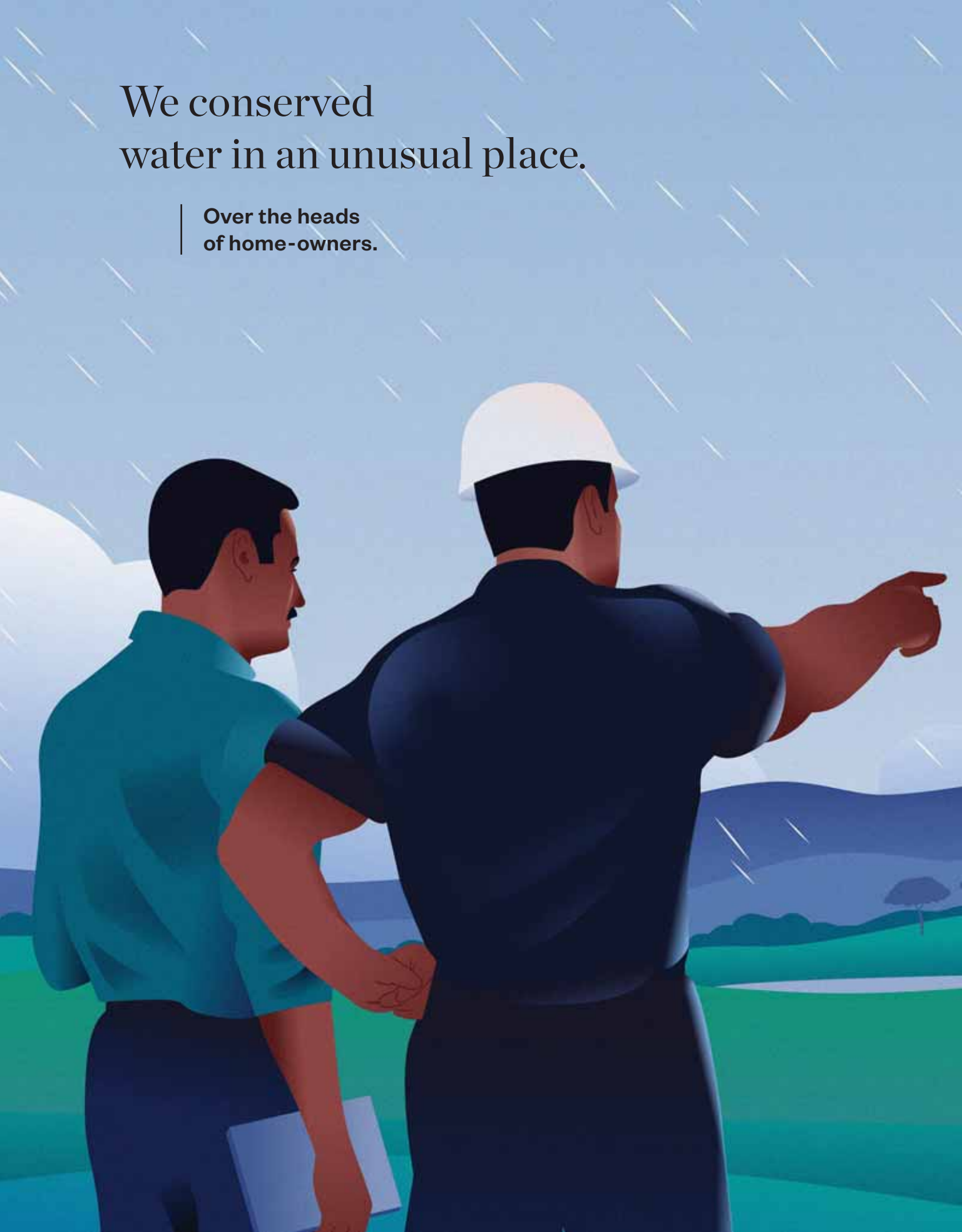
joined hands with the women to convince them of the program's benefits. The men were taken to meetings, trainings, and included in discussions – the very privilege they had denied women. The men quickly shifted from doubters to supporters.

Meanwhile, the group expanded to 5000 members. They gained skilled employment, including executive and management roles. Next, they tackled social change, rehabilitating marginalised widows, and even contesting panchayat elections. The same women who were once confined to their homes are now leaders of change. Our people wanted to transfer their 'I Can' spirit to the group, and what resulted was an empowering revolution.



We conserved  
water in an unusual place.

Over the heads  
of home-owners.



As a company that is proudly 4 times water positive, our people look to save every drop of water. Having optimised industrial processes, they shifted focus to individual home builders. During construction, huge wastage of water occurred through evaporation, in curing the cement. By creating special modular curing sheets, we conserved 12,000 litres with each roof. Our people then asked themselves where they could improve. And the answer wasn't in just saving water, but also potable water.

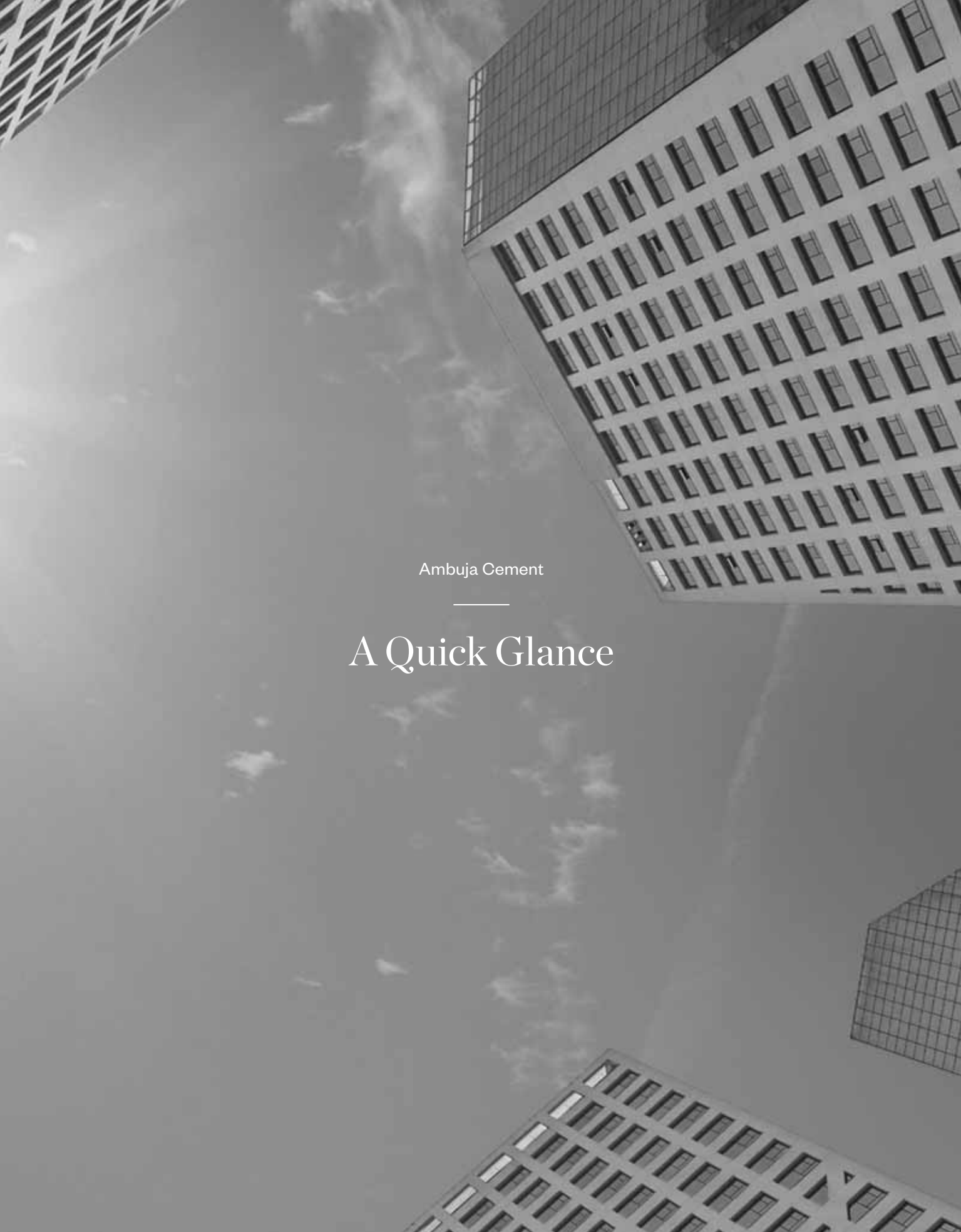
In early 2016, one of our engineers was surveying the roof of a new home, when it began to rain. As he waited under cover, he regretted the amount of water that could've been conserved. Then it

occurred to him, that only a lack of planning prevented it. If people had the option during construction, they would gladly set up a water conserving system. Our engineers integrated a rainwater harvesting system at the time of roof installation, so home owners gained a self-sufficient system of clean drinking water.

The results have been phenomenal, with (approx.) 1 million tonnes of roof cement being sold last year, saving 18 million litres of water. It was the 'I Can' spirit that took an idea to the next level, all the way to the roof.







Ambuja Cement

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# A Quick Glance



# Ambuja Cement: Growing from strength to strength.

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Ambuja Cements Ltd. is one of the leading cement companies in India. It is now proud to be a part of the LafargeHolcim Group, the world leader in the building materials industry, with a presence in 90 countries, and a focus on cement, aggregates and concrete.

For three decades, Ambuja Cement has provided hassle-free home building solutions with its unique sustainable development projects and environment-friendly practices.

# 'I Can' Culture

The company's most distinctive attribute is its approach to business. Ambuja follows a unique home-grown philosophy called I Can, that gives people the authority to set their own targets and the freedom to achieve their goals.

Ambuja's consistent focus has been on two major building blocks that have resonated through its daily operations – Quality (of the product) and Safety (of all those involved in the creation of its product).

# Our Values

By becoming a part of LafargeHolcim, our people have gained from a cultural assimilation of the group's values. To drive LafargeHolcim's group-wide transformation program in India, we adopted some key aspects of their values and behaviour in our company. This includes focus on the LafargeHolcim values of 'CRISP'

and the behaviour principles of 'ACE'. Our goal has been to integrate the 'I Can' philosophy with these new values, which are identical in spirit. By coming together, these values have created a common platform that allows our people to make them a way of life.


# CRISP

 **C**ustomers  **R**esults  **I**ntegrity  **S**ustainability  **P**eople

# ACE

 **A**gility & Simplicity

 **C**ollaboration & Trust

 **E**mpowerment, Accountability & Transparency

## Large in scale, and big on innovation.

Currently, Ambuja has a cement capacity of 29.65 million tonnes with five integrated cement manufacturing plants and eight cement grinding units across the country. Ever since inception, the company has had many firsts to its credit. A captive port with four terminals has enabled us to access fast developing coastal markets with cost effective, fresh and timely shipments of bulk cement to our customers.

Ambuja Cement has also focussed on developing customised solutions in partnership with the customer. A unique initiative by Ambuja Cement, the Concrete Futures Laboratories (CFL) is a complete solutions space for consultants and construction professionals to 'test, experiment and learn' about cement and concrete.

| We're fast learners, and even quicker to share our knowledge.

Another unique initiative has been the setting up of 27 Ambuja Knowledge Centres (AKCs), a knowledge-sharing

platform for construction professionals that includes practical workshops on mix design and quality supervision.

## We hold ourselves responsible to the highest standards: Our own.

Ambuja made significant progress in the responsible use of resources, be it natural or man-made. In recent times when water has become a contentious issue, the company maintained its status to become 'Four Times Water Positive', through water conservation in the surrounding community and water efficiency in the plants.

Ambuja also became plastic positive, by burning over 50,000 tonnes of plastic waste in its kilns, equivalent to 1.5 times of total plastic that is used in making cement packing bags. Additionally, the company generated 6.5% of its energy generation from renewable energy sources.

| Some of our responsibilities extend beyond our people.

The company also works closely with communities that live around our plants, through its CSR arm, the Ambuja Cement Foundation (ACF) that is present at 21 locations in 11 states, where it implements need-based and participatory programmes

in the areas of Water Resource Development, Health and Sanitation, Women Empowerment, Rural Infrastructure, Education and Agro-based / Skill-based Livelihood Creation.

## We mean no harm. Especially when it comes to Health and Safety.

Health and Safety is Ambuja's over-arching value. For the company, people are its most important resource. The company is committed to ensure the safety of all employees, contractors, and others connected with our operations, through its Zero Harm policy.

The company has substantially reduced the number of onsite injuries with a strong emphasis on improving health and safety parameters, reducing risks through people engagement, capability building, and strengthening health and safety

management systems and processes. However, there is more to be done to achieve the company's ultimate goal of achieving a Zero Harm workplace.

**We Care** is an umbrella initiative that covers all stakeholders, and has played a seminal role in transforming Ambuja Cement's operations as well as attitudes towards health and safety.

As a reflection of this dedication to safety, all plants of Ambuja Cement are certified as per the **OHSAS 18001** world standard.

## You won't encounter a stronger brand.

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For over 30 years now,  
Ambuja Cement has consistently built its brand around  
the promise of 'giant compressive strength'.

Today, Ambuja Cement has become synonymous with strength. To the extent that it has become a part of common vocabulary. Even social media is filled with numerous memes around this theme of strength.

With engaging communication, superior product quality, and strong technical support to the consumer, Ambuja has consistently scored 5+ in Nielsen's Brand Equity study for the last 10 years. Ambuja's recent TV commercial featuring 'Khali' won the Golden Lion at Cannes, the world's most prestigious advertising award.

## A product portfolio that is also growing in strength.

| The Ambuja brand features a bouquet of products and services:

**Ambuja Plus Roof Special** is a premium product, suited for constructing roofs or slabs. Introduced in the beginning of 2016 in all markets, its special formula enables stronger and denser concrete, giving the slab leak-proof properties.

**In some cases, scale is all about going small.** Ambuja's technical services engineers bring sophisticated techniques of concrete mixing and curing to the consumer in small towns. These techniques are designed in-house by adapting the practices of large construction projects.

To further add value to the consumer, Ambuja also offers to install rooftop rainwater harvesting technology, which enables the consumer to either store drinking water for the whole year or increase the groundwater table.

Ambuja caters to its B2B customers by addressing their specific needs. While Ambuja Powercem caters to the specific needs of the RMX segment, Ambuja Railcem is designed for railways. Whereas Ambuja Buildcem meets the special requirements of the mass housing segment.

Ambuja also co-owns two strong brands in micro materials category. Alccofine is a range of micro slag materials catering to high strength, high performance concrete and tunnel grouting. Dirk Pozzocrete is superfine fly ash used in high performance concrete structures.

It is this wide range of products in retail and B2B markets that makes Ambuja the leading brand in a fiercely competitive market.

## Our cement tends to fetch us plenty of metal. At awards ceremonies.



### **FICCI CSR Award 2016**

*for Ambuja's exemplary Water Resource Management program.*



### **CII Sustainability Award 2016**

*in Corporate Excellence – Outstanding Accomplishment category.*



### **Rajasthan Energy Conservation Award 2016**

*for the Rabriyawas Plant.*



### **Ambuja Cement conferred with the Bombay Chamber Civic Award**

*for Social Development.*



### **Sustainability Energy Development Award**

*from Chattisgarh State Renewable Energy Development Agency for our Bhatapara unit.*



### **Gold Award at the 15th Annual Greentech Safety Awards 2016.**



### **Winner - Best Chanel Loyalty Programme**

*for Ambuja Cement's 'Aasman' programme in the 9th Loyalty Summit.*



### **Electrical Safety Award**

*for the Maratha Cement Works plant.*

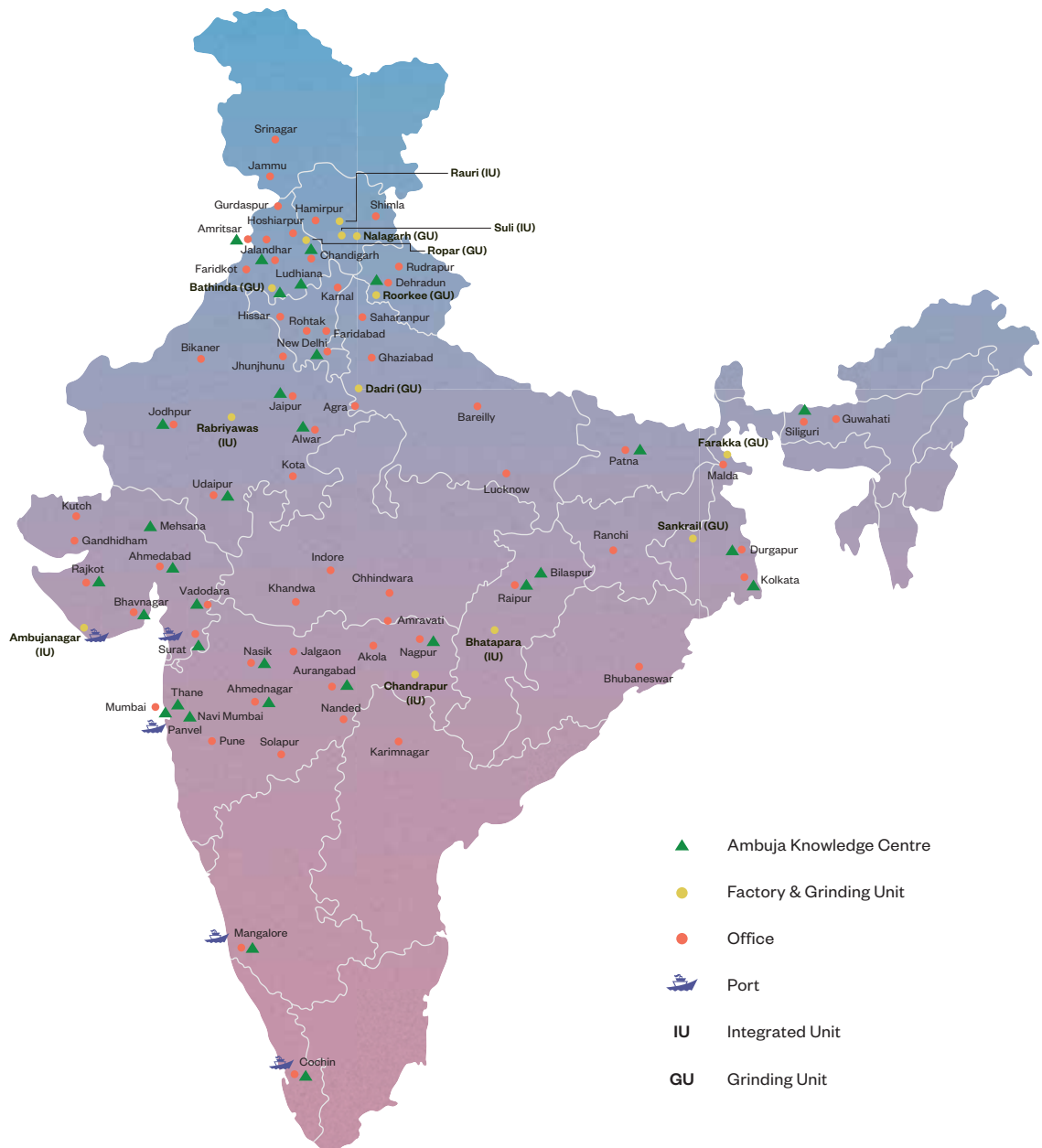


### **IIA Excellence Award**

*for Application of Internal Audit Technology.*

# Our most towering structure is our pan-India presence.

With a strong footprint in the North, West, and East parts of India, and a presence in the South, Ambuja Cement covers key locations in each region. A wide network of 26,000 dealers and retailers has taken Ambuja Cement to the remotest locations of the country. Whether it be a tiny village or a mega city, Ambuja is building towards a stronger nation.



# Key Figures

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21.1

Cement Sales  
in million tonnes

9160

Net Sales  
₹ crore

1683

Op. EBITDA  
₹ crore

18.4%

Op. EBITDA Margin

1337

Profit Before Tax  
₹ crore

970

Profit After Tax  
₹ crore

2.8

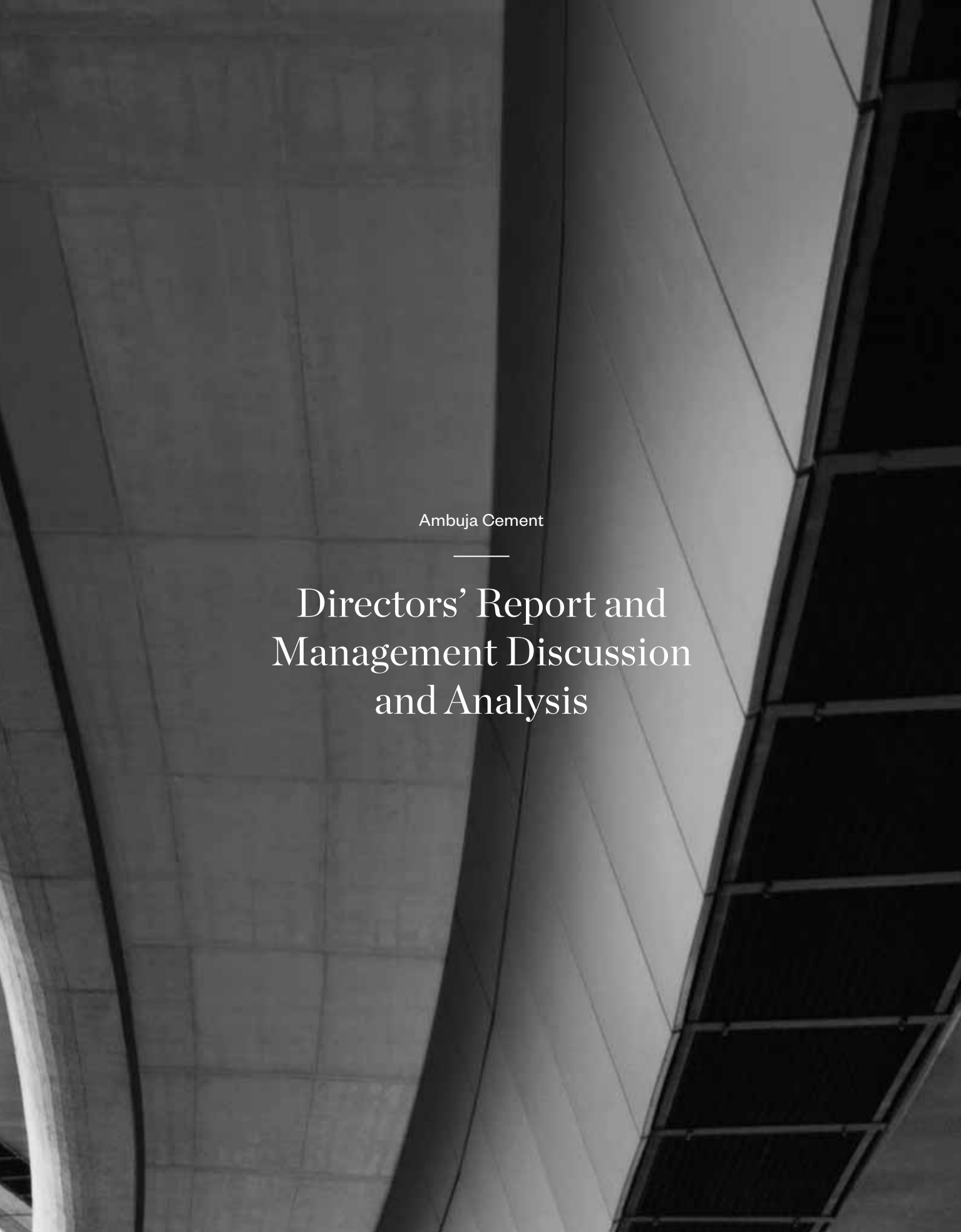
Dividend Per Share  
₹ per share

96.2

Book Value Per Share  
₹ per share







Ambuja Cement

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# Directors' Report and Management Discussion and Analysis

**Dear Members,**  
**It is our pleasure to present the Annual Report  
of the company for the year 2016.**

## 1. Indian Economy

It was a year of high performance for the Indian economy, amidst challenges. The growth of the Indian economy, is indeed laudable.

Macroeconomic indicators witnessed moderate pickup, with the gap between consumer price inflation and wholesale price inflation narrowing; resulting in 150 basis points interest rate cuts by the RBI since the start of 2015. Crude prices, after touching historical low levels in early part of 2016, gradually recovered to higher level. The latest estimates of the RBI suggest that the growth of India's Gross Value Added for the fiscal year 2016-17 will be around 7.1%, marginally lower than the previous estimates due to the short term impact of demonetisation.

The service sector along with agriculture, continue to spearhead growth and provide high employment. Growth momentum in services and manufacturing sectors is critical for India to achieve 7%+ GDP growth. This would require an investment in real estate and supporting infrastructure.

Several important pieces of legislation have been put in place to promote recovery and growth. National initiatives such as 'Make in India', 'Smart Cities', 'Housing for All', broadening financial inclusion, streamlining taxation structure with the passage of the GST Act, and improving road and rail infrastructure, would lead to significant improvements in the productive capacity of the economy, and will have long term positive implications for the cement industry.

Despite several challenges, the Indian economy has immense potential, which is powered by distinctive economic, social and political

dynamics: India is in a long-term demographic sweet spot that is boosting demand for the entire nation. The nation's economic fundamentals continue to improve and are more compelling than most countries in the West and many in Asia. The securitisation of real estate – Real Estate Investment Trusts and Infrastructure Investment Trusts – will foster greater economic velocity, along with a more efficient and transparent market.

### **Cement Industry Structure and Development**

Cement demand growth in 2016 accelerated on the back of the Seventh Pay Commission pay hike, and various other policy initiatives announced by the government. The government has been striving to improve India's competitiveness across segments, by introducing schemes like – Smart City, AMRUT, Housing for All, etc., which will make cities environmentally and economically viable. The government has provided incentives for rural development and also allowed 100% FDI in the construction development and industrial parks. Overall, cement demand growth in 2016 stood at 5% over 2015, and is expected to further grow in the next fiscal on account of higher government spending on various initiatives as announced in the Union Budget along with incentives for affordable housing by providing it with 'Infrastructure Status'. This is likely to boost the demand for cement by a positive multiplier.

## 2. Purchase of shares in Holcim India Pvt. Ltd. (HIPL) and amalgamation of HIPL with the company.

The members may be aware that the company had proposed to acquire 24% equity shares of Holcim India Pvt. Ltd. (HIPL) from the company's Promoter, Holderind Investment Limited, Mauritius and subsequent amalgamation of HIPL with the company under the Scheme of Amalgamation. The acquisition of shares and Amalgamation of HIPL was previously approved by the requisite majority of the Members in terms of the SEBI Circular and under the provisions of erstwhile Companies Act, 1956 and has also received assent from the Hon'ble High Courts at Gujarat and Delhi. However, the scheme was not made effective due to the pending approval by the Foreign Investment Promotion Board (FIPB).

The Directors are pleased to inform you that on 1st August, 2016, the FIPB accorded its approval for the acquisition of shares as well as the Scheme of Amalgamation. Pursuant to the said approval, the scheme has become effective from 12th August, 2016. All the requisite formalities including the allotment of additional shares in terms of the scheme and obtaining the necessary listing approval from the stock exchanges, has been complied.

Pursuant to the effectiveness of the scheme, the company now holds 50.05% equity shares in ACC Limited and consequently ACC Limited and all its subsidiaries have become the subsidiary of the company.

ACC is one of the oldest cement manufacturers of India and has been a pioneer and trend setter in cement manufacturing since it was established in 1936. It has a unique track record of innovative research, product development and specialised services and enjoys a high level of brand equity in the Indian cement market.

With ACC becoming the company's subsidiary, the combined annual cement capacity of both the companies stands at 63 million tonnes and as well as a pan India footprint in manufacturing, strong brand recognition and huge network of distributors, dealers and retailers. Thus, this transaction will enhance value for both the organisations and its stakeholders.

## 3. Financial Performance – 2016

### At a glance – Standalone Financial Results

- Cement production decreased by 0.3 % to 21.2 million tonnes, from 21.5 million tonnes while clinker production decreased by 0.7 % to 14.3 million tonnes, from 14.4 million tonnes in 2015.
- Domestic cement sales volume in 2016 decreased to 21.1 million tonnes from 21.5 million tonnes in 2015. Clinker sales (including exports) increased to 0.37 million tonnes in 2016 from 0.27 million tonnes in 2015.
- Net sales at ₹ 9,160 crore were down by 2% than that of the previous year's ₹ 9,368 crore. Average sales realisation decreased by around 1 % at ₹ 4,263 per tonne against approx ₹ 4,297 per tonne in 2015.
- Total operating expenses for the year 2016 were marginally lower than the previous year.
- The company achieved an absolute EBITDA of ₹ 1,683 crore which was higher by 10 % over the corresponding EBITDA of ₹ 1,531 crore for the year 2015.
- Profit before Tax at ₹ 1,337 crore was up by 14 % over corresponding Profit before Tax of ₹ 1,172 crore for the year 2015.
- Net Profit at ₹ 970 crore was up by 20% over corresponding Net Profit of ₹ 808 crore for the year 2015.

Pursuant to the scheme of amalgamation of Holcim India Private Limited (HIPL) with the company, coming to effect in the current year, all transitions in HIPL from the appointed date of April 01, 2013 till Dec 31, 2015 and amortisation of goodwill recognised in accordance with the scheme of amalgamation, has been accounted in 'Surplus in the Statement of Profit and Loss' under Reserves and Surplus (refer note 47 & 49 in Notes to the Financial Statement). The Board of Directors have recommended a transfer of

₹ 850 crore from 'General Reserves' to 'Surplus in the Statement of Profit and Loss' in accordance with section 123 of the Companies Act, 2013

### Performance of material subsidiary

Pursuant to the Amalgamation of HIPL, the company acquired 50.05% shareholding of ACC Limited. The summary of ACC Limited's financial performance is as under:

- Cement volumes in 2016 were at 22.99 million tonnes as compared to 23.62 million tonnes in the previous year.
- On like for like basis, Operating EBITDA for the full year was ₹ 1,421 crore as compared to ₹ 1,398 crore (excluding accrual of sales tax incentives of ₹ 140 crore) in the previous year.
- Consolidated profit before tax for the year was up by ₹ 40 crore on the back of focused cost savings driven by reduced raw material costs and fuel mix optimisation.

During the quarter October - December, 2016, ACC commissioned a cement grinding unit at Sindri in Jharkhand. Coupled with the Jamul integrated plant in Chhattisgarh, which was commissioned in the preceding quarter, ACC's market presence in the eastern region is expected to strengthen further.

### Indian Accounting Standards (Ind AS) – IFRS Converged Standards

The company will adopt Indian Accounting Standards (Ind AS) with effect from 1st January, 2017 pursuant to Ministry of Corporate Affairs' notification of the Companies (Indian Accounting Standard) Rules, 2015.

In 2016, the company has substantially completed the assessment of the impact of the change to Ind AS on reported reserves and surplus and on the reported profit for the relevant periods. The company has also completed the modification of accounting and reporting

systems to facilitate the changes.  
The implementation of IND AS in 2017 will be a major change process and the company is well

positioned to ensure a seamless transition on the back of early completion of impact assessment.

Amount in ₹ crore

	Standalone		Consolidated	
	Current Year 31-12-2016	Previous Year 31-12-2015	Current Year 31-12-2016	Previous Year 31-12-2015*
Sales (Net of excise duty)	9160.40	9,368.30	20,093.95	9,388.00
Profit before Interest and Depreciation	2258.92	1,889.66	3,598.73	1,895.48
Less: Finance costs	71.48	91.79	140.54	92.47
<b>Gross profit</b>	<b>2,187.44</b>	<b>1,797.87</b>	<b>3,458.19</b>	<b>1,803.01</b>
Less: Depreciation and Amortisation Expense	850.13	625.66	1,463.18	629.76
Profit before Tax	1,337.31	1,172.21	1,995.01	1,173.25
Less: Tax Expense	367.22	364.65	576.00	365.37
Profit after Tax but before Minority Interest	970.09	807.56	1,419.01	807.88
Add: Share of Profit in Associates	-	-	8.79	-
Less : Minority Interest	-	-	306.67	-
<b>Profit for the year</b>	<b>970.09</b>	<b>807.56</b>	<b>1,121.13</b>	<b>807.88</b>
Add: Balance as per the last Financial Statements	1,833.87	1,655.93	2,117.13	1,941.15
Add: Addition pursuant to Amalgamation of HIPL	41.19	-	229.60	-
Transfer from general reserve (net)	850.00	-	834.98	-
Less: Adjustment for Depreciation and Amortization	2591.85	106.63	2,591.85	108.91
<b>Profit available for appropriation</b>	<b>1,103.30</b>	<b>2,356.86</b>	<b>1,710.99</b>	<b>2,640.12</b>
<b>Appropriations:</b>				
Dividend on Equity Shares (including interim)	678.35	434.53	678.35	434.53
Corporate Dividend Tax	95.77	88.46	128.43	88.46
Inter company elimination of Dividend pursuant to scheme of Amalgamation of HIPL with the company	74.69	-	131.02	-
<b>Balance carried forward to Balance Sheet</b>	<b>403.87</b>	<b>1,833.87</b>	<b>1,035.23</b>	<b>2,117.13</b>

\*Figures are not comparable with corresponding figures of current year as they do not include consolidated numbers of ACC Limited.

## 4. Dividend

The company has a very robust track record of rewarding its shareholders with a generous dividend payout (both interim & final). Continuing with this practice, the company paid an interim dividend of ₹ 1.60 per share (80%) during the year 2016. In the light of the overall improved financial performance including Profit After Tax for the full year as compared to the year 2015, the Directors have recommended a final dividend of ₹ 1.20 per share (60%). Thus, the aggregate dividend for the year 2016 is ₹ 2.80 per share (140%) and the payout (net) will be ₹733.43 crore, including dividend distribution tax of ₹ 95.77 crore. This represents a payout ratio of 76%.

### Dividend distribution policy

Regulation 43A of the SEBI Listing Regulations ("LODR"), requires that the top 500 listed companies based on the market capitalization to formulate Dividend Distribution Policy. In compliance of the said requirement, the company has formulated its Dividend Distribution Policy, the details of which are available on the company's website at: <http://ambujacement.com/Upload/PDF/dividend-distribution-policy.pdf>.

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## 5. Market developments

The market offers huge potential for development in the housing infrastructure and construction segments, to provide impetus to cement market growth. A good monsoon, after two consecutive droughts, also augured well for cement demand, especially for the rural sector. The overall national cement demand grew with double digits in the first quarter of 2016 but moderated in the closing months of the year due to demonetisation. The company's cement sales in 2016 declined by 2% to 21.1 million tonnes, as compared to 2015. Our focus is on the retail segment, with retail sales more than 85%, thereby ensuring broad customer base and higher realisation. The company - with a strong network of 8,500 dealers & 40,000 retailers, enjoys a strong brand equity Index (BEI >5) and is the preferred brand for individual house builders.

### Logistics

Logistics continued to focus on safety, service, operational efficiencies, and cost optimisation through various initiatives.

Outbound logistics cost was lower in the first half of the year compared to 2015, mainly due to stable rail and fuel charges, coupled with operational performance improvements coming from higher direct dispatches and lead management. However, the second half affected costs and efficiencies due to a steep increase in fuel prices and a heavy monsoon. Demonetisation was an opportunity to lead drivers and transporters to imbibe cashless transactions without affecting logistics operations. In spite of all the challenges our

overall distribution costs reduced marginally over 2015 levels, mainly mitigated by collaborative efforts between Sales and Logistics to focus on operational levers and cost drivers.

To improve forecasting and least cost to serve compliance, Sales and Operations Planning (S&OP) was implemented. Under the Logistics turntable initiatives, saving opportunities were identified and benefit accrued.



*As a company, we believe in spreading knowledge and expertise. The setting up of 27 Ambuja Knowledge Centres (AKCs), as a knowledge-sharing platform for construction professionals was a landmark achievement. Aside from research, they included practical workshops on mix design and quality supervision.*



## Commercial transformation

### Customer discovery

2016 was indeed a challenging year for the cement industry as multiple brands vied for brand attention. While some companies resorted to price reduction, others provided various value propositions.

Ambuja chose a relatively simple, albeit time-consuming but enriching path, to get close to the consumer – by understanding the needs, designing solutions and then helping to fulfil it.

Our in-house engagement programs and knowledge initiatives were well received. Several onsite service interventions were offered for the individual house builder and good knowledge initiatives shared through our Ambuja Knowledge Centre (AKC) network.

Under the guidance of LafargeHolcim, various commercial transformational activities have commenced. Offering a better value proposition to customers, improved construction practices and providing a transformational framework, to meet evolving cement demand in sync with the various initiatives kick-started by the Government.

### Customer excellence

With demonetisation, an action plan was drawn where finance, sales and technical field officers along with community workers of the Ambuja Cement Foundation and bank officials initiated awareness camps with dealers, Authorised Retail Stockists (ARS) and retailers connected with our commercial network to showcase various cashless options. Next, the company launched the 'Go Cashless' campaign – where network partners were assisted in opening current accounts and tie-ups with major banks leading to the installation of POS machines to facilitate transactions.

Our branding team conceived a digital campaign on social media as well as on radio, focused on promoting various cashless options.

A combination of these initiatives helped the company reach out to over one lakh partners (dealers, retailers, contractors and masons) across India in a short span of 50 days.

## Sustainable construction practices

### *Building a greener tomorrow*

Water is an important aspect of construction. In the Indian context, with most regions facing inadequate water supply, it is indeed a challenge as constructing even a three-bedroom house consumes around 50,000 litres of water.

Realising and understanding this issue, engineers from Ambuja's technical services team designed two innovative solutions for the roof – a customised modular curing sheet covering the slab on the roof during construction that would save at least 12000 litres; and fitting a rainwater harvesting system on the roof, making it a permanent source of storing potable water.

In 2016, 75 million litres of water were saved at construction sites and 14 million litres through installing rainwater harvesting systems across 519 towns.

## 6. Cost developments

The company maintained significant focus on cost optimisation during the year through various initiatives it optimised, on both variable as well as fixed costs. The company also benefited through favourable fuel prices during the initial quarters. Internal cost optimisation measures coupled with such favourable external factors, helped to offset the cost increase resulting from increasing diesel prices, railway freight, prices of some raw materials as well as an increase on account of inflation. As a result, the company's total cost per tonne remained flat when compared to the previous year.

### Major Cost Movements

- i) Cost of **major raw materials** reduced by 5% over the previous year on per tonne basis. Despite an increase in Fly Ash prices by 6%, the company was able to consume gypsum at 10% lower cost than the previous year and further mitigated through cost reduction from using alternative raw materials.
- ii) **Power and fuel** costs account for approximately 22% of the total expenses. The company's initiatives to optimise fuel mix as well as higher usage of captive power helped restrict the power and fuel costs to 12% lower level as compared to previous year on per tonne basis. Fuel Cost for the kiln reduced by 16% while the same for captive power plants reduced by 14%, mainly due to higher use of pet coke in both areas and other low cost fuels. Usage of alternate fuels also accounted for 5% of total thermal energy consumption in 2016. Although the cost of grid power increased by 4% on per unit basis, increased use of captive power which was 13% cheaper than previous year, helped to reduced the overall electricity cost by 7%. The company consumed 70% of the total power requirement from captive sources, including increased usage of the Waste Heat Recovery System.

- iii) **Freight and forwarding cost** constituted 29% of total expenses. On per tonne basis, cost increase was restricted to just 1% due to the positive impact of various logistic optimisation efforts despite 5% increase in diesel cost over the previous year.
- iv) **Other expenses** which constitute 23% of the total expenses were restricted to an increase of just 1% over 2015. This was possible on account of reductions in the cost of packing bags which came down by 9% over the previous year, on the back of decrease in PP granule prices. Further, the fixed cost optimisation programme also contributed in keeping fixed cost in check.

### Cost mitigation measures / efficiency improvement initiatives:

- i) Keeping in line with the company's philosophy of sustainable operations, a focus on production of fly ash based PPC was maintained and a lot of initiatives were taken up to enhance fly ash consumption in PPC.
- ii) The company has worked on fuel flexibility to mitigate risk associated with the dynamic fuel market and developing the ability to switch to the most economical fuel mix. The company has increased the focus on usage of low cost fuels like petcoke.
- iii) A new E-mill was commissioned at Darlaghat for petcoke grinding which helped in increasing petcoke consumption in Suli kiln.
- iv) A limestone feeding system in the boiler was initiated, to increase petcoke consumption and maintain SOx emission limit in the captive power plant at Rabriyawas and Bhatapara. The company commissioned a carbon black bulk unloading system to increase carbon black usage and improve housekeeping.

## 7. Expansion projects and new investments

### Capacity expansion during the year.

#### Getting better at being the best.

The company focused on consolidation and optimisation of its existing capacities in all the three regions. Capital investments kept flowing in during the year, to ensure the highest standards of safety in order to meet the company policies of 'Zero Harm', clean and energy efficient infrastructure, cost efficiency, environment-friendly material handling systems, process optimisation and sustainability initiatives.

#### Achievements at a glance

- i) A Waste Liquid Feeding System at Bhatapara was commissioned to utilise alternate fuel in the plant and reduce traditional fuel consumption.
- ii) In June, 2016, legal case pertaining to 99 HA of mining land at Darlaghat has been decided in favour of the company, pursuant to which taking possession of the said mining land is in progress. As a result, the company has been able to successfully secure and increase its limestone resources.
- iii) In order to strengthen logistics capability and extend its reach to customers, a new railway siding project is in progress at the Rabriyawas unit in Rajasthan. Purchase of land is in progress for line laying.
- iv) A brown-field expansion project of master packer and auto wagon loading was commissioned at Sankrail, West Bengal. New packer and auto loaders will add an additional 1.8 million tonnes dispatch capacity.

#### Upcoming Capacities and Investments

- i) A new coal block, at Gare-Palma in the state of Chhattisgarh was acquired in 2015 through e-auctions conducted by the Government of India. The block has an extractable reserve of 50 million tonnes and will secure the long term requirement of fuel. Land Acquisition

and various clearances are in progress and the mining operation is expected to commence in the year 2018.

- ii) In order to secure long term limestone requirement of the Bhatapara plant, a new mining lease, at Maldi Mopar Mines was allotted. Environmental clearance and other required approvals for the mining lease were acquired. To operationalise this limestone mine, two projects are in progress:
  - Commencement of limestone mining operations with infrastructure.
  - Installation of limestone transportation system.Detailed engineering and equipment orders for both projects have been completed and delivery of a limestone crushing system is in progress.
- iii) Clinkerisation capacity addition of 1.7 million tonnes by setting up green field clinkerisation plant at Marwar Mundwa, Nagaur district in Rajasthan has now been undertaken. The company will commence, in 2017, the site development, infrastructure, engineering, tendering and contracting of the project. While the majority of the mining and plant land is already in possession and the rest is under an advanced stage of acquisition.
- iv) The company also acquired a new mining lease at Loadhva mines in order to secure long term limestone requirement of Ambujangar Plant. Environmental clearance and other required approvals for the mining lease have been secured.
- v) The company is taking up various projects to comply with new Environmental Regulations issued by Ministry of Environment and Forest related to Dust Emission, SOx & NOx emissions.

## 8. Outlook

We expect good cement growth in 2017, supported by the Government's continued focus on housing and infrastructure development, and going forward remonetisation should result in growth normalising during the first quarter of the year. The announcement of interest subsidy schemes and an interest rate cut, the recent announcement in the union budget for infrastructure development, including the award of infrastructure status to affordable housing and the increased budget allocation for roads,

railways and irrigation will all be key drivers for cement demand.

With continuing operational excellence programs, combined with its segmented marketing and value added special cements products and building solutions, the company is well placed to benefit from the plans being initiated by the Government.

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## 9. Risks and areas of concern

The organisation has a comprehensive framework for risk management covering financial, business and sustainability-related risks through the Business Risk Management (BRM) process.

Risk Management Policy has been formally framed to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure in line with the new regulatory requirements. A Risk Management Committee under the chairmanship of Mr. Rajendra Chitale, Independent Director, has also been constituted to oversee the risk management process in the company.

The BRM exercise at Ambuja is a bi-annual event to analyze the company's overall risk exposure and supports management in strategic decision-making process. Therefore, it is an integral part of management reporting cycle. Well-defined risk management mechanism covering trend analysis, risk exposure, potential impact and risk mitigation process has been laid down by the company. The overall risk exposure is assessed

from both top-down and bottom-up, which is then consolidated to get a bird's eye view. We have been able to improve upon our risk exposure due to the combined efforts of all functions, supported with tight monitoring of action plans and their implementation.

Based on a detailed review, the following key risks have been identified:

### **Ensuring Raw Material Security**

Sustainability is well reflected in the organisation's Vision, Values, Policies and Strategies.

However, to remain sustainable, concerns continue around raw material availability such as limestone, which is a basic input for manufacturing cement and securing additional reserves are critical for future growth of the company. The company is keeping watch on all limestone auctions across India and participating in relevant blocks which are close to our operations.

### **Reinitiating Demand**

The cement demand growth has moderated

from an average of around 6-7% in the previous years to the present 5%. Currently the demand-supply situation in the cement industry is skewed, with the latter being significantly higher by over 90 million tonnes. However, the gap is expected to narrow down due to the Government push on infrastructure and housing sectors, which will help in enhancing cement consumption. The speedy remonetisation by the Government will also help revamp cement demand growth.

#### **Cement Import**

Currently, there is no customs duty on cement import, which is an area of concern as this provides encouragement for import of cement which impacts domestic industry and adds to the demand and supply mismatch.

#### **Taxation and Administrative Burden**

High taxes and administrative burden continues to remain a major concern for the cement industry; along with steel, the two form an

important raw material for the infrastructure and real estate sectors. However, steel falls under the category of 'Goods of Special Importance', and attracts a lower tax rate @ 4%, whereas cement does not and this makes cement subject to higher tax in comparison to other building materials. The solution to this issue lies in the rolling out of a uniform tax regime through the implementation of the Goods and Services Tax (GST). The government has taken strides towards getting Cabinet approval of the GST Bill that is slated to play a critical role in the next level of growth and truly realise the full extent of the country's potential.

#### **Demonetisation Impact of Q4 2016**

The current phase of remonetisation has resulted in the slackening of demonetisation effect and hence is expected to result in growth normalisation in the first quarter. Rapid adoption of cashless payment methods in the last quarter of 2016 helped to mitigate the effects of demonetisation and deliver a strong performance.

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## 10. Human Resources

Human Resources function plays a pivotal role in realising business objectives by leading organisational change, fostering innovation and effectively mobilizing talent to sustain the organisation's competitive edge. At Ambuja, the HR function has made a paradigm shift from being a support function to a core and strategic business partner. The HR function is constantly evolving and transforming as it embraces the philosophy that people are the foremost factor in the success of an organisation. Our people strategy, systems and processes are aimed at making the company an employer of choice. It has been our endeavor to design progressive HR policies and other welfare measures that would enhance all aspects of the 'employment experience'.

The above efforts have led to a significant increase in manpower productivity as compared to 2015. Core manufacturing productivity improvement went up by 16% and the overall productivity improvement went up by 9%. Some of the highlights of the new initiatives taken in 2016 are:

#### **(i) Culture Building - Aligning 'I Can', our core philosophy with LH CRISP Values and 'ACE' Behaviour**

At Ambuja, we all believe and practice the spirit of 'I Can' as our core philosophy. As culture building is a continuous process, several awareness workshops were conducted across Ambuja to familiarise all our employees to LH values - 'CRISP' (Customers, Results,

Integrity, Sustainability, People) and behaviour - ACE (Agility & Simplicity, Collaboration & Trust, Empowerment, Accountability & Transparency) which have a strong connection to the 'I Can' philosophy. Consistent communication helped create a common understanding of our values and core philosophy in terms of living these values and making it a way of life.

#### **(ii) Enhancing Employee Engagement and Fostering a Participative Culture**

Ambuja Cement continues to build a culture of merit and appreciation under our Rewards and Recognition (R&R) program. In 2016 we had 509 employee nominations under various categories of awards and there were 365 employees from across locations and functions rewarded under the program.

In another new initiative, Focussed Group Discussions (FGD) were used across various locations to determine the level of employee engagement, to collect employees' perceptions on various organisational/ work related matters and to draw a meaningful action plan to address a few opportunity areas that would help our organisation on the path of improving/ enhancing employee engagement. A team of internal facilitators of varied functional expertise helped create an open and participative culture promoting employee engagement.

#### **(iii) Sustainable Talent for Enhanced Performance ( STEP )**

To inculcate a coaching culture, Ambuja – STEP II was launched in 2015 with 60 participants who underwent an enriching and fulfilling journey of mastering the art of coaching and equipping themselves with essential leadership skills and competencies. The program, which concluded in 2016, focused on initiatives that resulted not just in honing skills but in enhanced performance and higher engagement.

While the second batch has a fresh pool of 'People Coaches', it has also ensured that the certified People Coaches from the first batch get an opportunity to apply their learning skills and experience with our employees across the organisation.

#### **(iv) Performance Management System ( PMS )**

The new PMS launched in 2016 had even more focus on team objective setting and periodic reviews. Frequent individual dialogues and interactions between managers and employees were encouraged. These discussions helped in better alignment with the company objectives, clarifying business direction and actively contributing in individual target achievements. The new PMS has been designed to completely involve managers and employees to raise levels of performance through collective ownership and responsibility.

#### **(v) HR Transformation**

HR Transformation journey continued in 2016 with the setting up of the new shared services centre, OneIndia BSC. ACL adopted the shared services centre model and high transactional HR processes were moved to OneIndia BSC. This will help focus on strategic areas thereby improving the overall working efficiency and providing solutions on a real time basis. Employees experienced a self-service culture enabled through enhanced/ new technologies for various employee related services.

A big step towards digital transformation is also underway in the form of the 'Workday' system, which is a cloud based global HR system, initiated by LafargeHolcim. 'Workday' would greatly support effective talent management through an online real-time master data source.

## 11. Health and Safety

Health and Safety continues to be the overarching value for Ambuja and is top priority for all of us. We are steadily progressing towards our goal of Zero Harm. After a successful run of 13 months without onsite fatality, there were two unfortunate on-site fatalities that occurred after October 2016. We Care – our Health and Safety Excellence Journey continues to drive H&S improvements since 2014 and its impact on the ground is visible. We focussed on participation, involvement and engagement of our people. More emphasis was given on sensitising people on safe behaviour, training, capability building on risk assessment and reward & recognition schemes to encourage teams as well as individuals for their contribution in H&S improvements.

The leadership team developed an effective Health & Safety Improvement Plan (HSIP) for 2016, including six strategic objectives, along with one Fatality Prevention control.

For a safer workplace, it is imperative to build on Health and Safety competencies of people. As part of the competency building initiative, Hazard Identification and Risk Assessment (HIRA) workshops were conducted for senior management team. This training helped recognise hazards associated with tasks, recognise risks, and their likelihood and consequence. Later, this workshop was extended to more than 900 line managers across plants and offices. Of the 64 Health and Safety team members who underwent NEBOSH Training, 27 participated in IOSH training. NEBOSH & IOSH are internationally recognised certification programs which will help Health and Safety professionals to effectively provide solutions to deal with Health and Safety aspects in day to day functioning. Around 9000 front line employees

were trained through tool box talks on Do's and Don'ts for critical operations such as working at height, vehicle & traffic safety, electrical safety and lockout procedure.

Vehicle and Traffic Safety (V&TS) has been a matter of concern for us. With a renewed focus towards on ground implementation, 'Logistics Safety Vision – 2020' has been prepared along with a road map and milestones. Initiatives such as GPS Installations, Defensive Driving Course (DDC), NO DDC NO LOAD policy and e-Passport were implemented in 2016. Around 44,000 drivers are covered under No DDC No LOAD Policy. Over 400 drivers were awarded Safety Hero and on-the-spot awards and over 1000 sales force employees trained in Defensive Driving courses with on road practical assessment. Workshops were conducted for over 6200 personnel of Warehouses and Branches. In 2016, the Model Warehouses project was kick-started to convert 50 Warehouses. Our senior leadership team has taken the lead and owns one warehouse for each member. So far, over 2500 warehouse workers were sensitised through tool box talks. More than 1000 school children from nearby communities were also sensitised through the Road Safety awareness program.

We Care – an umbrella initiative which covers all stakeholders – has played a seminal role in transforming Ambuja Cement's operations as well as attitudes towards safety. The We Care initiative has led the way in training and capability building, and has been spearheading the company's efforts to achieve the goal of Zero Harm.

All the manufacturing units of the company are certified as per OHSAS 18001 World Standard.

## 12. Leveraging technology to drive business value

At Ambuja, we look forward to adopting innovative technology to enhance the experience of our customers, business partners and employees. With this philosophy and direction, the company embarked on a path in 2016 that made it stand apart from its peers in the industry. Besides having the best-in-class information technology set up, the company has taken the lead in new areas and paved a path for others to follow:

- **Providing intelligent analytics for Safety at work**, as the safety of our employees, contractors and vendors has always been a top priority at Ambuja.
- **Integrated Security Systems:**  
At manufacturing facilities, we have autonomous safety and security systems like CCTV, turnstile, biometric and smartcard access control and attendance systems. These systems are controlled individually, report and serve specific business needs. As a first, at Magdalla, we conducted a successful proof of concept of integrating CCTV, Attendance & Access Control Systems and Public announcement systems.
- **Journey Risk Management:**  
We have been using GPS technologies for quite some time now for monitoring vehicle tracking and safety parameters. These

systems generate a huge amount of data.

As of now, we leverage information on speeding, harsh braking, sudden acceleration and sudden manoeuvres. In 2016, Ambuja took the initiative to identify potential risk points on our dispatch routes using intelligent analytics on the GPS data. This has helped us to enhance the truck driver's safety on the road by educating them about accident prone points, ahead of the scheduled trips.

- **Retailer POS (Point Of Sales):**  
In our constant endeavour to serve our customers better, Ambuja rolled out a mobile application for retailers to help them interact with the distributors. The mobile application enables retailers to place orders on distributors and get the order acknowledgements. The distributors can view these orders and respond. This will result in seamless co-ordination between primary and secondary channels. Additionally, it records the stocks at the Retailer counters. The stock visibility enables us to do better market planning.





*Health and safety is an over-arching value for Ambuja Cement. In 2016, the Ambuja Cement Foundation supported 6107 households for toilet construction, covering over 12,000 households and 176 schools under its sanitation initiative.*

## 13. Sustainability and environment

The company's journey with sustainability is giving encouraging results year after year, with improved performance on several parameters of governance, environment protection as well as social responsiveness. This would have not been possible without sustained efforts over the years and a variety of initiatives together with systems and processes in place to keep pace with the long term objective to be a sustainable company. Today when we map the initiatives against the Sustainable Development Goals (SDGs) and

targets therein, Ambuja has interventions to address almost all 17 Goals and as many as 125 of the 169 sub goals or targets in its core business and CSR activities. We are committed to continue with our sustainability journey and meeting the remaining targets.

To endorse the principles of United Nations' Global Compact (UNGC), Ambuja became the Life Member of Global Compact Network India (GCNI) in 2016.

### **Make the Earth a Better Place**

As part of our product stewardship, the year saw the completion of **Life Cycle Assessment (LCA) of Portland Pozzolana Cement (PPC)** produced at our Suli plant, Darlaghat facility as per ISO 14040 and ISO 14044 requirements. The 'Cradle to Grave' approach was adopted and the system boundary and geographical scope included: materials (sourcing), upstream transport (inbound), manufacturing process, downstream transport (outbound), use and disposal. LCA outcomes were taken ahead to develop Environment Product Declaration (EPD) and scenario analysis in accordance with the Product Category Rules (PCR- UN CPC 3744) for cement.

Ambuja had earlier signed the declaration of India Business and Biodiversity Initiative (IBBI) which is an initiative of Confederation of Indian Industry (CII) - India's largest industry association. In 2016, the company voluntarily reported against the IBBI Declaration Commitments (comprehensive). This reporting covered our biodiversity mapping, relevance of biodiversity and ecosystem services in various phases of our value chain (own operations, suppliers, use phase, end-of-life, transport), training and awareness activities for biodiversity protection, risks, opportunities and impacts etc. This year, the company has been active in Leader for Nature (LfN) initiative of International Union for Conservation of Nature (IUCN) and partnerships with CII and other organisations in India for biodiversity related policy development, biodiversity assessment and reporting guidelines. The company invited IUCN experts for field training to create biodiversity champions in the Biodiversity Indicator and Reporting System (BIRS).

Ambuja continued its 'Water Positive' journey contributing further to conserve water resources. Since 2012, we are assessing and targeting not only the intensity of our water consumption but also how we can augment water recharges through community structures. Up from the water positive index of '2' we are well on our way of becoming 5 times water positive. More importantly, almost all the units are now water

positive on their own. Considering the growing scarcity of water witnessed in several regions of the country, the company commits to continue 'Water Positive' efforts with the same vigour and enthusiasm.

The year also saw the company defining new targets for forthcoming years (2020 & 2030) to align with the Sustainable Development targets defined by LafargeHolcim at group level, termed as 'The 2030 Plan - Building for Tomorrow' in the thrust areas of climate change, circular economy, water & nature, and people & community.

All our plants have continued online reporting of ambient air quality and process emissions on real-time basis on websites of regulatory authorities for transparency and public information.

### **Recognition for Sustainability efforts**

The company's sustainability performance has been recognised by external assessments and awards, the company was once again recognised at the prestigious CII Sustainability Award 2016, in one of the highest award categories - 'Outstanding Accomplishment in Corporate Excellence'. This is the sixth time in a row Ambuja has attained this award in its various categories. In the CII Sustainability Plus rating of the NSE listed companies; we received the 'Gold' rating.

### **Partnering for Sustainability**

In the sphere of our collaboration with various stakeholders for the cause of environment protection and sustainability; we played an active member of the **Cement Sustainability Initiative (CSI) India** of World Business Council for Sustainable Development (WBCSD) for implementation of the India specific '**Low Carbon Technology Road Map for Cement Industry**'. CII and FICCI remained the other industry associations we partnered with in the current year as well. Besides policy dialogue, we participated in a number of **training and awareness** programmes conducted by these agencies on environment, health and safety and sustainability topics such as emissions control and monitoring, biodiversity

management, water management and environment product declaration to enhance the capability of managers for environmentally responsible operations.

### **Sustainability Reporting**

Ambuja Cement shared its **9th Annual Corporate Sustainability Development Report** on triple bottom line performance for the year 2015 following Global Reporting Initiative (GRI) G4 (Comprehensive) guidelines with 'Assurance' by an independent certifying agency as per AA1000 assurance standard. We have responded to the Metal and Mining Sector Supplement of the GRI while reporting on our Sustainability performance to our stakeholders. The company has also been issuing a **Business Responsibility Report (BRR)** as a part of its Annual Report since 2012. The process also entailed a detailed **Materiality Review** with our internal as well as external stakeholders.

### **Other Reporting and Disclosures**

The company participated and further improved its performance from the previous year in the Dow Jones Sustainability Index (DJSI) [Emerging Markets Index] in the Construction Materials industry. This exercise provided us an opportunity to benchmark ourselves with the leading global companies in this sector. Ambuja also continued its good performance in Carbon Disclosure Project (CDP) and received 'B' rating in the newly changed methodology of CDP. We are voluntarily reporting under CDP since 2010.

### **True Value Journey**

Ambuja Cement continued its focus for creating a positive impact on the environment and society through environmental and social activities and strive to increase its '**True Value**' [Social & Environment Profit and loss Assessment- to value our externalities] year on year. This valuation of social, environmental and economic performance, which was initiated in 2012, has helped us to focus on our social and environment performance. In fact, in 2016, a net positive contribution of more than ₹ 1050 crore to the environment and society was evaluated as compared to that of ₹ 750 crore in 2012 which was, however, lower than ₹ 1250 crore in 2014. Major contributors to this increase include: co-processing of wastes generated by other industries, increased water credits, reduced water usage at our plants, and activities related to agro-based livelihood.

## 14. Corporate Social Responsibility (CSR)

Since its inception, the company has been striving to become a neighbour of choice. The company considers the community as an important stakeholder and has been investing in its wellbeing with a belief that people around us should prosper at the same pace as the business does. The company has meticulously taken up social development as a core responsibility, long before the mandate brought in by The Companies Act, 2013. Ambuja Cement established Ambuja Cement Foundation (ACF) as its CSR arm in 1993 to carry out its community engagement.

For the last 24 years, ACF has been closely working with the communities and currently reaches out over 1.8 million people across all our manufacturing sites. As a proactive initiative, far earlier than the company starts commissioning its plant, ACF begins with the need assessment amongst the affected people for the prospective project. ACF's main focus areas are: Water Resource Management, Livelihoods (agriculture- and skill-based), Health & Sanitation, Women Empowerment and Education.

All development initiatives endeavour to magnify impact through building long term partnerships with State and local government bodies, agencies, as well as community-based organisations and PRIs, with stringent monitoring and evaluation.

### **The one thing that never runs dry are our ideas for water conservation.**

ACF took a holistic approach to achieve all-year-round water for farmers, families and communities by building infrastructure for mass water harvesting, mobilising and collectivising farmers, and promoting drinking water solutions to ensure sufficient drinking water.

ACF's water resource management model focuses on three areas – Water Harvesting (check dams, interlinking rivers, watershed development, etc.), Drinking Water (roof rain water harvesting structures, pond deepening, in-village distribution system, water quality surveillance, etc.) and Water Use Efficiency (Water User Association, participatory irrigation management, promotion of micro irrigation).

### **Cumulative Achievements**

375 check dams

6080 RRWHS

78 Km canal linkage

51.97 MCM water storage capacity created

ACF, through the adoption of a participative approach and customised solutions, has been catering to different challenges in varied geographies. The program began in Gujarat to address salinity gradually expanded to other locations, striving to give back more water than is being utilised. In Rabriyawas, located in the heart of the Thar Desert of Rajasthan, frequent famines brought huge agricultural losses, often causing mass migration in the area. ACF, through a mix of traditional knowledge and technological methods has focused on building/renovating traditional water reservoirs and structures to recharge groundwater and harvest surface water. On the other hand, Kodinar in Gujarat is a cyclic drought prone area, with constant ingress of saline water in inland groundwater and coastal agricultural land. Currently, we have permanently reversed the trend of salinity on over 15600 hectares of agricultural land in 83 villages of Gir-Somnath district.

In the hilly terrain of Himachal Pradesh, in partnership with NABARD, ACF continues implementing 'watershed management' to conserve water and improve quality of livestock and land, while in Maharashtra, where the issue is high surface runoff, the Foundation focuses on groundwater recharge.

The community is now engaged in more productive activities - women utilise saved time for other income generating activities, and every girl is going to school. Improved drinking water quality has improved the health status of the local people.

The efforts also won us the *FICCI CSR Award* in December 2016.

## **Building Prosperity by Promoting Livelihoods**

### ***Optimising Agricultural Potential***

ACF's agro-based livelihood program works with a holistic approach by promoting end-to-end solutions. The program fundamentally aims at bridging existing gap in traditional farm practices and recommended practices. ACF's multi-pronged approach in agro based livelihood has reached over one lakh farmers till date.

ACF focused on extensive training to farmers on a regular basis on varied topics. Each region has its unique features and hence the programme developed into a dynamic whole. In Kodinar, Gujarat and Rabariyawas, Rajasthan, clean and usable water has enabled farmers to grow more than one crop in their fields, directly impacting livelihoods. The use of micro-irrigation methodologies like drip and sprinkler in place of flood irrigation has not only ensured optimum utilisation of water in the fields, but has also increased the yield in the area.

According to the geographical suitability, programmes like organic farming in Punjab & SRI (System of Rice Intensification) in Chhattisgarh and West Bengal has led to better rice production. SRI is a methodology to give better yield of rice

with limited water use. It has given positive results in Bhatapara, Sankrail & Farakka and has till date reached out to over 10,200 farmers. Better Cotton Initiative (BCI) has been an important initiative in ACF's agro-based livelihood program. BCI is a global initiative for sustainable cotton production. The project has shown significant growth from 2500 farmers in 2010 to more than 44000 farmers, which is the highest among BCI implementing agencies in India. In 2016, BCI farmers recorded a significant 22% increase in their net income. ACF's sustained efforts towards educating farmers and creating a better value chain to increase farm profits has gained us recognition at a global platform.

*In 2016, Ambuja Cement Foundation was elected as a member in BCI's Global Council and will now be playing an instrumental role in setting strategic direction for achieving better cotton and empowering farmers.*

ACF has also been focusing on building collective bargaining power of farmers by formation of farmer producer organisations (FPOs). Currently, 11 FPOs have already been formed who are collectively procuring inputs at a lower cost and providing it at a reasonable price to the local farmers in remote areas. FPOs are also gradually shifting to build market supply linkages. For example, the FPO in Chirawa has collaborated with Big Basket to collectively supply vegetables.

### ***Giving the rural youth what they need: Skills***

ACF has been focusing on developing the vocational skills of our rural youth to prepare them for the professional world and to handle the challenges at work. ACF is doing this through its Skill and Entrepreneurship Development Institutes (SEDI). ACF has established 17 SEDIs in 10 states and has trained over 30,000 rural youth successfully in 12 sectors placing 74% of them in various industries. ACF has also

supported SEDI graduates in starting their own business and 2915 enterprises have been formed till date.

SEDI has introduced courses like welding, electrical, security guard, mobile phone repairing, etc. Another aspect that SEDI has been focusing on is to develop skills of physically challenged youth in the community. Till date, SEDI has trained 160 physically challenged youth, with large numbers now gainfully employed.

### **We Don't Have a Single Main Priority.**

#### **We Have Three: Health, Safety and Sanitation**

As health and safety is an overarching value for Ambuja Cement, it is important that we create safety awareness in our neighbouring community too. We aim to develop a healthy and thriving community around all our sites and are working sincerely in this direction.

Ambuja Cement is aligned to the national agenda of promoting sanitation and is mobilising communities to work to build clean and healthy villages. ACF facilitated the formation of Village Development Committees (VDCs) who spearhead the cause of sanitation. Through the Community Led Total Sanitation (CLTS), ACF is ensuring an active involvement of the community in achieving better sanitation practices. The aim is to bring about behavioural changes in the community more than mere construction and repair of toilets.

The two Federations from Chandrapur (Maharashtra) and Kodinar (Gujarat) with 490 SHGs and over 6100 members are driving communities to adopt hygienic practices.

In 2016, ACF supported 6107 households for toilet construction. ACF has covered over 12,000 households and 176 schools under its sanitation initiative.

## **Stakeholder Engagement for Continuous Improvement**

We cater to the opinion shapers: our stakeholders.

Ambuja has created platforms to facilitate open discussion with its stakeholders where we plan projects and review the development initiatives. These forums bring us the opportunity to discuss stakeholders' concerns and develop a proactive plan of action for enhanced business sustainability.

The Community Advisory Panels (CAP) functional at all sites, consist of opinion leaders from community and members from Ambuja Cements, meet regularly to formally discuss upon the concerns of the community in relation to the units and Ambuja's initiatives to address the same. These CAPs have now become mature and reciprocal.

The Community Engagement Plans (CEP) are prepared annually by ACF in close consultation with the community and the relevant plant teams based on the concerns raised in the CAPs and other stakeholder meetings.

### ***Annual Report on CSR Activities and Expenditure***

The annual report on CSR activities and expenditure as required under Section 134 and 135 of the Companies Act, 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and Rule 9 of the Companies (Accounts) Rules, 2014 is given as **Annexure I** to this Report.

## 15. Disclosures under the Companies Act, 2013 and listing regulations

### (I) Extract of Annual Return:

The details forming part of the extract of the annual return in Form MGT-9 is given as **Annexure II** to this Report

### (II) Number of Board Meetings:

The Board of Directors met 6 (six) times in the year 2016. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

### (III) Changes in Share Capital:

During the year under review, the company allotted 58,44,17,928 equity shares of the face value of ₹2 each under the Scheme of Amalgamation with Holcim India Pvt. Ltd. (HIPL) to the shareholders of HIPL. At the same time, 150,670,120 equity shares which were held by HIPL were cancelled as cross holding in terms of the said Scheme.

As a result of the allotment of new equity shares and cancellation of cross holding, the equity share capital has increased from ₹3,103,794,842 divided into 1,551,897,421 equity shares of ₹2 each to ₹3,971,290,458 divided into 1,985,645,229 equity shares of ₹2 each. All the equity shares forming part of the share capital ranks pari-passu in all respect.

### (IV) Composition of Audit Committee:

The Board has constituted the Audit Committee which comprises of Mr. Rajendra Chitale as the Chairman and Mr. Nasser Munjee, Dr. Omkar Goswami and Mr. Martin Kriegner as members. More details on the committee are given in the Corporate Governance Report.

### (V) Related Party Transactions:

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the company has formulated a Policy on Related Party Transactions which is also available on the

website of the company at

[http://ambujacement.com/Upload/PDF/policy\\_on\\_determining\\_materiality\\_of\\_rpt\\_28\\_oct\\_2015\\_revised.pdf](http://ambujacement.com/Upload/PDF/policy_on_determining_materiality_of_rpt_28_oct_2015_revised.pdf).

All the related party transactions are entered on arm's length basis, in the ordinary course of business and are in compliance with the applicable provisions of the Act and the Listing Regulations. There are no materially significant related party transactions made by the company with Promoters, Directors or Key Managerial Personnel etc. which may have potential conflict with the interest of the company at large or which warrants the approval of the shareholders. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are repetitive in nature. A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms and conditions of the transactions. The statement is supported by the certificate from the MD & CEO and the CFO. All related party transactions are subject to half yearly independent review by a reputed accounting firm to establish compliance with the requirements of Arms' Length Pricing.

In accordance with Section 134(3)(h) of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014, the particulars of contract or arrangement entered into by the company with related parties referred to in Section 188(1) in Form AOC-2 is attached as **Annexure III**.

### (VI) Policy on Sexual Harassment of Women at Workplace:

The company has zero tolerance towards sexual harassment at the workplace and towards this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at

Workplace (Prevention, Prohibition and Redressal) Act - 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment.

During the financial year under review, the company has not received any complaints of sexual harassment from any of the women employees of the company.

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## 16. Corporate Governance

The company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the Listing Regulations. A separate section on corporate

governance along with a certificate from the auditors confirming compliance is annexed and forms part of this Annual Report.

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## 17. Internal audits and controls

The company has an adequate system of internal controls in place with reference to the Financial Statements. The Management of the company is responsible for ensuring that Internal Financial Controls (IFC) has been laid down in the company and that controls are adequate and operating effectively.

The company's internal controls system is founded on values of integrity and operational excellence. It supports the vision of the company, "To be the most sustainable and competitive company in our industry". The foundation of internal control system lies in the corporate strategies, risk management framework and policies and procedures. The company has a robust internal control framework, commensurate with the size, scale and complexity of its operations. The framework has been designed to provide reasonable

assurance related to financial and operational information, compliance with applicable laws and safeguarding assets of the company.

To maintain its objectivity and independence, the in-house Internal Audit department functionally reports to the Chairman of the Audit Committee. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter, approved by the Audit Committee. The Internal Audit team develops a 'Risk Based' annual audit plan, approved by the Audit Committee, which also monitors compliance to the plan. The Internal Audit team monitors and evaluates the efficacy and adequacy of internal control system in the company, its compliance with operating system, accounting procedures and policies at all the locations of the company. Significant audit observations and corrective actions thereon are presented to the Audit



Committee. The Audit Committee reviews the reports submitted by Internal Audit. Over the years, formal and independent evaluation of internal controls and initiatives for remediation of deficiencies by in house Internal Audit department has resulted in a robust framework for Internal Controls. The Internal Audit department assesses opportunities for improvement in the business processes designed to add value to the organisation and follows up on the implementation of corrective actions and improvements in the business processes after review by the Audit Committee.

This formalised system of internal control and risk management framework facilitate effective

compliance of the Listing Regulations, u/s138 of Companies Act, 2013 and relevant statute applicable to the LafargeHolcim group.

It is a matter of pride that the Internal Audit Department of Ambuja Cements Ltd has been awarded the 'IIA Excellence Award for Application of Internal Audit Technology'. This award is to recognise and encourage excellence in internal audit by corporate in-house internal audit departments. The Institute of Internal Auditors (IIA) is the highest governing body for internal audit professionals, with its global headquarters in Florida, USA.

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## 18. Managing the risks of fraud, corruption and unethical business practices

### **I. Vigil Mechanism/ Whistle Blower Policy**

Fraud and corruption-free work culture has been the core of the company. In view of the potential risk of fraud, corruption and unethical behaviour consequent to rapid growth and geographical spread of operations, which could adversely impact the company's business operations, performance and reputation, the company has put an even greater emphasis to address these risks. To meet this objective, a comprehensive Ethical View Reporting Policy akin to Vigil Mechanism or the Whistleblower policy has been laid down. In terms of the said Policy, all the reported incidents are reviewed and if required, investigated in an impartial manner and appropriate actions are taken to uphold the highest professional, ethical and governance standards. The Policy also provides for the requisite checks & balances and safeguards to ensure that no employee is victimised or harassed for reporting and bringing up such incidents.

More details about this Policy are given in the Corporate Governance Report, which forms part of this Annual Report. The Ethical View Reporting Policy is available on the company website: [www.ambujacement.com](http://www.ambujacement.com)

### **II. Code of Conduct**

The company has laid down a robust Code of Business Conduct and Ethics, which is based on the principles of ethics, integrity and transparency. More details about the Code is given in the Corporate Governance Report.

### **III. Anti Bribery and Corruption Directives (ABCD)**

In furtherance to the company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down 'ABCD' as part of the company's Code of Business Conduct and Ethics. As a company, we take a zero-tolerance approach to bribery and corruption and are committed

to act professionally and fairly in all our business dealings.

To spread awareness about the company's commitment to conduct business professionally, fairly and free from bribery and corruption, employee training and awareness workshops were conducted across the organisation during 2016. As part of continuous education on 'ABCD' to the employees, a mandatory on-line

training through a web-based application tool was also undertaken by approximately 2,000 relevant employees.

The above policies and its implementation are closely monitored by the Audit and Compliance Committees of Directors and periodically reviewed by the Board.

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## 19. Board of Directors and key managerial personnel

### I. Retirement By Rotation

In accordance with the provisions of Section 152 and Article 147 of the Articles of Association of the Company, Mr. B. L. Taparia (DIN 00016551) and Mr. Ajay Kapur (DIN 03096416) will retire by rotation at the ensuing Annual General Meeting of the company and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment.

Further details about the above directors are given in the Corporate Governance Report as well as in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

### II. Attributes, qualifications & independence of Directors and their appointment

The Nomination & Remuneration Committee of Directors have approved a Policy for Selection, Appointment and Remuneration of Directors which inter-alia requires that the Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board. The Policy also lays down the positive attributes/ criteria while recommending the candidature for the appointment as Director.

The Board Diversity Policy of the company requires the Board to comprise of set of

accomplished individuals, ideally representing a wide cross-section of industries, professions, occupations and functions and possessing a blend of skills, domain and functional knowledge, experience, educational qualifications, both individually and collectively.

Directors are appointed/ re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. The initial appointment of Managing Director & CEO is generally for a period of five years. All Directors other than Independent Directors are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and are eligible for re-appointment.

The relevant abstract of the Policy for Selection, Appointment & Remuneration of Directors is given as **Annexure IV**.

### III. Independent Directors declaration

The Independent Directors have submitted the Declaration of Independence, as required pursuant to Section 149 of the Companies Act, 2013 and provisions of the Listing Regulations,

stating that they meet the criteria of independence as provided therein. The profile of the Independent Directors forms part of the Corporate Governance Report.

#### **IV. Evaluation of the Board's performance**

As per provisions of the Companies Act, 2013 and Regulation 17(10) of the Listing Regulations, the evaluation process for the performance of the Board, its committees and individual Directors was carried out internally. Each Board member completed a questionnaire providing feedback on the functioning and overall level of engagement of the Board and its committees on the parameters such as the composition, execution of specific duties, quality, quantity and timeliness of flow of information, deliberations at the meeting, independence of judgement etc.

A one-on-one meeting of the individual Directors with the Chairman of the Board was also conducted as a part of self-appraisal and peer group evaluation and the engagement and impact of individual Directors were reviewed on parameters such as contribution, attendance, decision making, inter-personal relationship, action oriented, external knowledge etc. The Directors were also asked to provide their valuable feedback and suggestions about the overall functioning of the Board and its committees and the areas of improvement for a higher degree of engagement with the Management.

The Independent Directors met on 17th December, 2016 to review performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, taking into account the views of Executive and Non-Executive Directors. The Independent Directors were highly satisfied with the overall functioning of the Board, its various committees and also of the performance of other

Non-executive and Executive Directors. They also appreciated the exemplary leadership role of the Board Chairman in upholding and following the highest values and standards of corporate governance.

Post review by the Independent Directors, the results were shared with the entire Board and respective committees. The Board expressed its satisfaction with the Evaluation results, which reflects the high degree of engagement of the Board and its committees with the company and its Management.

Based on the outcome of the evaluation and assessment cum feedback of the Directors, the Board and the Management have also agreed on various action points which will be implemented during the year 2017.

#### **V. Remuneration policy**

The company follows a Policy on Remuneration of Directors and Senior Management Employees. The policy is approved by the Nomination & Remuneration Committee and the Board. The main objective of the said policy is to ensure that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the Directors, KMP and Senior Management employees. The remuneration involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals. The Remuneration Policy for the Directors and Senior Management employees is given in the Corporate Governance Report.

#### **VI. Induction and familiarisation programme for Directors**

The details of induction and familiarisation program for the Directors are given in the Corporate Governance Report.

## 20. Directors' Responsibility

Pursuant to Section 134(5) of the Companies Act, 2013, the Board of Directors to the best of their knowledge and ability confirm that:

- i) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures;
- ii) the Directors have selected such accounting policies, judgments and estimates that are reasonable and prudent and applied them consistently, so as to give a true and fair view of the state of affairs of the company as on 31st December, 2016, and of the statement of Profit and Loss and cash flow of the company for the period ended 31st December, 2016;
- iii) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- iv) the annual accounts have been prepared on an ongoing concern basis;
- v) proper internal financial controls to be followed by the company has been laid down and that such internal financial controls are adequate and were operating effectively and
- vi) proper systems to ensure compliance with the provisions of all applicable laws has been devised and that such systems were adequate and operating effectively.

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## 21. Auditors

### I. Auditors and their report

M/s S R Batliboi & Associates, Chartered Accountants were appointed as the Statutory Auditors of the company at the Annual General Meeting held in October, 2003 and thereafter each year till the year 2011. Subsequently in April 2011 S. R. Batliboi & Co and in April 2013 SRBC & Co. LLP, both being the network firms of S. R. Batliboi & Associates were appointed as the statutory auditors of the company. Accordingly, the present statutory auditors, M/s SRBC & Co. LLP (along with its network firms) have completed their tenor of two terms of five consecutive years and also an additional period of 3 years as stipulated under Section 139 of the Companies Act, 2013. M/s SRBC & Co. LLP will thus be holding the office of the Statutory Auditors up to the conclusion of the forthcoming Annual General Meeting.

The company is proposing to appoint M/s. Deloitte Haskins & Sells LLP (ICAI Firm Registration No.112366W), Chartered Accountants, as Statutory Auditors for a period of 5 years commencing from the conclusion of the 34th Annual General Meeting till the conclusion of the 39th Annual General Meeting. M/s. Deloitte Haskins & Sells LLP have consented to the said appointment, and confirmed that their appointment, if made, would be within the limits mentioned under Section 141(3)(g) of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014.

The Audit Committee and the Board of Directors recommend the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants as Statutory Auditors of the company from the conclusion of the 34th Annual General Meeting,

till the conclusion of the 39th Annual General Meeting.

The Board places on record its appreciation for the contribution of SRBC & Co. LLP, Chartered Accountants, during their tenure as the Statutory Auditors of your company.

The Auditors' Report to the Shareholders for the year under review does not contain any qualification

## **II. Cost Auditor and Cost Audit Report**

Pursuant to section 148 of the Companies Act 2013, the Board of Directors on the recommendation of the Audit Committee appointed M/s P.M. Nanabhoy & Co. Cost Accountants, as the Cost Auditors of the company for the Financial Year 2017 and has recommended their remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting. M/s P.M. Nanabhoy & Co. have confirmed that their appointment is within the limits of the Section 139 of the Companies Act, 2013, and have also certified that they are free from any disqualifications specified under Section 141 of the Companies Act, 2013.

The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the company. Pursuant to Cost Audit (Report) Rules 2001, the Cost Audit Report for the financial year 2015, was filed with the Ministry of Corporate Affairs on 25th May 2016 vide SRN No. GO4022380.

## **III. Secretarial Auditor and Secretarial Audit Report**

The Board had appointed M/s Rathi & Associates, Company Secretaries in Whole-time Practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016. The report of the Secretarial Auditor is annexed to this report as **Annexure V**. The report does not contain any qualification.

## **IV. Reporting of fraud**

The Auditors of the company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

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## **22. Compliance with secretarial standards on Board and Annual General Meetings**

The company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

## 23. Registrar and share transfer agent

During the first quarter of 2016, based on certain allegations of fraud and malpractices in the conduct and operations, SEBI investigated the affairs of M/s Sharepro Services (India) Pvt. Ltd. ('Sharepro'), who has been the Registrar and Share Transfer (R&T) Agent of the Company for a long period. The SEBI vide its Order dated March 22, 2016 restrained Sharepro from conducting R&T activities and also directed all its client companies to conduct an audit of the records and systems relating to share transfer, transmission, payment of dividend etc. carried out by Sharepro on behalf of these companies.

Accordingly, the Assurance Audit of records and systems of Sharepro carried out by M/s Rathi & Associates, Practicing Company Secretaries, at the behest the company did not reveal any irregularity or violations with respect to transfer of securities or payment of dividend during the audit period from 2006 to 2015.

Subsequently, in pursuance of the advisory issued by SEBI and in order to protect the interest of the shareholders, the company appointed M/s Link Intime India Private Ltd as the new R&T Agent w.e.f. 1st July, 2016.

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## 24. Significant and material orders passed by the courts or regulators

### **Order Passed by the Competition Commission of India (CCI)**

Acting on the complaint filed by Builders Association of India (BAI), the Competition Commission of India (CCI) held the Cement Manufacturers Association (CMA) and its member-cement companies, including the company, guilty of violating provisions of the Competition Act and imposed a penalty of ₹1163.91 crore. On Appeal, the Competition Appellate Tribunal (COMPAT) remanded the matter back to CCI for fresh hearing vide Order dated 11th December, 2015.

CCI heard the matter afresh and vide its Order dated 31st August, 2016 once again held CMA and its member-cement companies including

the company guilty and imposed the same amount of penalty as levied in its previous Order. The company immediately filed an appeal before the COMPAT and the obtained a stay against the operation of the said Order, subject to deposit of 10% penalty amount which was forthwith complied by the company.

Other than the aforesaid, there have been no significant and material orders passed by the courts or regulators or tribunals impacting the going concern status and company's operations. However, members' attention is drawn to the statement on contingent liabilities and commitments in the notes forming part of the Financial Statements.

## 25. Particulars of loans, guarantees or investments

Particulars of loans, guarantees given and investments made during the year as required under Section 186 of the Companies Act, 2013 and Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations, 2015 are provided in Notes 12, 29 and 45 of the Standalone Financial Statements.

### **Treasury operations**

During the year, the company's treasury operations continued to focus on cash forecasting and deployment of excess funds on the back of effective portfolio management of funds within a well-defined risk management framework.

All investment decisions in deployment of temporary surplus liquidity continued to be guided primarily by the tenets of safety of Principal and liquidity. Despite Interest Rates coming down in calendar year 2016, a proactive management of portfolio helped improve treasury yield performance.

During the year, the investment portfolio mix was continuously rebalanced in line with the evolving interest rate environment.

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## 26. Transfer of unclaimed dividend and unclaimed shares

The details relating to Unclaimed Dividend and Unclaimed shares forms part of the Corporate Governance Report.

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## 27. Energy, technology and foreign exchange

Information on conservation of energy, technology absorption, foreign exchange earnings and out go, is required to be given pursuant to provision of Section 134 of the

Companies Act, 2013, read with the Companies (Accounts) Rules, 2014 is annexed hereto marked **Annexure VI** and forms part of this report.

## 28. Particulars of employees

There were 5183 permanent employees of the company as of 31st December, 2016.

The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are annexed to this report at **Annexure VII**.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules forms part of this report. However, in terms of

first proviso to Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent. Further, the details are also available on the company's website:

**[www.ambujacement.com/investors](http://www.ambujacement.com/investors)**

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## 29. Subsidiaries and joint ventures

The company has 6 subsidiaries and 2 joint ventures as on 31st December, 2016. During the year, one non-functional subsidiary viz. Kakinada Cements Ltd. was dissolved and the name of the company has been struck off from the Registrar of Companies, Gujarat under the easy exit scheme.

As reported elsewhere, with the effectiveness of the Scheme of Amalgamation with Holcim

India Pvt. Ltd., ACC Limited (along with its subsidiaries), has become the subsidiary of the company w.e.f. 12th August, 2016.

The Policy for determining Material Subsidiaries, adopted by the Board, pursuant to Regulation 16 of the Listing Regulations can be accessed on the company's website at:

**[www.ambujacement.com/investors](http://www.ambujacement.com/investors)**



## 30. Consolidated financial statements

As stipulated by Regulation 33 of the Listing Regulations, the Consolidated Financial Statements have been prepared by the company in accordance with the applicable Accounting Standards. The audited Consolidated Financial Statements together with Auditors' Report form part of the Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the subsidiary and joint venture in the prescribed Form AOC-1 is annexed to this report at **Annexure VIII**.

Pursuant to Section 136 of the Companies Act, 2013, the financial statements of the subsidiary

and joint venture companies are kept for inspection by the shareholders at the Registered Office of the company. The company shall provide free of cost, the copy of the financial statements of its subsidiary and joint venture companies to the shareholders upon their request. The statements are also available on the website of the company **[www.ambujacement.com/investors](http://www.ambujacement.com/investors)**.

The consolidated net profit of the company and its subsidiaries amounted to ₹ 1,121.13 crore for 2016 as compared to ₹ 807.88 crore for 2015.

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## 31. Equal opportunity employer

The company has always provided a congenial atmosphere for work to all employees that is free from discrimination and harassment including sexual harassment. It has provided

equal opportunities of employment to all without regard to their caste, religion, colour, marital status and sex.

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## 32. Other disclosures

No disclosure or reporting is made in respect of the following items as there were no transactions during the year under review:

- Details relating to deposits covered under Chapter V of the Act.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of shares to the employees of the company under any scheme (sweat equity or stock options).
- The company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefit of employees.

- Neither the Managing Director nor the whole-time Directors of the company receive any remuneration or commission from any of its subsidiaries.
  - No material fraud has been reported by the Auditors to the Audit Committee or the Board.
  - There was no revision in the financial statements.
  - There was no change in the nature of business.
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## 33. Awards and accolades

The company's efforts towards building a sustainable company were well recognised at major award ceremonies. We won the prestigious CII Sustainability Award for 'Outstanding Accomplishment', under the category of Corporate Excellence. Our Bhatapara and Chandrapur units have also bagged awards in the domains of Environment Management & CSR.

We have also been conferred with the FICCI CSR Award for our initiatives under the water resource management program. These awards recognise India's most sustainable companies for their outstanding achievements and commitment to shaping a future that is more sustainable and inclusive. For a complete list of the awards that Ambuja won in 2016, please refer to the initial part of the Annual Report.

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## 34. Cautionary statement

Statements in the Directors' Report and the Management Discussion and Analysis describing the company's objectives, expectations or predictions, may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Important factors that could influence the company's

operations include: global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country, and other factors which are material to the business operations of the company.

## 35. Acknowledgements

The Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and their Departments, and the Local Authorities, for their continued guidance and support.

We would also like to place on record our sincere appreciation for the commitment, dedication and

hard work put in by every member of the Ambuja family. To them goes the credit for the company's achievements. And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board of  
Ambuja Cements Limited

N. S. Sekhsaria  
Chairman & Principal Founder

Mumbai  
20th February, 2017

## CSR Report

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

1	Brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web link to CSR policy and projects or programs	<p>Ambuja Cements Ltd. (ACL) conducts its CSR Programs through its social development arm, Ambuja Cement Foundation (ACF). ACF was envisioned in 1993 to create self-empowered communities. Over the past two decades ACF has been working mainly with communities around ACL's manufacturing sites, across twenty one locations in eleven states. ACF's approach is to energise, involve and enable communities to realise their true potential and be self sustaining. The key identified programme areas of ACF are Natural Resource Management (Land and Water Resource Management), Livelihood Promotion (Agro Based Livelihoods and Skill and Entrepreneurship Development), Human Development (Community Health and Sanitation, Education and Women Empowerment) and Rural Infrastructure Development.</p> <p>For further details about the above listed programs, please refer to <a href="http://www.ambujacementfoundation.org">www.ambujacementfoundation.org</a>. ACL's CSR policy is available on Company's website <a href="http://www.ambujacement.com/upload/pdf/CSR-Policy-2014.pdf">www.ambujacement.com/upload/pdf/CSR-Policy-2014.pdf</a></p>
2	Composition of CSR Committee	<p>Mr. Narotam Sekhsaria, Chairman  Mr. Nasser Munjee, Independent Director  Mr. Rajendra Chitale, Independent Director  Mr. Martin Kriegner  Mr. B.L. Taparia  Mr. Ajay Kapur  Ms. Pearl Tiwari, Permanent Invitee, Head of Ambuja Cement Foundation</p>
3	Average net profit of the company for last three years	₹ 1489.21 Crores
4	Prescribed CSR Expenditure (two percent of the amount as in item 3 above)	₹ 29.78 Crores
5	Actual amount spend on CSR spent during the financial year:	₹ 59.37 Crores i.e. 4% of the Average Net Profit of the last 3 years.

**ANNEXURE I TO THE DIRECTORS' REPORT**

(₹ in Crores)

Expenditure Statement as per Schedule - VII for the year 2016							
Sr. No.	CSR Project or activity identified	Sector in which the Project is covered	Projects or programmes (1) Local areas (2) State and district where projects or programs were undertaken	Amount outlay (Budget) project or programs wise	Amount Spent on Programs / Projects	Cumulative expenditure upto the reporting period	Amount spent: Direct or through Implementing Agency
1	Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Drinking Water, Agro based Livelihood, Animal Husbandry, Health, Sanitation	<b>1. Andhra Pradesh</b> A) Nadikudi - District Guntur <b>2. Chattisgarh</b> A) Bhatapara - District Baloda Bazar B) Raigarh <b>3. Gujarat</b> A) Kodinar - District Gir Somnath B) Gandhinagar - District Gandhinagar C) Sanand - District Ahmedabad D) Choryashi - District Surat <b>4. Himachal Pradesh</b> A) Darlaghat - District Solan B) Nalagarh - District Solan	15.94	15.82	15.82	Through Ambuja Cement Foundation
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Education, Ambuja Manovikas Kendra, Ambuja Vidya Niketan, Skill And Entrepreneurship Development Institute (SEDI), Non Formal Education, Village Knowledge Center	<b>5. Madhya Pradesh</b> A) Amarwara - District Chhindwara B) Osara - District Mandsaur <b>6. Maharashtra</b> A) Korpana - District Chandrapur B) Panvel - District Raigad <b>7. Punjab</b> A) Bathinda - District Bathinda B) Daburjee - District Rupnagar <b>8. Rajasthan</b> A) Marawar Mundwa - District Nagur B) Rabriyawas - District Pali <b>9. Uttarakhand</b> A) Roorkee - District Haridwar <b>10. Uttar Pradesh</b> A) Dadri - District Gautam Budhnagar	30.98	29.39	29.39	Direct and through Ambuja Cement Foundation
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically background groups;	Women Empowerment, Female Feticide, Women Self-Help Groups, Federation	<b>11. West Bengal</b> A) Farakka - District Murshidabad B) Sankrail - District Howrah	0.80	0.91	0.91	Through Ambuja Cement Foundation
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;	Non Conventional Energy, Biogas, Solar, Plantation, Water Resources, Watershed		8.42	6.74	6.74	Through Ambuja Cement Foundation
5	Rural development projects.	Rural Infrastructure Project		6.70	5.51	5.51	Through Ambuja Cement Foundation
		<b>Total</b>		<b>62.84</b>	<b>58.37</b>	<b>58.37</b>	-
	Overheads	Overheads		1.00	1.00	1.00	
	<b>Cumulative expenditure up to the reporting period</b>			<b>63.84</b>	<b>59.37</b>	<b>59.37</b>	

**Form No. MGT-9**  
**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> December 2016

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

**I. REGISTRATION AND OTHER DETAILS:**

1.	<b>CIN</b>	L26942GJ1981PLC004717
2.	<b>Registration Date</b>	20 <sup>th</sup> October 1981
3.	<b>Name of the Company</b>	Ambuja Cements Limited
4.	<b>Category/Sub-Category of the Company</b>	Public Company limited by shares
5.	<b>Whether listed Company (Yes/No)</b>	Yes
6.	<b>Name, Address and Contact details of Registrar and Transfer Agent, if any</b>	<p><b>Link Intime India Pvt. Ltd.</b> C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083. <b>Telephone:</b> (022) 4918 6000 <b>Fax Number:</b> (022) 4918 6060 <b>Email id:</b> rnt.helpdesk@linkintime.co.in</p>

**II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY**

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:-

Sr. No.	Name and Description of Main Product/Services	Industrial Activity Code of the Product	% to total turnover of the Company.
1.	Manufacture of Clinkers and Cement	Group-239; Class : 2394 Sub-Class : 23941 & 23942	100%

**III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES**

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
1.	Holderind Investments Ltd. Holcim Group Support (Zurich) Ltd. Hagenholzstrasse 85, CH-8050, Zurich, Switzerland	Foreign Company	Holding	63.11	2(46)
2.	M.G.T Cements Private Limited P.O. Ambujanagar, Tal: Kodinar, Dist: Gir Somnath, Gujarat - 362715	U26943GJ1990PTC061530	Subsidiary	100	2(87)
3.	Chemical Limes Mundwa Private Limited P.O. Ambujanagar, Tal: Kodinar, Dist: Gir Somnath, Gujarat - 362715	U14107GJ2007PTC061529	Subsidiary	100	2(87)
4.	Dang Cement Industries Private Limited House No. 70, Nalma Marg, Handigaon, Ward No. 5, Kathmandu, Nepal	Foreign Company	Subsidiary	100	2(87)
5.	Dirk India Private Limited Plot no. 10, India House, Gitanjali Colony, Indira Nagar, Mumbai Agra Road, Nashik - 422009	U40102MH2000PTC126812	Subsidiary	100	2(87)

Sr. No.	Name and Address of the Company	CIN/GIN	Holding/ Subsidiary of the Company	% of shares held	Applicable Section
6.	ACC Limited Cement House, 121 Maharshi Karve Road, Mumbai - 400020	L26940MH1936PLC002515	Subsidiary	50.05	2(87)
7.	OneIndia BSC Private Limited No-003, 'A', Garden Floor, 'The Estate', No-121, Dickenson Road, Bangalore, Karnataka - 560042	U74900KA2015PTC082264	Subsidiary	50	2(87)
8.	Counto Microfines Products Private Limited 2 <sup>nd</sup> Floor, Velho Building, Opp. Municipal Garden, Panaji, Goa - 403001.	U70200GA1996PTC002240	Joint Venture	50	2(6)
9.	Wardha Vaalley Coal Field Private Limited A-23, New Office Complex, Defence Colony, New Delhi - 110024	U10300DL2010PTC197802	Joint Venture	27.27	2(6)

Note : Kakinada Cements Ltd., a subsidiary of the Company has dissolved during the year.

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

##### i. Category-wise Share Holding.

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
1. Indian	-	-	-	-	-	-	-	-	-
2. Foreign									
Bodies Corporate	780308553	-	780308553	50.35	1253156361	-	1253156361	63.11	12.83
<b>Total Shareholding of Promoters &amp; Promoter Group (A)</b>	<b>780308553</b>	<b>-</b>	<b>780308553</b>	<b>50.35</b>	<b>1253156361</b>	<b>-</b>	<b>1253156361</b>	<b>63.11</b>	<b>12.83</b>
<b>B. Public Shareholding</b>									
1. Institutions									
Mutual Funds / UTI	56740843	98145	56838988	3.66	37770031	98145	37868176	1.91	(1.76)
Banks/FI	5353664	21397	5375061	0.35	30346043	17647	30363690	1.53	1.18
Central Govt.	-	-	-	-	777352	-	777352	0.04	0.04
Insurance Co.	197329251	9750	197339001	12.72	142158728	13500	142172228	7.16	(5.56)
FII's	270018135	64275	270082410	17.40	141136545	64275	141200820	7.11	(10.29)
Others- Foreign Portfolio Corp.	92469687	-	92469687	5.96	223817181	-	223817181	11.27	5.31
<b>Sub-Total B (1)</b>	<b>621911580</b>	<b>193567</b>	<b>622105147</b>	<b>40.09</b>	<b>576005880</b>	<b>193567</b>	<b>576199447</b>	<b>29.02</b>	<b>(11.07)</b>
2. Non-Institution									
a. Body Corp.	8489036	469947	8958983	0.58	23432019	-	23432019	1.18	0.60
b. Individuals									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh.	74614465	13747763	88362228	5.69	73761179	13645865	87407044	4.40	(1.29)
ii. Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	8836805	325710	9162515	0.59	8669236	325710	8994946	0.45	(0.14)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total Shares	
<b>c. Others</b>									
i. Non Resident Indians (Repatriation)	5716981	5063671	10780652	0.69	5721035	4713856	10434891	0.53	(0.17)
ii. Non Resident Indians (Non-Repatriation)	1700697	234081	1934778	0.12	1800345	201912	2002257	0.10	(0.02)
iii. Foreign Nationals	3850	-	3850	0.00	3950	-	3950	-	0.00
iv. OCB	3750	9120	12870	0.00	3750	9120	12870	-	-
v. Trust	3809361	-	3809361	0.25	7690332	-	7690332	0.39	0.14
vi. Foreign Company	-	-	-	-	722525	-	722525	0.04	0.04
<b>Sub Total B (2)</b>	<b>103174945</b>	<b>19850292</b>	<b>123025237</b>	<b>7.93</b>	<b>121804371</b>	<b>18896463</b>	<b>140700834</b>	<b>7.09</b>	<b>(0.84)</b>
<b>Total Public Shareholding (B1 + B2)</b>	<b>725086525</b>	<b>20043859</b>	<b>745130384</b>	<b>48.01</b>	<b>697810251</b>	<b>19090030</b>	<b>716900281</b>	<b>36.10</b>	<b>(11.91)</b>
<b>Total (A) + (B)</b>	<b>1505395078</b>	<b>20043859</b>	<b>1525438937</b>	<b>98.30</b>	<b>1950966612</b>	<b>19090030</b>	<b>1970056642</b>	<b>99.21</b>	<b>0.92</b>
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	26446484	12000	26458484	1.70	15576587	12000	15588587	0.79	(0.91)
<b>Grand Total (A+B+C)</b>	<b>1531841562</b>	<b>20055859</b>	<b>1551897421</b>	<b>100.00</b>	<b>1966543199</b>	<b>19102030</b>	<b>1985645229</b>	<b>100.00</b>	<b>0.00</b>

## ii. Shareholding of the Promoters and Changes therein

Sr. No.	Name & Type of Transaction	Shareholding at the beginning of the year		Transactions during the year		Cumulative Shareholding	
		No. of shares held	% of total shares of the company	Date of transaction	No. of shares	No. of shares held	% of total shares of the company
1	<b>HOLDERIND INVESTMENTS LTD</b>	629638433	40.57				
	Allotment of Shares (Refer Note 1)			19/08/2016	584417928	1214056361	61.14
	Purchase of Shares from Open Market			15/11/2016	39100000	1253156361	63.11
	<b>At the end of the Year</b>					<b>1253156361</b>	<b>63.11</b>
2	<b>HOLCIM (INDIA) PRIVATE LIMITED</b>	150670120	9.71			150670120	9.71
	Cancellation of Shares (Refer Note 2 & 3)			-150670120	(7.59)	Nil	Nil
	<b>At the end of the Year</b>					<b>Nil</b>	<b>Nil</b>
	<b>Total</b>	<b>780308553</b>	<b>50.28</b>			<b>1253156361</b>	<b>63.11</b>

Note 1 : Pursuant to Scheme of Amalgamation of Holcim (India) Private Limited ("HIPL") with the Company, 58,44,17,928 equity shares were issued to the shareholders of HIPL i.e. Holderind Investments Limited.

Note 2 : In terms of the aforesaid Scheme, 150,670,120 shares of the Company held by HIPL were cancelled (being cross holding).

Note 3 : The percentage of the shareholding at the year end is on the enhanced share capital.



iii. Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	Name of the Shareholders	Shareholding at the beginning & end of the year		Dates	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
1.	LIFE INSURANCE CORPORATION OF INDIA	138041635	8.90	01/01/2016			138041635	8.90
				08/01/2016	1628441	TRANSFER	139670076	9.00
				15/01/2016	2793970	TRANSFER	142464046	9.18
				22/01/2016	2548200	TRANSFER	145012246	9.34
				12/02/2016	400	TRANSFER	145012646	9.34
				31/03/2016	-10000	TRANSFER	145002646	9.34
				24/06/2016	-265000	TRANSFER	144737646	9.33
				30/06/2016	-240000	TRANSFER	144497646	9.31
				08/07/2016	-1087792	TRANSFER	143409854	9.24
				15/07/2016	-708357	TRANSFER	142701497	9.20
				22/07/2016	2700	TRANSFER	142704197	9.20
				29/07/2016	-80000	TRANSFER	142624197	9.19
				19/08/2016	-170000	TRANSFER	142454197	7.17
				26/08/2016	-221684	TRANSFER	142232513	7.16
				02/09/2016	-137852	TRANSFER	142094661	7.16
				11/11/2016	2100	TRANSFER	142096761	7.16
				23/12/2016	250	TRANSFER	142097011	7.16
		30/12/2016	71467	TRANSFER	142168478	7.16		
		<b>Total as on 31.12.2016</b>					<b>142168478</b>	<b>7.16</b>
2.	EUROPACIFIC GROWTH FUND	0	0.00	01/01/2016			0	0.00
				27/05/2016	2168706	TRANSFER	2168706	0.14
				03/06/2016	14423607	TRANSFER	12254901	0.79
				10/06/2016	26978797	TRANSFER	14723896	0.95
				17/06/2016	35145475	TRANSFER	20421579	1.32
				30/06/2016	49474351	TRANSFER	29052772	1.87
				01/07/2016	59546909	TRANSFER	30494137	1.96
				08/07/2016	63274653	TRANSFER	32780516	2.11
				15/07/2016	67502308	TRANSFER	34721792	2.24
				22/07/2016	69616082	TRANSFER	34894290	2.25
				12/08/2016	70168426	TRANSFER	35274136	1.78
				04/11/2016	82014136	TRANSFER	46740000	2.35
		<b>Total as on 31.12.2016</b>					<b>46740000</b>	<b>2.35</b>
3.	ABERDEEN GLOBAL INDIAN EQUITY LIMITED	47149182	3.04	01/01/2016			47149182	3.04
				11/03/2016	-2640000	TRANSFER	44509182	2.87
				18/03/2016	-260000	TRANSFER	44249182	2.85
				06/05/2016	-490261	TRANSFER	43758921	2.82
				13/05/2016	-1809739	TRANSFER	41949182	2.70
				03/06/2016	-2800000	TRANSFER	39149182	2.52
				10/06/2016	-1100000	TRANSFER	38049182	2.45
				12/08/2016	-2079696	TRANSFER	35969486	1.81
				19/08/2016	-1120304	TRANSFER	34849182	1.76
				30/09/2016	-780612	TRANSFER	34068570	1.72
				07/10/2016	-1868697	TRANSFER	32199873	1.62
				14/10/2016	-500481	TRANSFER	31699392	1.60
		21/10/2016	-23605	TRANSFER	31675787	1.60		
		18/11/2016	-1000000	TRANSFER	30675787	1.54		
		<b>Total as on 31.12.2016</b>					<b>30675787</b>	<b>1.54</b>

Sr. No.	Name of the Shareholders	Shareholding at the beginning & end of the year		Dates	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
4.	ABU DHABI INVESTMENT AUTHORITY – JHELMUM	24124747	1.55	01/01/2016			24124747	1.55
				05/02/2016	16294	TRANSFER	24141041	1.56
				26/02/2016	-46641	TRANSFER	24094400	1.55
				04/03/2016	-51139	TRANSFER	24043261	1.55
				18/03/2016	-439781	TRANSFER	23603480	1.52
				29/04/2016	-458522	TRANSFER	23144958	1.49
				06/05/2016	-964207	TRANSFER	22180751	1.43
				20/05/2016	-1150215	TRANSFER	21030536	1.36
				27/05/2016	-8851	TRANSFER	21021685	1.35
				03/06/2016	-213141	TRANSFER	20808544	1.34
				10/06/2016	-1099751	TRANSFER	19708793	1.27
				15/07/2016	-36379	TRANSFER	19672414	1.27
				12/08/2016	2139113	TRANSFER	21811527	1.41
				19/08/2016	-18099	TRANSFER	21793428	1.10
				26/08/2016	-29996	TRANSFER	21763432	1.10
				02/09/2016	-1517103	TRANSFER	20246329	1.02
				18/11/2016	-1083200	TRANSFER	19163129	0.97
		02/12/2016	-227427	TRANSFER	18935702	0.95		
		23/12/2016	-448889	TRANSFER	18486813	0.93		
		30/12/2016	-236748	TRANSFER	18250065	0.92		
		<b>Total as on 31.12.2016</b>					<b>18250065</b>	<b>0.92</b>
5.	JP MORGAN SICAV INVESTMENT COMPANY (MAURITIUS) LIMITED	16182467	1.04	01/01/2016			16182467	1.04
				12/02/2016	-616451	TRANSFER	15566016	1.00
				31/03/2016	-482167	TRANSFER	15083849	0.97
				24/06/2016	-173261	TRANSFER	14910588	0.96
				16/09/2016	-345000	TRANSFER	14565588	0.73
		<b>Total as on 31.12.2016</b>					<b>14565588</b>	<b>0.73</b>
6.	HARDING, LOEVNER FUNDS INC EMERGING MARKETS PORTFOLIO	18016400	1.16	01/01/2016			18016400	1.16
				08/01/2016	-9000	TRANSFER	18007400	1.16
				15/01/2016	74700	TRANSFER	18082100	1.17
				22/01/2016	68700	TRANSFER	18150800	1.17
				29/01/2016	-102500	TRANSFER	18048300	1.16
				05/02/2016	121500	TRANSFER	18169800	1.17
				19/02/2016	72500	TRANSFER	18242300	1.18
				26/02/2016	71900	TRANSFER	18314200	1.18
				04/03/2016	192400	TRANSFER	18506600	1.19
				11/03/2016	88500	TRANSFER	18595100	1.20
				25/03/2016	198700	TRANSFER	18793800	1.21
				31/03/2016	88500	TRANSFER	18882300	1.22
				30/06/2016	2254700	TRANSFER	21137000	1.36
				15/07/2016	458000	TRANSFER	21595000	1.39
				22/07/2016	140700	TRANSFER	21735700	1.40
				05/08/2016	88800	TRANSFER	21824500	1.41
				12/08/2016	86300	TRANSFER	21910800	1.10
				26/08/2016	153900	TRANSFER	22064700	1.11
				02/09/2016	126200	TRANSFER	22190900	1.12
		23/09/2016	90000	TRANSFER	22280900	1.12		
		30/09/2016	280808	TRANSFER	22561708	1.14		
		07/10/2016	382920	TRANSFER	22944628	1.16		
		28/10/2016	-4692018	TRANSFER	18252610	0.92		
		04/11/2016	-4406010	TRANSFER	13846600	0.70		
		11/11/2016	120800	TRANSFER	13967400	0.70		
		<b>Total as on 31.12.2016</b>					<b>13967400</b>	<b>0.70</b>

Sr. No.	Name of the Shareholders	Shareholding at the beginning & end of the year		Dates	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
7.	JP MORGAN INDIA FUND	14291135	0.92	01/01/2016			14291135	0.92
				09/09/2016	-1000000	TRANSFER	13291135	0.67
				16/09/2016	-260000	TRANSFER	13031135	0.66
		<b>Total as on 31.12.2016</b>						<b>13031135</b>
8.	GENERAL INSURANCE CORPORATION OF INDIA	13085000	0.84	01/01/2016			13085000	0.84
				15/01/2016	106022	TRANSFER	13191022	0.85
				22/01/2016	15000	TRANSFER	13206022	0.85
				29/01/2016	15000	TRANSFER	13221022	0.85
				05/02/2016	25000	TRANSFER	13246022	0.85
				18/03/2016	-100000	TRANSFER	13146022	0.85
				31/03/2016	-100000	TRANSFER	13046022	0.84
				30/06/2016	-140000	TRANSFER	12906022	0.83
				08/07/2016	-60000	TRANSFER	12846022	0.83
				15/07/2016	-50000	TRANSFER	12796022	0.82
				05/08/2016	-20000	TRANSFER	12776022	0.82
				12/08/2016	-30000	TRANSFER	12746022	0.64
				18/11/2016	-30000	TRANSFER	12716022	0.64
<b>Total as on 31.12.2016</b>						<b>12716022</b>	<b>0.64</b>	
9.	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERIES OF VANGUARD INTERNATIONAL EQUITY INDEX FUND	10127176	0.65	01/01/2016			10127176	0.65
				15/01/2016	-67326	TRANSFER	10059850	0.65
				22/01/2016	-33480	TRANSFER	10026370	0.65
				05/02/2016	-121210	TRANSFER	9905160	0.64
				12/02/2016	-49210	TRANSFER	9855950	0.64
				11/03/2016	25980	TRANSFER	9881930	0.64
				08/04/2016	43456	TRANSFER	9925386	0.64
				22/04/2016	24540	TRANSFER	9949926	0.64
				10/06/2016	29647	TRANSFER	9979573	0.64
				24/06/2016	115456	TRANSFER	10095029	0.65
				22/07/2016	23616	TRANSFER	10118645	0.65
				29/07/2016	69498	TRANSFER	10188143	0.66
				05/08/2016	54481	TRANSFER	10242624	0.66
				12/08/2016	56250	TRANSFER	10298874	0.52
				19/08/2016	80000	TRANSFER	10378874	0.52
				02/09/2016	1350484	TRANSFER	11729358	0.59
				09/09/2016	45480	TRANSFER	11774838	0.59
				07/10/2016	44096	TRANSFER	11818934	0.60
				14/10/2016	30316	TRANSFER	11849250	0.60
		21/10/2016	103350	TRANSFER	11952600	0.60		
		28/10/2016	41340	TRANSFER	11993940	0.60		
		11/11/2016	89570	TRANSFER	12083510	0.61		
		25/11/2016	108862	TRANSFER	12192372	0.61		
		02/12/2016	62010	TRANSFER	12254382	0.62		
<b>Total as on 31.12.2016</b>						<b>12254382</b>	<b>0.62</b>	
10.	THE NEW INDIA ASSURANCE COMPANY LIMITED	11031316	0.71	01/01/2016			11031316	0.71
				15/01/2016	99017	TRANSFER	11130333	0.72
				22/01/2016	145324	TRANSFER	11275657	0.73
				29/01/2016	150000	TRANSFER	11425657	0.74
				05/02/2016	60000	TRANSFER	11485657	0.74
				12/02/2016	43809	TRANSFER	11529466	0.74
				16/09/2016	-20000	TRANSFER	11509466	0.58
				11/11/2016	87500	TRANSFER	11596966	0.58
				18/11/2016	112500	TRANSFER	11709466	0.59
				25/11/2016	100000	TRANSFER	11809466	0.59
		02/12/2016	20000	TRANSFER	11829466	0.60		
<b>Total as on 31.12.2016</b>						<b>11829466</b>	<b>0.60</b>	

Sr. No.	Name of the Shareholders	Shareholding at the beginning & end of the year		Dates	Increase / Decrease in shareholding during the year	Reason	Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company				No. of Shares	% of total shares of the company
11.	GOVERNMENT OF SINGAPORE	15324420	0.99	01/01/2016			15324420	0.99
				08/01/2016	172552	TRANSFER	15496972	1.00
				15/01/2016	-10034	TRANSFER	15486938	1.00
				22/01/2016	-267560	TRANSFER	15219378	0.98
				29/01/2016	345856	TRANSFER	15565234	1.00
				05/02/2016	729391	TRANSFER	16294625	1.05
				12/02/2016	169967	TRANSFER	16464592	1.06
				26/02/2016	-20	TRANSFER	16464572	1.06
				04/03/2016	-28435	TRANSFER	16436137	1.06
				11/03/2016	-13615	TRANSFER	16422522	1.06
				31/03/2016	158547	TRANSFER	16581069	1.07
				08/04/2016	-1078388	TRANSFER	15502681	1.00
				15/04/2016	-987124	TRANSFER	14515557	0.94
				22/04/2016	-337037	TRANSFER	14178520	0.91
				29/04/2016	-126205	TRANSFER	14052315	0.91
				06/05/2016	-286078	TRANSFER	13766237	0.89
				13/05/2016	-26	TRANSFER	13766211	0.89
				03/06/2016	352108	TRANSFER	14118319	0.91
				10/06/2016	237746	TRANSFER	14356065	0.93
				30/06/2016	-283593	TRANSFER	14072472	0.91
				08/07/2016	-186543	TRANSFER	13885929	0.89
				22/07/2016	-295	TRANSFER	13885634	0.89
				29/07/2016	-370513	TRANSFER	13515121	0.87
				05/08/2016	-220183	TRANSFER	13294938	0.86
				12/08/2016	-621	TRANSFER	13294317	0.67
				26/08/2016	-140829	TRANSFER	13153488	0.66
				02/09/2016	-663560	TRANSFER	12489928	0.63
				09/09/2016	402	TRANSFER	12490330	0.63
				16/09/2016	3728	TRANSFER	12494058	0.63
				07/10/2016	58937	TRANSFER	12552995	0.63
		21/10/2016	-11603	TRANSFER	12541392	0.63		
		04/11/2016	-20965	TRANSFER	12520427	0.63		
		11/11/2016	-20123	TRANSFER	12500304	0.63		
		18/11/2016	-1574859	TRANSFER	10925445	0.55		
		25/11/2016	-22468	TRANSFER	10902977	0.55		
		02/12/2016	216982	TRANSFER	11119959	0.56		
		09/12/2016	428605	TRANSFER	11548564	0.58		
		30/12/2016	63774	TRANSFER	11612338	0.58		
		<b>Total as on 31.12.2016</b>					<b>11612338</b>	<b>0.58</b>
12.	JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED	9952317	0.64	01/01/2016			9952317	0.64
				27/05/2016	396349	TRANSFER	10348666	0.67
				11/11/2016	3618734	TRANSFER	13967400	0.70
				02/12/2016	-3618734	TRANSFER	10348666	0.52
		<b>Total as on 31.12.2016</b>					<b>10348666</b>	<b>0.52</b>
13.	THE INDIA FUND INC	10301000	0.66	01/01/2016			10301000	0.66
				22/04/2016	-735000	TRANSFER	9566000	0.62
				17/06/2016	-540000	TRANSFER	9026000	0.58
		<b>Total as on 31.12.2016</b>					<b>9026000</b>	<b>0.58</b>

iv. Shareholding of Directors and Key Managerial Personnel:

Sr. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year - 1 <sup>st</sup> January, 2016		Shareholding at the end of the year - 31 <sup>st</sup> December, 2016	
		Name of the Director/ KMP	No. of shares	% of total shares of the company	No. of shares
1.	Mr. N.S. Sekhsaria	1000	-	1000	-
2.	Mr. Shailesh Haribhakti	-	-	19650	-
3.	Mr. B.L. Taparia	327284	-	307284	-
4.	Mr. Ajay Kapur	185500	-	185500	-
5.	Mr. Rajiv Gandhi	3000	-	2000	-

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment  
(₹ In Crores)

PARTICULARS	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year 01.01.2016</b>				
1) Principal Amount	5.86	23.29	Nil	29.15
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	<b>5.86</b>	<b>23.29</b>	<b>Nil</b>	<b>29.15</b>
<b>Change in Indebtedness during the financial year</b>				
+ Addition	-			
- Reduction	-	-10.06		-10.06
Net change	-	-10.06		-19.09
<b>Indebtedness at the end of the financial year 31.12.2016</b>				
1) Principal Amount	5.86	13.23	-	19.09
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	<b>5.86</b>	<b>13.23</b>	<b>-</b>	<b>19.09</b>

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(₹ in Lakhs)

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager	
		Mr. Ajay Kapur	
1.	Gross Salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act		516.61
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961		1.91
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961		--
2.	Stock Option		--
3.	Sweat Equity		--
4.	Commission		--
5.	Others, please specify		38.01
	Provident Fund & other Funds		
	Performance Bonus (Refer Note)		
	<b>Total (A)</b>		<b>556.53</b>
	<b>Ceiling as per the Act</b>	5% of the net profits of the Company	

Note : The performance bonus of the MD & CEO for FY 2016 is not included as the same is pending for finalisation till the time of publication of this report.

**B. Remuneration of other directors:****I. Independent Directors :-**

(₹ In Lakhs)

Particulars of Remuneration	Name of Directors					Total Amount
	Mr. Munjee	Mr. Chitale	Mr. Haribhakti	Dr. Goswami	Mr. Khaitan	
Fee for attending board committee meetings	7.30	10.40	7.50	8.10	5.50	38.80
Commission	28.00	34.00	28.00	28.00	28.00	146.00
Others, please specify	Nil	Nil	Nil	Nil	Nil	
<b>Total (1)</b>	<b>35.30</b>	<b>44.40</b>	<b>35.50</b>	<b>36.10</b>	<b>33.50</b>	<b>184.80</b>

**II. Other Non-Executive Directors :-**

(₹ In Lakhs)

Other Non-Executive Directors	Mr. Sekhsaria	Mr. Eric Olsen	Mr. Christof Hassig	Mr. Terver <sup>(1)</sup>	Mr. B.L. Taparia	Ms. Sangwan	Mr. Martin Kriegner <sup>(2)</sup>	Total Amount
Fee for attending board committee meetings	4.20	2.00	3.00	1.60	7.20	1.50	6.30	25.80
Commission	37.00	16.00	16.00	4.48	Nil	16.00	28.00	117.48
Others	Nil	Nil	Nil	Nil	144.00	Nil	Nil	144.00
<b>Total (2)</b>	<b>41.20</b>	<b>18.00</b>	<b>19.00</b>	<b>6.08</b>	<b>151.20</b>	<b>17.50</b>	<b>34.30</b>	<b>287.28</b>
<b>Total B = (1+2)</b>								<b>472.08</b>
<b>Ceiling as per the Act</b>	1% of the Net Profits of the Company							

(1) For the period of January 1, 2016 to February 10, 2016.

(2) For the period of February 11, 2016 to December 31, 2016.

**C. Remuneration to Key Managerial Personnel Other Than MD/ Manager/ WTD**

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of the KMP		Total Amount
		Mr. Suresh Joshi	Mr. Rajiv Gandhi	
1.	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act	152.82	81.51	234.33
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission	-	-	-
5.	Others, please specify	11.04	6.32	17.36
	Contribution to Provident Fund			
	Performance Bonus (Refer Note)			
	<b>Total (C)</b>	<b>163.86</b>	<b>87.83</b>	<b>251.69</b>

Note : The performance bonus of the CFO & CS for FY 2016 is not included as the same is pending for finalisation till the time of this report.

**VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act):**

Not Applicable.

**Form No. AOC-2**

January to December - 2016

**Particulars of contracts / arrangements made with related parties**

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

**Details of contracts or arrangements or transactions not at arm's length basis**

There were no contracts or arrangements or transactions entered into during the year ended 31<sup>st</sup> December 2016, which are not at arm's length basis.

**Details of material contracts or arrangement or transactions at arm's length basis**

The details of material contracts or arrangements or transactions at arm's length basis for the year ended 31<sup>st</sup> December 2016 are as follows:

<b>Nature of Contract and Name of the related party</b>	<b>Nature of Relationship</b>	<b>Duration of Contract</b>	<b>Silent Terms</b>	<b>Amount (in ₹ Crs.)</b>
Purchase of goods LafargeHolcim Energy Solutions S.A.S, France	Fellow Subsidiary	January 1 <sup>st</sup> , 2016 - December 31 <sup>st</sup> , 2016	Based on Transfer Pricing Guidelines	132
				132
Receiving of services Holcim Technology Ltd, Switzerland	Fellow Subsidiary	January 1 <sup>st</sup> , 2013 - December 31 <sup>st</sup> , 2017	Based on Transfer Pricing Guidelines	90
				90

Note:

- All the above reported transactions has been executed at Arms Length Pricing Basis and are in the Ordinary Course of Business.
- Necessary approval of the Audit Committee and the Board (Omnibus and Specific) has been obtained prior to entering into all the Related Party Transactions.

## Abstract of the Policy for selection and appointment of Directors

The Nomination and Remuneration (N&R) Committee has adopted a Charter which, inter alia, deals with the manner of selection of Board Directors and Managing Director & CEO and their remuneration. The Charter also deals with the remuneration Policy for Senior Management Employees. This Policy is accordingly derived from the said Charter.

### 1. Criteria of selection of Non Executive Directors

- i. The Non Executive Directors shall be of high integrity with relevant expertise and experience so as to have a diverse Board with Directors having expertise in the fields of manufacturing, marketing, finance & taxation, law & governance and general management.
- ii. In case of appointment of Independent Directors, the N&R Committee shall satisfy itself with regard to the Independent nature of the Directors vis-à-vis the Company so as to enable the Board to discharge its function and duties effectively.
- iii. The N&R Committee shall ensure that the candidate identified for appointment as a Director is not disqualified for appointment under Section 164 of the Companies Act, 2013.
- iv. The N&R Committee shall consider the following attributes / criteria whilst recommending to the Board the candidature for appointment as Director.
  - a. Qualification, expertise and experience of the Directors in their respective fields;
  - b. Personal, Professional or business standing
  - c. Diversity of the Board
- v. In case of re-appointment of Non Executive Directors, the Board shall, take into consideration the performance evaluation of the Director and his engagement level.

### 2. Criteria of selection/appointment of Managing Director & CEO

For the purpose of selection of the MD & CEO, the N&R Committee shall identify persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and shall take into consideration recommendation if any, received from any member of the Board.

The Committee will also ensure that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act or other applicable laws.



## SECRETARIAL AUDIT REPORT

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2016

To  
The Board of Directors,  
**Ambuja Cements Limited**  
Elegant Business Park, MIDC Cross Road 'B',  
Off Andheri – Kurla Road,  
Andheri (East),  
Mumbai – 400 059

Dear Sirs,

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate governance practice by Ambuja Cements Limited (hereinafter called "**the Company**"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering calendar year ended 31<sup>st</sup> December, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

1. We have examined the books, papers, minute books, forms and returns filed and other records maintained by Ambuja Cements Limited ('the Company') as given in Annexure-I, for the year ended on 31<sup>st</sup> December, 2016, according to the provisions of:
  - (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
  - (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
2. Provisions of the following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (SEBI Act) were not applicable to the Company during the quarter under report:-
  - (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
    - i. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
    - ii. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    - iii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
    - iv. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009.
  - i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - ii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - iv. The Securities and Exchange Board of India (Registrars to a Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client; and
  - v. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
3. We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on test-check basis, the Company has complied with other Acts, Laws and Regulations applicable specifically to the Company as per the list given in **Annexure II**.

We have also examined compliance with the applicable clauses of Secretarial Standards 1 and 2, issued by The Institute of Company Secretaries of India under the provisions of the Companies Act, 2013. During the year under the report the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the year under report were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

None of the members have communicated dissenting views, in the matters / agenda proposed from time to time for consideration of the Board and its Committees thereof, during the year under the report, hence were not required to be captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the year under Report, following event(s) / action(s) had major bearing on the Company's affairs in pursuance to the above referred laws, rules, regulations, guidelines, standards, etc.:

- i. withdrawal of Scheme of Amalgamation of Dirk India Private Limited with the Company; however, there is no material implication of this decision on the financial and operational performance of the Company.
- ii. the Competition Commission of India ('CCI'), imposed penalty of 0.5 times of the net profits for financial year 2009-2010 and 2010-2011 of the Company. The Company filed an appeal before the Competition Appellant Tribunal ('COMPAT') for setting aside the said order of the CCI. The COMPAT issued

an interim order granting stay on the penalty imposed on the Company by CCI subject to deposit of 10% of the penalty amount which has been duly complied with by the Company.

- iii. (a) Pursuant to Agreement dated 31<sup>st</sup> July 2013 between the Company and Holderind Investment Limited (HIL) and in accordance with the approval received from Foreign Investment Promotion Board ('FIPB') dated 1<sup>st</sup> August, 2016, the Company acquired 1,36,56,92,423 equity shares of ₹ 10/- each fully paid-up, constituting 24% of the paid-up share capital of the Holcim India Private Limited ('HIPL') from HIL for consideration of ₹ 3500 Crore. All formalities have been duly complied with by the Company in this regard.
- (b) Further, pursuant to the respective order of Hon'ble High Courts of Gujarat and New Delhi for approval of Scheme of Amalgamation of Holcim India Private Limited (HIPL) with the Company, HIPL has been amalgamated with the Company and consequently, ACC Limited has become a subsidiary of the Company with effect from 12<sup>th</sup> August 2016. The Company has duly complied with all regulatory formalities in this regard.

For RATHI & ASSOCIATES COMPANY SECRETARIES

**HIMANSHU S. KAMDAR**

Date: 1<sup>st</sup> February, 2017

PARTNER FCS: 5171

Place: Mumbai

CP No.3030

### **Annexure - I to the Secretarial Audit Report**

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31<sup>st</sup> December 2015.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders' Relationship Committee, Management Committee, Compliance Committee, Corporate Social Responsibility Committee and Risk Management Committee held during the financial year under report along with Attendance Register.
4. Minutes of General Body Meetings and postal ballots held during the year under report.

5. Statutory Registers viz.
  - Register of Directors & Key Managerial Personnel
  - Register of loans, guarantees and security and acquisition made by the Company
  - Register of Contracts with related party and contracts and bodies etc. in which directors are interested [Part B]
  - Register of Renewed and Duplicate Share Certificate
6. Agenda papers submitted to all the Directors/ members for the Board Meetings and Committee Meetings.
7. Documents maintained under the Secretarial Standards 1 and 2.
8. Declarations received from the Directors of the Company pursuant to the provisions of Section 184 and 149(7) of the Companies Act, 2013.
9. Intimations and Declarations received from Directors under the Prohibition of Insider Trading Code.
10. e-Forms filed by the Company from time to time under applicable provisions of the Companies Act, 2013 and attachments thereof during the year under report.
11. Intimations/documents/reports/returns filed with the Stock Exchanges pursuant to the provisions of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 during year under report.
12. Various Policies made under the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
13. Copies of Order issued by FIPB and Hon'ble High Courts of Gujarat and New Delhi, for acquisition of shares of HIPL by the Company from HIL and approval of scheme of Amalgamation of HIPL with the Company.

## **Annexure - II to the Secretarial Audit Report**

### **List of applicable laws to the Company**

List of applicable laws to the Company and its plants situated at:

#### **Registered office:**

Ambuja Nagar, Taluka Kodinar, Dist Gir, Somnath, Gujarat.

#### **Corporate office:**

Elegant Business Park, MIDC Cross Road B, Off Andheri Kurla Road, Andheri (East), Mumbai – 400059.

### **Plants:**

1. Ambuja Nagar, Taluka Kodinar, Dist Gir, Somnath, Gujarat
2. Darlaghat, Dist. Salon, Himachal Pradesh
3. Maratha Cement Works, Dist. Chandrapur, Maharashtra
4. Rabiawas, Dist. Pali, Rajasthan
5. Bhatapara, Dist. Raipur, Chhattisgarh

### **Grinding Stations:**

1. Roopnagar, Punjab
2. Bhathinda, Punjab
3. Sankrail, Dist. Howarah, West Bengal
4. Farakka, Dist. Murshidabad, West Bengal
5. Roorkee, Dist. Haridwar, Uttaranchal
6. Dadri, Dist. Gautam Budh Nagar, Uttar Pradesh
7. Nalagarh, Dist. Solan, Himachal Pradesh
8. Magdalla, Dist. Surat, Gujarat

### **Bulk Cement Terminals:**

1. Muldwarka, Dist. Gir, Gujarat
2. Panvel, Dist. Raigarh, Maharashtra
3. Cochin, Kerala
4. Mangalore, Karnataka

### **Under the Major Group and Head**

1. Factories Act, 1960;
2. Industries (Development & Regulation) Act, 1951
3. Acts prescribed related to Mining activities
4. Labour Laws and other incidental laws related to labour and employees appointed by the Company either on it payroll or on contractual basis as related to wages, gratuity, provident fund, ESIC, compensation etc.;
5. Acts prescribed under prevention and control of Pollution;
6. Acts prescribed under Environmental protection;
7. Acts as prescribed under Direct Tax and Indirect Tax
8. Land Revenue laws of respective States;
9. Labour Welfare Act of respective States;
10. Local laws as applicable to various offices, plants, grinding stations and bulk cement terminals.
11. The Competition Act, 2002

## ANNEXURE VI TO THE DIRECTORS' REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO PURSUANT TO PROVISIONS OF SECTION 134 OF THE COMPANIES ACT, 2013 READ WITH THE COMPANIES (ACCOUNTS) RULES, 2014.

#### A) CONSERVATION OF ENERGY

##### (1) The steps taken or impact on conservation of energy:

- i. Installed High Level Control System for cement mill to ensure consistent and stable operation (Nalagarh, Sankrail).
- ii. Conversion of Cement Mill 2 and 4 from dual to mono chamber in Gajambuja (Ambujanagar).
- iii. Installation of modern new generation low NOx type kiln burner at Maratha.
- iv. Replacement of one mines dozer and one plant dozer with new energy efficient one (Ambujanagar).
- v. Installation of energy efficient equipment:
  - Screw Compressors in place of reciprocating compressors (Ambujanagar, Darlaghat)
  - High efficiency water pumps inside plant (Ropar)
  - High Efficient Condensate Extraction Pump (CEP) TPP 1 and TPP 3 (Bhatapara),
  - Energy Efficient ID FAN in Boiler 4 (Bhatapara),
  - New high efficiency ACW pump in TPP 1 & 2 (Bhatapara)
  - Installation of low pressure compressor in Fly ash conveying (Farakka)
  - VFD drives for CEP for TPP 3 (Bhatapara), cement mill 3 bag house vent fan (Bhatapara), Bag filter Fan at clinker unloading tippler (Dadri), High Pressure pump & SPRO pump of RO plant (Bhatapara), Lime stone Stacker drive (Darlaghat).
- vi. VRM startup without pre-heating to minimize fuel consumption (Nalagarh & Dadri)
- vii. Reduced Bag filter purging air pressure form 5.5 kg/cm<sup>2</sup> to 4 Kg/cm<sup>2</sup> and packer Nozzle air pressure from 5 kg/cm<sup>2</sup> to 2 Kg/cm<sup>2</sup> (Bathinda)
- viii. Developed an in-house system for flyash bulker unloading with PD blower instead of compressor to reduce power consumption (Nalagarh, Bathinda)
- ix. Reduction in idle running of equipment by PLC logic modification
- x. Segregated aeration and conveying air for kiln feed extraction system (Bhatapara Line 2)
- xi. Optimization of Grinding Media (Surat, Maratha)
- xii. Contract demand reduced from 1200 to 1000 kVA at Ukai
- xiii. In Bhatapara CPP, old cooling tower is taken out of operation by optimizing and connecting the load to New Cooling Tower.
- xiv. Arrangements made for direct pumping of raw water from Mines Pit to the Plant thereby avoiding intermediate transfer to Reclaimer pit and further pumping to plant (Bhatapara)
- xv. Implemented various actions to improve availability of the equipment e.g. at Bhatapara replacement of Chain type feeder for Coal and Petcoke feeding at Coal Mill 2 by belt weigh feeder, Installation of CARDOX system in both the kiln lines preheater for the faster removal of build-up in cyclone & feed pipe, Installed 250 Kw LV VFD for Clinker Conveyor to Clinker loading Silo and at Maratha Replacement of cement mill no. 3 and 4 discharge BE chain to belt
- xvi. Reduction of pressure drop across the Air Preheater of boiler 1 and 4 (Bhatapara)
- xvii. Limestone Size Reduction (Maratha)
- xviii. Speed Reduction of cement mill main bag filter fan by changing pulley size (Maratha).
- xix. Plant Utility compressor power reduction by air leakages arresting through continuous survey and monitoring (Sankrail).
- xx. Automation of Packing plant & wagon loading area lighting circuit for power saving during odd hours (Sankrail).
- xxi. Modification of Orifice installed at kiln riser pipe at Ambuja and Gaj-1 kiln (Ambujanagar).
- xxii. Modification of raw mill and preheater cyclones based on studies using Computational Fluid Dynamics (Darlaghat).
- xxiii. Burner and combustion optimization to achieve 100% Petcoke usage in all three kilns (Ambujanagar).

xxiv. Installation of GRR in Coal Mill main drive of Gaj-1 (Ambujanagar).

**(2) Energy Conservation Measures for Plant & Township lighting and alternative energy Usage:**

- i. Installation of LED lights in place of conventional lights.
- ii. In house development by using spare solar cells to generate solar power up to 120W.
- iii. Providing separate local on-off switches for lightening for particular area (Ropar).
- iv. Installation of automatic light sensors in offices.
- v. Optimizing the voltage of lighting transformer by tap changing (Bhatapara).
- vi. Replaced the Flood lights with LED lights for High mast tower (Bhatapara).
- vii. Replaced the 80 Watt Industrial Well glass light fittings with 42 Watt LED lights - 140 Nos (LED lights is having less maintenance, higher illumination and higher burning hours).
- viii. Truck loading bay lighting automation.
- ix. High-mast lights timing optimization.

**(3) The capital investment on energy conservation equipment**

- i. Bhatapara: Total Investment of ₹ 1.65 Crores made in Energy Conservation equipment.
- ii. Installation of Screw Compressors in place of reciprocating compressors (Ambujanagar, Darlaghat).
- iii. Commissioning of E-mill for Petcoke Grinding at Darlaghat.
- iv. Installation of MV Drive for Bag House Fan (Darlaghat).
- v. Power Factor improvement projects (MCW, Rabriyawas, Ropar).
- vi. Smart loadshedding (Bhatapara) and load management system (Ambujanagar).
- vii. Energy management system (Rabriyawas).

**B) TECHNOLOGY ABSORPTION**

**I. RESEARCH AND DEVELOPMENT (R&D)**

**1) Specific areas in which R & D carried out by the Company:**

- a. Trials with various Grinding Aids to optimize the cost and improve Quality of Cement.
- b. Optimization of Gypsum usage and quality by monitoring SO<sub>3</sub> content in final product.

- c. Increased fly ash absorption up to 34% and Study on increase usage of wet fly ash for production of PPC Cement.
- d. Integration of product quality results through LIMS with VRM operation.
- e. Energy Chain provided in EOT crane instead of trailing cable for easy maintenance and less breakdown.
- f. DPS software installed for online weight correction.
- g. Fire alarm system interlocked with Pressure and ventilation system. It will be stopped immediately when fire alarm activated
- h. Trials conducted with ammonia injection to reduce NOx emissions from kiln (Suli-Darlaghat)
- i. Trial production of Composite Cement and Slag Cement
- j. Carried out study on maximizing wet flyash usage
- k. Study carried out for use of alternate raw material in Raw Mix and Cement
- l. Modification of cooler ESP based on CFD study to reduce dust emissions

**2) Benefits derived as a result of above R & D:**

- a. Improved cement quality and enhancement in fly ash usage
- b. Reduction of the clinker factor, hence CO<sub>2</sub> emission reduced
- c. Reduction of Production Cost
- d. Improvement in MTBF and specific power consumption

**3) Future plan of action:**

- a. Installation of Waste Heat Recovery System
- b. Increase usage of wet fly ash and further increase fly ash % in PPC
- c. Study on Raw Mix Optimization for better Clinker Quality
- d. Increase Composite Cement Production to address Customers' Needs
- e. Maximize the usage of TSR %

**4) Expenditure on R&D:**

(₹ in Crores)

	Current Year 31.12.2016	Previous Year 31.12.2015
Capital Expenditure	1.92	2.36
Recurring Expenditure	0	0
Total Expenditure	1.92	2.36
Total R & D expenditure as a percentage of total turnover	0.02%	0.03%

## II. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

### 1) Efforts, in brief, made towards Technology Absorption, Adaption and Innovation:

- a. Switching HAG operation from HSD to HFO to optimize the cost
- b. E-Chain installed instead of trailing cable for smooth operation of truck loader
- c. Installation of Laboratory Information Management System
- d. Audio visual alarms installed in Compressor house.
- e. Installation of Access control system at Electrical installations
- f. Installation of Turn Stile Machine for recording the contract workmen entering to the Plant
- g. Installation of grease drum heaters for Girth Gear grease.
- h. Installation of PTFE Bags in O'Sepa and Packing Plant Bag filter
- i. Installed arrangement for Auto Cleaning of pressure measurement ports of PH cyclone bottom cones
- j. Installation of acoustic sheeting to reduce noise
- k. Instruments for refractory thickness measurement, battery health measurement
- l. Application of fire barrier chemical on electrical cables to prevent fire
- m. Installation of RFID / GPS for monitoring and controlling the vehicle movement
- n. Installation & Commissioning of energy management system
- o. ECS Operator Station up-graded to WIN-7 for better speed of control, reports & decision making

### 2) Benefits derived as a result of the above efforts in the year 2016

- a. Reduction in emissions
- b. Real time Quality data recording and reporting.
- c. Allow only authorized workmen inside the plant entry at Electrical installations.
- d. Improved operational efficiency, equipment availability and reduction in maintenance cost

### 3) Information regarding Technology Imported during last 3 years

- a. LIMS Implementation for monitoring of quality parameters
- b. Installation of Alpine Residue analyzer
- c. Installation of RFID (Radio Frequency Identification) for better coordination of vehicle movements
- d. Installation of expert control system for cement mill operation
- e. Installations of chute clog sensors to avoid spillage and breakdown
- f. Installation of SPRS / VVFDs for fan
- g. Installation of CAAQMS at Cement Mill and Packing Plant
- h. Replacement of helium gas based XRF machine with XRF SPECTRO IQ II (multi-Channel functions, no helium required)
- i. Bag cleaning machines installed after packing machines
- j. Installation of auto lubrication system in one of the Packer
- k. Conversion of RABH to jet pulse filter to reduce pressure drop in the duct & plenum (Rabriyawas)
- l. Waste heat recovery system at Rabriyawas
- m. Adoption of world best fine coal feeding Coriolis system for Kiln/SLC, ILC and Stand by Coriolis system to feed in all three Coriolis system (Rabriyawas)
- n. Installation and commissioning of Geo20 Platform as per Holcim guideline (Rabriyawas)
- o. Multicore and Vertical Blender for PPC Blending for efficient blending of OPC and ground fly ash to produce PPC (Ambujanagar)
- p. Laboratory equipment for Alternative Fuels Testing Laboratory
- q. Various Mining equipment at different plants
- r. Brick lining machine

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

Total foreign exchange used and earned :		
Category	Current Year (₹ in crores)	Previous Year (₹ in crores)
Used	4010.38	879.13
Earned	32.03	11.03

## ANNEXURE VII TO THE DIRECTORS' REPORT

Information pursuant to Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

- (1) Ratio of the remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the financial year:

Median remuneration of all the employees of the Company for the Financial Year 2016	550,939
Percentage increase in the median remuneration of employees in the Financial Year	4.68%
Number of permanent employees on the rolls of the Company as on 31 <sup>st</sup> December, 2016	5,183

Name of Director and KMP	Ratio of remuneration to median remuneration of all employees <sup>(a)</sup>	% increase in remuneration in the Financial Year 2016
<b>Non-Executive Directors</b>		
Mr. N.S. Sekhsaria	7.48	-3%
Mr. Eric Olsen <sup>(b)</sup>	3.27	127%
Mr. Martin Kriegner <sup>(c)</sup>	6.23	Not Applicable
Mr. Christof Hassig	3.45	1160%
Ms. Usha Sangwan	3.18	0%
Mr. B.L. Taparia	27.44	8%
Mr. Bernard Terver <sup>(b)</sup>	1.10	-83%
<b>Independent Directors</b>		
Mr. Nasser Munjee	6.41	-1%
Mr. Rajendra Chitale	8.06	6%
Mr. Shailesh Haribhakti	6.44	2%
Dr. Omkar Goswami	6.55	9%
Mr. Haigreve Khaitan	6.08	8%
<b>Executive Director</b>		
Mr. Ajay Kapur, MD & CEO (Refer Point no. 2)	101.01	-12%
<b>Other KMPs</b>		
Mr. Suresh Joshi, Chief Financial Officer <sup>(c)</sup>	29.74	Not Applicable
Mr. Rajiv Gandhi, Company Secretary	15.94	11%

**Notes:**

- (a) The ratio of remuneration to the median remuneration is based on the remuneration paid during the period 1<sup>st</sup> January, 2016 to 31<sup>st</sup> December, 2016.
- (b) The increase of the Percentage of Remuneration of Mr. Eric Olsen & Mr. Christof Hassig and the decrease in the percentage of Remuneration of Mr. Bernard Terver are not comparable with that of the pervious year 2015 as they were in office only for the part of the pervious year.
- (c) Mr. Martin Kriegner, Director and Mr. Suresh Joshi, CFO were appointed during the current year and therefore the percentage of increase of remuneration in their case are not comparable with that of the pervious year.
- (2) Average percentile increase made in the salaries of employees other than the Managerial Personnel and its comparison with the percentile increase in the Managerial Remuneration and justification thereof:  
Average percentile increase in the salaries of employees other than the Managerial Personnel (i.e. MD & CEO) is 6.15% while percentile decrease in the Managerial Remuneration is 12.00%. The decrease is due to the pending payment of the performance bonus, which is not finalised till the date of publication of this report.  
Average increase in the remuneration of the employees other than the Managerial Personnel and that of the managerial personnel is in line with the industry practice and is within the normal range.
- (3) The remuneration is as per the remuneration policy of the company.

## ANNEXURE VIII TO THE DIRECTORS' REPORT

### Form AOC-1

(Pursuant to first proviso sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)  
Statement containing salient features of the financial statements of subsidiaries and joint ventures

₹ in crore

Name of subsidiary company	Financial year ending on	As on and for the year ended	Reporting Currency	Share capital	Reserves and surplus	Total assets	Total liabilities	Turnover	Profit / (loss) before tax	Provision for taxation	Profit / (loss) after tax but before share of profit in associates and minority interest	% of Shareholding
M.G.T. Cements Private Limited	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Indian Rupee	0.75	(0.74)	0.01	-	-	(0.01)	-	(0.01)	100.00
	31 <sup>st</sup> December, 2015	31 <sup>st</sup> December, 2015	Indian Rupee	0.75	(0.74)	0.02	-	-	(0.02)	-	(0.02)	100.00
Chemical Limes Mundwa Private Limited	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Indian Rupee	5.14	(4.17)	1.94	0.97	-	(0.20)	-	(0.20)	100.00
	31 <sup>st</sup> December, 2015	31 <sup>st</sup> December, 2015	Indian Rupee	5.14	(3.97)	2.11	0.94	-	(0.13)	-	(0.13)	100.00
Kakinada Cements Limited <sup>1</sup>	31 <sup>st</sup> December, 2015	31 <sup>st</sup> December, 2015	Indian Rupee	0.10	(0.10)	-	-	-	(0.03)	-	(0.03)	100.00
Dirk India Private Limited	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Indian Rupee	2.08	(30.60)	28.57	57.08	10.40	(1.54)	(1.95)	0.41	100.00
	31 <sup>st</sup> December, 2015	31 <sup>st</sup> December, 2015	Indian Rupee	2.08	(31.01)	27.94	56.87	6.96	(1.25)	-	(1.25)	100.00
Dang Cement Industries Private Limited	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Nepalese Rupee	13.84	(5.42)	8.42	-	-	(0.07)	-	(0.07)	91.63
	16 <sup>th</sup> July, 2015	31 <sup>st</sup> December, 2015	Nepalese Rupee	13.84	(5.35)	8.50	-	-	(0.05)	-	(0.05)	91.63
ACC Limited <sup>2</sup>	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Indian Rupee	187.99	8,453.53	13,386.53	4,745.01	11,167.55	805.32	209.60	595.72	50.05
OneIndia BSC Private Limited <sup>3</sup>	31 <sup>st</sup> December, 2016	31 <sup>st</sup> December, 2016	Indian Rupee	2.50	0.57	9.38	6.31	20.15	2.30	0.66	1.64	50.00
	31 <sup>st</sup> December, 2015	31 <sup>st</sup> December, 2015	Indian Rupee	2.50	0.57	8.72	6.90	-	(1.10)	-	(1.10)	50.00

Name of Joint Ventures company	Latest audited Balance Sheet Date	Shares of Joint Ventures held by the company on the year end		Net worth attributable to shareholding as per latest audited Balance Sheet	Profit / (loss)		
		No.	Amount of investment in Joint Venture		For the Year	Considered in Consolidation	Not Considered in Consolidation
Counto Microfine Private Limited	31 <sup>st</sup> December, 2016	4,010,002	10.00	29.39	5.03	2.51	2.52
	31 <sup>st</sup> December, 2015	4,010,002	10.00	25.86	2.92	1.46	1.46
Wardha Vaalley Coal Field Private Limited	31 <sup>st</sup> December, 2016	1,227,150	1.23	(1.88)	(0.38)	(0.11)	(0.27)
	31 <sup>st</sup> December, 2015	1,227,150	1.23	(1.50)	(0.58)	(0.16)	(0.42)

- 1) Kakinada Cements Limited, liquidated during the year, therefore current year number is not disclosed.
- 2) During the year, ACC Limited became a subsidiary of the Company therefore only current year figures are disclosed as per Consolidated Financial Results of ACC Limited.
- 3) OneIndia BSC Private Limited (OIBPL) is a joint venture Company of ACC Limited with 50% holding and an indirect subsidiary of the Company. Since OIBPL has already been proportionate consolidated by the ACC Limited, therefore these figures represents remaining 50%.

For and on behalf of the Board

Suresh Joshi  
Chief Financial Officer

Rajiv Gandhi  
Company Secretary

Ajay Kapur  
Managing Director & Chief Executive Officer

Mumbai, 20<sup>th</sup> February, 2017



## Report on Corporate Governance

The Directors' Report on the compliance of the Corporate Governance Code is given below.

### 1. Corporate Governance

#### 1.1 Company's Philosophy on Corporate Governance:

At Ambuja Cements, Corporate Governance has been an integral part of the way we have been doing our business since inception. We believe that good Corporate Governance emerges from the application of the best and sound management practices and compliance with the laws coupled with adherence to the highest standards of transparency and business ethics. These main drivers, together with the Company's ongoing contributions to the local communities through meaningful "Corporate Social Responsibility" initiatives will play a pivotal role in fulfilling our renewed vision to be the most sustainable and competitive company in our industry and our mission to create value for all our stakeholders.

The Company places great emphasis on values such as empowerment and integrity of its employees, safety of the employees & communities surrounding our plants, transparency in decision making process, fair & ethical dealings with all, pollution free clean environment and last but not the least, accountability to all the stakeholders. These practices being followed since inception have contributed to the Company's sustained growth. The Company also believes that its operations should ensure that the precious natural resources are utilized in a manner that contributes to the "Triple Bottom Line".

#### 1.2 The Governance Structure:

Ambuja's governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibility so as to meet the expectation of all the stakeholders. In line with these principles, the Company has formed three tiers of Corporate Governance structure, viz.:

- (i) The Board of Directors - The primary role of the Board is to protect the interest and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting the goals & targets, policies, governance standards, reporting mechanism & accountability and decision making process to be followed.
- (ii) Committees of Directors - The Committee of the Board such as Audit Committee, Compliance Committee, Nomination & Remuneration Committee, CSR Committee and Risk Management Committee etc. are focused on financial reporting, audit & internal controls, compliance issues, appointment and remuneration of Directors and Senior Management Employees, implementation and monitoring of CSR activities and the risk management framework.
- (iii) Executive Management – The entire business including the support functions are managed with clearly demarcated responsibilities and authorities at different levels.
  - (a) Executive Committee - The Executive Committee is headed by the Managing Director & CEO. The CFO and the Heads of Manufacturing, Marketing and HR are its other members and Heads of Technical and Procurement as the Permanent Invitee. This committee is a brain storming committee where all important business issues are discussed and decisions are taken. This Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keep the Board informed about important developments having bearing on the operational and financial performance of the Company. The Committee members report to the Managing Director & CEO.
  - (b) Managing Director & CEO - The Managing Director & CEO is responsible for achieving the Company's vision and mission, business strategies, project execution, mergers and acquisition, significant policy decisions and all the critical issues having significant business & financial implications. He is also responsible for the overall performance and growth of the Company and ensures implementation of the decisions of the Board of Directors and its various Committees. He reports to the Board of Directors.

## 2. Board of Directors

The Board of Directors is entrusted with the ultimate superintendence, control and responsibility of the affairs of the Company.

### 2.1 Composition and Board Diversity:

The Company has a very balanced and diverse Board of Directors, including one Woman Director. The Composition of the Board primarily takes care of the business needs and stakeholders' interest. The Non-Executive Directors including Independent Directors on the Board are well qualified, experienced, competent and highly renowned persons from the fields of manufacturing, finance & taxation, economics, law, governance etc. They take active part at the Board and Committee Meetings by providing valuable guidance & expert advice to the Management on various aspects of business, policy direction, governance, compliance etc. and play critical role on strategic issues, which enhances the transparency and add value in the decision making process of the Board of Directors. The Company has also devised a policy on board diversity.

The composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Regulations. As at the end of corporate financial year 2016, the total Board strength comprises of the following:

Non-Independent – Non-Executive Directors		
Non-Executive Chairman	1	
Promoter Directors	3	
Institutional Nominee (as equity investor)	1	
Other Non-Executive Director	1	6
Independent Directors		5
Non-Independent & Executive – (Managing Director & CEO)		1
<b>Total Strength</b>		<b>12</b>

Note: None of the Directors have any inter-se relationship among themselves and with any employees of the Company.

### 2.2 Selection, Appointment and Tenure of Director:

The Nomination & Remuneration Committee have approved a Policy for the Selection, Appointment and Remuneration of Directors. In line with the said Policy, the Committee facilitate the Board in identification and selection of the Directors who shall be of high integrity with relevant expertise and experience so as to have well diverse Board. The abstract of the said policy forms part of the Directors' Report.

The Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the provisions of the law and the retirement policy laid down by the Board from time-to-time. The current retirement age for the Directors is 75 years. The Independent Directors are appointed for a fixed term of five years. The Managing Director is also appointed for a term of five years. However, he and all other Non-executive Directors (except Independent Directors) are liable to retire by rotation and are eligible for re-appointment, unless otherwise specifically provided under the Articles of Association or under any statute.

As required under Regulation 46(2)(b) of the Listing Regulations, the Company has issued formal letters of appointment to the Independent Directors. The terms & conditions of their appointment are posted on the Company's website and can be accessed at [www.ambujacement.com](http://www.ambujacement.com)

### 2.3 Directors' Profile

The brief profile of each Director as at the year end is given below:

#### (i) Mr. N. S. Sekhsaria (Non-Executive Chairman, Non-Independent)

Mr. Sekhsaria is a Principal Founder of the Company. Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India.

He introduced new standards in manufacturing, management, marketing efficiency and corporate social responsibility to an industry he helped transform.

A first generation industrialist, Mr. Sekhsaria obtained his Bachelor's in Chemical Engineering with honours and distinction from the University of Bombay. As the Principal Founder-Promoter of Ambuja Cement, he was the Chief Executive & Managing Director of the Company from its inception in April 1983, until January 2006. Mr. Sekhsaria relinquished the post of Managing Director and was appointed as the Non-executive Vice Chairman when management control of the Company was transferred to Holcim. In September 2009, he was appointed as the Non-executive Chairman after Mr. Suresh Neotia relinquished the post of Chairman.

Mr. Sekhsaria built Ambuja Cement into the most efficient and profitable cement company in India. He created and developed a result-oriented management team, and an extraordinary business model for the Company that centred on continually fine-tuning efficiencies and upgrading facilities to meet increased competition and growing challenges in the Cement Industry.

Mr. Sekhsaria redefined industry practices by turning cement from a commodity into a brand, bringing cement plants closer to cement markets and linking plants to lucrative coastal markets by setting up ports and a fleet of bulk cement ships for the first time in India. During his tenure, the Company grew from a 0.7 million tonne capacity to 15 million tonnes, from a market capitalisation of ₹ 18 crores to ₹ 14,000 crores, and from a single location, to a pan-India Company which set new benchmarks for the cement industry. These achievements, from a first generation industrialist, speak volumes about Mr. Sekhsaria's vision, business acumen and leadership qualities.

Mr. Sekhsaria is the Chairman of the CSR Committee and a Member of the Nomination & Remuneration Committee.

**(ii) Mr. Eric Olsen, Vice-Chairman (Non-Executive Promoter Director representing LafargeHolcim Ltd., Non-Independent)**

Mr. Olsen is American and French national and is a Business Graduate from the University of Colorado, Certified Public Accountant from Chicago and a MBA from HEC International Business School in Paris. He is currently the CEO of LafargeHolcim Ltd., the ultimate holding company of Ambuja. Prior to the global merger of Lafarge and Holcim, he served as the Executive Vice President – Operations of Lafarge and a member of its Executive Committee. He joined Lafarge group in 1999 as Senior Vice President for Strategy & Development of Lafarge, North America. Since 2001, he served as President, north-east cement region and Senior Vice President, Purchasing. Since 2004, Mr. Olsen served as the CFO and Senior Vice President for Lafarge North America, a NYSE listed company. From 2007 to 2012, he served as Executive Vice President, Organisation and Human Resources of Lafarge group. Prior to joining Lafarge group, Mr. Olsen has worked with Deloitte & Touche, Banque Paribas and was a partner of Trinity Associates.

Mr. Olsen joined the Board in July, 2015 and has been appointed as Vice-Chairman w.e.f. 11<sup>th</sup> February, 2016. He is a Permanent Invitee to the Nomination & Remuneration Committee.

**(iii) Mr. Nasser Munjee (Non-Executive, Independent Director)**

Mr. Munjee holds a Master's degree in economics from the London School of Economics (LSE), U.K. His journey in creating financial institutions began with HDFC, which he joined at its inception in February 1978. In March 1993, he joined the Board of HDFC as Executive Director until 1997. He continues to be an Independent Director on the Board of HDFC along with other leading companies like ABB India, Cummins India, Tata Motors, Tata Chemicals, Britannia Industries, Jaguar Land Rover and GoAir. In 1997, Mr. Munjee played a pivotal role in setting up IDFC and was its CEO in its formative years. Mr. Munjee has a deep interest for rural development, housing finance, urban issues, specially the development of modern cities and humanitarian causes.

He is also the Chairman of DCB Bank and of two other Aga Khan institutions in India. He was the President of the Bombay Chamber of Commerce and Industry – the city's oldest

Chamber of Commerce and has served on numerous Government Task Forces on Housing and Urban Development. He has been awarded as the “Best Non-Executive Independent Director 2009” by Asian Centre for Corporate Governance (ACCG).

Mr. Munjee joined the Board in August, 2001. He is the Chairman of the Nomination & Remuneration Committee and a member of the Audit Committee, CSR Committee and Risk Management Committee.

**(iv) Mr. Rajendra Chitale (Non-Executive, Independent Director)**

Mr. Chitale, an eminent Chartered Accountant and a Law Graduate, is the Managing Partner of M/s. Chitale & Associates, a leading boutique international structuring, tax and legal advisory firm and of M/s M. P. Chitale & Co., a reputed chartered accountancy firm. He has served as a member of the Insurance Advisory Committee of the Insurance and Regulatory Development Authority of India, the Company Law Advisory Committee, Government of India, the Takeover Panel of the Securities & Exchange Board of India, the Advisory Committee on Regulations of the Competition Commission of India, and the Maharashtra Board for Restructuring of State Enterprises, Government of Maharashtra. He has served on the Board of Life Insurance Corporation of India, Unit Trust of India, Small Industries Development Bank of India, National Stock Exchange of India Ltd., National Securities Clearing Corporation Limited and SBI Capital Markets Ltd. He is on the Board of several large corporates.

Mr. Chitale joined the Board in July, 2002. He is the Chairman of the Audit Committee, Stakeholders Relationship Committee and Risk Management Committee and the member of the CSR Committee.

**(v) Mr. Shailesh Haribhakti (Non-Executive, Independent Director)**

Mr. Shailesh Haribhakti is the Founder & Chief Mentor of Baker Tilly DHC Pvt. Ltd. and of Haribhakti & Co. LLP (Chartered Accountants); Chairman, New Haribhakti Business Services LLP & Chairman, Mentorcap Management Pvt. Ltd.

Evolving from a background in Audit, Tax and Consulting, he now seeks to create enduring value for Companies and organizations he is involved by being a deeply engaged Independent Director. His strong belief is that good Governance creates a sustainable competitive advantage. He is a strong supporter of a clean and green environment and is pioneering the concept of ‘innovating to zero’ in the social context.

He is currently Chairman of the National Pension Scheme Trust and a Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory & Development Authority (PFRDA). He serves on several large Boards of Multinational and Indian Companies and ‘Not for Profit’ organizations. He is also a member of several Advisory Boards.

He has participated in creating Indian Multinationals in the services sector. His passion for teaching, writing and public speaking have made him an associate with IIMA, many management institutions and several industry & professional forums. He has led BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two years he served on the Standards Advisory Council of the IASB in London.

Mr. Haribhakti joined the Board in May, 2006. He is the member of the Nomination & Remuneration Committee, Risk Management Committee and the Compliance Committee.

**(vi) Dr. Omkar Goswami (Non-Executive, Independent Director)**

Dr. Goswami, a professional economist, did his Master’s in Economics from the Delhi School of Economics and his D. Phil (Ph.D.) from Oxford University. He taught and researched economics for 20 years at various reputed universities in India and abroad. During a career spanning over three decades, he has been associated as a member or advisor to several Government committees and international organizations like the World Bank, the OECD, the IMF and the ADB. He also served as the Editor of Business India, one of India’s prestigious business magazines and as the Chief Economist of the Confederation of Indian Industry. Dr. Goswami is the Founder and Executive Chairman of CERG Advisory Pvt. Ltd.,

which is engaged in corporate advisory and consulting services for companies in India and abroad. He also serves on the Board of several large corporations.

Dr. Goswami joined the Board in July, 2006. He is a member on Audit Committee, Risk Management Committee and the Compliance Committee.

**(vii) Mr. Haigreve Khaitan (Non-Executive, Independent Director)**

Mr. Khaitan is a law graduate and is a Partner at Khaitan & Co, one of India's oldest full service law firms. He started his career in litigation and over the years has been involved in many noteworthy Mergers & Acquisitions and private equity transactions, as well as project finance transactions. He has rich experience in all aspects of Mergers & Acquisitions, Corporate Restructuring, Demergers, Spin-offs, Sale of Assets, Foreign Investments, Joint Ventures and Collaborations. He advises a range of large Indian conglomerates and multinational clients in various business sectors including infrastructure, power, telecom, automobiles, steel, software and information technology, retail, etc.

He has been recommended by Chambers & Partners, Legal 500 and IFLR 1000 as one of the leading lawyers in India. He is on the Board of some of the large public listed companies.

Mr. Khaitan joined the Board in July, 2012. He is the Chairman of the Compliance Committee and the member on the Stakeholders' Relationship Committee.

**(viii) Ms. Usha Sangwan (Non-Executive, Non-Independent Director, Institutional Nominee)**

Ms. Usha Sangwan, is the first ever woman Managing Director of Life Insurance Corporation of India and a Member of its Executive Committee, Risk Management Committee, Investment Committee and Policyholder Protection Committee. She is a Post Graduate in Economics, Post Graduate Diploma holder in Human Resource Management and Licentiate from Insurance Institute of India. She joined LIC as Direct Recruit Officer in 1981.

Ms. Sangwan is the Board Member of General Insurance Corporation of India, LIC Housing Finance Ltd., Axis Bank Ltd., Ambuja Cements Ltd., BSE Ltd., LIC (Singapore) Pte. Ltd., LIC (Lanka) Ltd., LIC (Nepal) Ltd., LICHL AMC Ltd., LIC Card Services Ltd., and LIC Pension Fund Ltd., Member of Governing Council of National Insurance Academy, Member on the Board of Education of Insurance Institute of India, a Trustee of LIC Golden Jubilee Foundation, Chairman of Trust - LIC of India (Regular Part-time employees) Pension Fund.

She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations, Corporate Communications, Investment-Risk Management and Research, Investment - Monitoring & Accounts, Customer Relationship, New Business and Reinsurance, Corporate Planning, Estate, Office Services, Health Insurance and HRD.

Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems. Some of the recent awards received by Ms. Sangwan are: "Most Powerful Women in Indian Business" by Business Today in 2016; Forbes List of 50 most powerful Business Women in Asia in 2015; Femina – Most powerful women in India; "Women Leadership Award" in BFSI sector by Institute of Public Enterprise; "Brand Slam Leadership Award" by CMO Asia; "Women Leadership Role Model" by Top Rankers Management Consultants and "CEO with HR Orientation Award" by Global HR Excellence arranged by Chartered Institute of Management Accountants. She has also been felicitated by Free Press Journal, Colour TV and Doordarshan for Women in Leadership Role.

Ms. Sangwan joined the Board in April, 2014.

**(ix) Mr. Christof Hassig (Non-Executive Promoter Director representing LafargeHolcim Ltd., Non-Independent)**

Mr. Hassig is a Swiss national and a professional banker with Masters in Banking and the Advanced Management Program at Harvard Business School. He is currently the Head of the Corporate Strategy and Mergers & Acquisitions function at LafargeHolcim Ltd. Before joining the erstwhile Holcim Ltd., Mr. Hassig worked for over twenty five years at UBS

in different functions including global relationship manager and investment banker. In erstwhile Holcim, he has worked in corporate finance & treasury functions for over fifteen years. In 2013, he took over the additional responsibility as Head of Mergers & Acquisitions.

Mr. Hassig joined the Board in December, 2015.

**(x) Mr. Martin Kriegner (Non-Executive Promoter Director representing LafargeHolcim Ltd., Non-Independent)**

Mr. Martin Kriegner is an Austrian national and has joined the Executive Committee of the LafargeHolcim Group in August 2016 and is responsible for India and South East Asia. He is a graduate from Vienna University with a Doctorate in Law and obtained an MBA at the University of Economics in Vienna.

Mr. Kriegner joined Lafarge in 1990 and became the CEO of Lafarge Perlmooser AG, Austria in 1998. He moved to India as CEO of the Lafarge's Cement operations in 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur. In 2012, he was appointed CEO of Lafarge India for the Cement, RMX and Aggregates. In July 2015, he became Area Manager Central Europe for LafargeHolcim operations and was appointed Head of India effective March 1, 2016.

Mr. Kriegner joined the Board in February, 2016. He is a member on the Audit Committee, Nomination & Remuneration Committee and CSR Committee.

**(xi) Mr. B. L. Taparia (Non-Executive, Non-Independent Director)**

Mr. Taparia is a Commerce and Law graduate and a fellow member of the Institute of Company Secretaries of India. He possesses more than 41 years of working experience in the fields of Legal, Secretarial, Finance, Taxation, Procurement, Internal Audit, HR, Health & Safety, and Sustainability. He joined the Company in the year 1983 as Deputy Company Secretary. After working at different positions in the Company, he was promoted as the Whole-time Director in the year 1999, the position which he served till 2009. Throughout his career in Ambuja Cement, he was member of the Core Management Committee responsible for the growth of the Company. Mr. Taparia superannuated from the Company in July, 2012.

Mr. Taparia re-joined the Board in September, 2012. He is a member on the Stakeholders Relationship Committee, CSR Committee and Compliance Committee. He is a permanent invitee at the Audit Committee meeting.

**(xii) Mr. Ajay Kapur (Executive, Non-Independent, Managing Director & CEO)**

Mr. Kapur holds an Economics degree from St. Xavier's College, Mumbai and a Masters in Management with marketing specialisation. He is an alumnus of the Wharton Advanced Management Program, Wharton Business School, USA.

Following a stint with Citibank's consumer banking business, Mr. Kapur joined Ambuja Cement in 1993 as the Executive Assistant to the then Managing Director and Founder, Mr. N.S. Sekhsaria. From there, he moved on as the Marketing Head for West & South region (2001-07). As National Head – Marketing and Commercial Services (2007-09), he was simultaneously inducted into the Executive Committee of the company. In 2009, he was appointed Business Head (West & South region) and in May, 2012, was made CEO of the company. Soon after, he was made Deputy Managing Director & CEO on 1<sup>st</sup> August, 2013; and then Managing Director & CEO on 25<sup>th</sup> April, 2014.

Mr. Kapur's close relationship with the cement industry extends over two decades. Known for his hands-on and performance-oriented work ethics, Mr. Kapur is credited with initiating several operational excellence programmes and evolving the company's focus on sustainability and safety. He is the Chairman of the CII-Cement Industry Division and Member of National Council of CII. He is also in the Board of Governors of National Council for Cement and Building Materials (NCB).

Mr. Kapur joined the Board in July, 2013. He is a member on the CSR Committee, Risk Management Committee, Compliance Committee, Stakeholders' Relationship Committee and a Permanent Invitee on Audit Committee and Nomination & Remuneration Committee.

## 2.4 Meetings, agenda and proceedings etc. of the Board Meeting:

### Meetings:

The Board generally meets 5 times during the year and the maximum interval between any two meetings did not exceed 120 days. The Company adheres to the Secretarial Standards on the Board and Committee Meetings as prescribed by the Institute of Company Secretaries of India. The yearly calendar of the meetings is finalized before the beginning of the year. Additional meetings are held when necessary. The Directors are also given an option of attending the board meeting through video conferencing. The Board has complete access to any information within the Company. Agenda papers containing all necessary information/documents are made available to the Board/Committee Members in advance to enable them to discharge their responsibilities effectively and take informed decisions. The information as specified in the Listing Regulations is regularly made available to the Board, whenever applicable, for discussion and consideration.

During the year ended on 31<sup>st</sup> December, 2016, the Board of Directors had 6 meetings. These were held on 10<sup>th</sup> February, 2016, 28<sup>th</sup> April, 2016, 26<sup>th</sup> July, 2016, 4<sup>th</sup> August, 2016, 3<sup>rd</sup> November, 2016 and 17<sup>th</sup> December, 2016. The last Annual General Meeting (AGM) was held on 14<sup>th</sup> April, 2016. The attendance record of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> December, 2016, and at the last AGM is as under:-

Sr. No.	Name of the Director	Category	No. of Board Meetings attended	Attendance at last AGM
1.	Mr. N. S. Sekhsaria Principal Founder	Chairman, Non-Executive	6	Yes
2.	Mr. Eric Olsen	Vice Chairman, Non-Executive	4	No
3.	Mr. Nasser Munjee	Independent	5	Yes
4.	Mr. Rajendra Chitale	Independent	6	Yes
5.	Mr. Shailesh Haribhakti	Independent	6	Yes
6.	Dr. Omkar Goswami	Independent	5	Yes
7.	Mr. Haigreve Khaitan	Independent	5	No
8.	Ms. Usha Sangwan	Non-Executive, Non-Independent	3	No
9.	Mr. Christof Hassig	Non-Executive	6	No
10.	Mr. Martin Kriegner (w.e.f 11.02.2016)	Non-Executive	5 of 5	Yes
11.	Mr. B.L. Taparia	Non-Executive	6	Yes
12.	Mr. Ajay Kapur	Managing Director & CEO	6	Yes
13.	Mr. Bernard Terver (upto 10.02.2016)	Vice Chairman, Non-Executive	1 of 1	N.A.

### Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Regulations, a separate meeting of the Independent Directors of the Company was held on 16<sup>th</sup> December, 2016 to review the performance of Non-independent Directors (including the Chairman) and the entire Board. The Independent Directors also reviewed the quality, content and timeliness of the flow of information between the Management and the Board and its' Committees which is necessary to effectively and reasonably perform and discharge their duties.

### Agenda:

All the meetings are conducted as per well designed and structured agenda and in line with the compliance requirement under the Companies Act, 2013, Rules thereunder and applicable Secretarial Standards prescribed by ICSI. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated separately or placed at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and unlisted subsidiaries for the information of the Board. Additional agenda items in the form of "Other Business" are included with the permission of the Chairman. Agenda papers are circulated seven days prior

to the Board / Committee Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed at the subsequent Board / Committee Meeting for ratification / approval.

#### Invitees & Proceedings:

Apart from the Board members, the Company Secretary, the CFO, the Heads of Manufacturing and Marketing are invited to attend all the Board Meetings. Other senior management executives are invited as and when necessary, to provide additional inputs for the items being discussed by the Board. The CFO makes presentation on the quarterly and annual operating & financial performance and on annual operating & capex budget. The Managing Director, the CFO and other senior executives make presentations on capex proposals & progress, operational health & safety, marketing & cement industry scenario and other business issues. The Chairman of various Board Committees brief the Board on all the important matters discussed & decided at their respective committee meetings, which are generally held prior to the Board meeting.

#### Post Meeting Action:

Post meetings, all important decisions taken at the meeting are communicated to the concerned officials and departments. Action Taken Report is prepared and reviewed periodically by the Managing Director and Company Secretary for the action taken / pending to be taken.

#### Support and Role of Company Secretary:

The Company Secretary is responsible for convening the Board and Committee meetings, preparation and distribution of Agenda and other documents and recording of the Minutes of the meetings. He acts as interface between the Board and the Management and provides required assistance and assurance to the Board and the Management on compliance and governance aspects.

#### Compliance Officer:

Mr. Rajiv Gandhi, Company Secretary is the compliance officer for complying with the provisions of the Securities Laws.

## 2.5 Other Directorships etc.:

None of the Directors is a Director in more than 10 Public Limited Companies or acts as an Independent Director in more than 7 Listed Companies. The Managing Director & CEO does not serve as Independent Director on any listed company. Further, none of the Director acts as a member of more than 10 committees or acts as a chairman of more than 5 committees across all Public Limited Companies in which he is a Director.

The details of the Directorships, Chairmanships and the Committee memberships in other Companies (excluding Private Limited Companies, Foreign Companies and Section 8 Companies) held by the Directors as on 31<sup>st</sup> December, 2016, are given below:-

Sr. No.	Name of the Director	Other Directorships <sup>1</sup>	Committee Positions in India <sup>2</sup>	
			Chairman	Member
1.	Mr. N. S. Sekhsaria	1	Nil	Nil
2.	Mr. Eric Olsen	1	Nil	Nil
3.	Mr. Nasser Munjee	9	5	Nil
4.	Mr. Rajendra P. Chitale	8	3	5
5.	Mr. Shailesh V. Haribhakti	9	5	5
6.	Dr. Omkar Goswami	9	1	7
7.	Mr. Haigreave Khaitan	8	3	4
8.	Ms. Usha Sangwan	5	Nil	Nil
9.	Mr. Christof Hassig	1	Nil	Nil
10.	Mr. Martin Kriegner (w.e.f. 11.02.2016)	1	Nil	1
11.	Mr. B.L. Taparia	1	Nil	1
12.	Mr. Ajay Kapur	2	Nil	1

<sup>1</sup> Includes Directorships of Indian public limited companies other than Ambuja Cements Limited.

<sup>2</sup> Includes only Audit Committee and Stakeholders' Relationship Committee of Public limited companies (whether listed or not) other than Ambuja Cements Limited.



## 2.6 Induction and Familiarization Program for Directors:

Induction & training of the newly appointed Director and ongoing familiarization of all the Board Members are the responsibility of the Managing Director & CEO and the Company Secretary.

A newly appointed Director is provided with an appointment letter along with an induction kit setting out their roles, function, duties & responsibilities and copies of the Code of Business Conduct, Insider Trading Code and other policies as may be applicable to them.

Each newly appointed Independent Director is taken through an induction and familiarization program including the presentation and interactive session with the Managing Director & CEO, Executive Committee Members and other Functional Heads on the Company's manufacturing, marketing, finance and other important aspects. The Company Secretary briefs the Director about their legal and regulatory responsibilities as a Director. The program also includes visit to the plant to familiarize them with all facets of cement manufacturing. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

On an on-going basis, periodic presentations are made at the Board and Committee meetings, on Health and Safety, Sustainability, performance updates of the Company, Industry scenario, business strategy, internal control and risks involved & mitigation plan. The Directors are also provided with quarterly update on relevant statutory changes, judicial pronouncements and important amendments.

During the year under review, the Board had an offsite meeting at Goa in December, 2016. As a part of the agenda, the Board had an interactive discussion with the senior management team on various critical issues such as the state of Indian economy, cement industry update, segment wise & region wise cement demand & supply, future growth prospect, Company's position vis-a-vis the industry, SWOT analysis, risk analysis, future plans, effect of demonetization and the steps taken by the Company to mitigate the risks posed by demonetization.

The details of familiarization program can be accessed from the Investor Tab on the website of the Company at [http://ambujacement.com/Upload/PDF/familirisatin\\_programme\\_for-independent\\_directordec2015.pdf](http://ambujacement.com/Upload/PDF/familirisatin_programme_for-independent_directordec2015.pdf)

## 2.7 Board Evaluation:

During the year under review, the Board adopted a formal mechanism for evaluating its performance and effectiveness as well as that of its Committees and individual Directors, including the Chairman of the Board.

The details of the methodology followed along with the criteria for performance evaluation are provided in the Directors Report.

## 2.8 Code of Conduct:

Good companies attract the best talent and at Ambuja Cements we believe that our greatest assets are our people. ACL is a vibrant company, with broad horizons and a truly diverse workforce. As we continue to evolve and develop we will do so pursuing the highest standards of excellence in all our business practices. In line with this philosophy, the Board of Directors has laid down a Code of Conduct for Business and Ethics (the Code) for all the Board members and all the employees in the management grade of the Company. The Code lays emphasis amongst other things, on the integrity at workplace & in business practices, honest & ethical personal conduct, diversity, fairness & respect etc. The Company believes in "Zero Tolerance" to bribery and corruption in any form. In line with our governance philosophy of doing business in most ethical and transparent manner, the Board has laid down an "Anti Bribery and Corruption Directives", which is embedded to the Code. The Code of Conduct is posted on the website of the Company.

To raise awareness of the Code amongst employees, the Company conduct regular awareness workshops right from the induction stage to periodic face to face training and annual online e-learning course.

All the Board members and senior management personnel have confirmed compliance with the code during the year 2016. A declaration to that effect signed by the Managing Director & CEO is attached and forms part of the Annual Report of the Company.

Further, the senior management have made disclosure to the effect confirming that there were no financial or commercial transactions in which they or their relatives had any potential conflict of interest with the Company.

### 2.9 Prevention of Insider Trading Code:

As per SEBI (Prohibition of Insider Trading) Regulation, 2015, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees and third parties such as auditors, consultants etc. who could have access to the unpublished price sensitive information of the Company are governed by this code. The trading window is closed during the time of declaration of results and occurrence of any material events as per the code. The Company has appointed Mr. Rajiv Gandhi, Company Secretary as Compliance Officer, who is responsible for setting forth procedures and implementation of the code for trading in Company's securities. During the year under review there has been due compliance with the said code.

## 3. Committees of the Board:

The Committees of the Board play an important role in the governance and focus on specific areas and make informed decisions within the authority delegated. Each Committee is guided by its Charter, which provides for the composition, scope, powers and duties & responsibilities. The recommendation and/or observations and decisions are placed before the Board for information or approval. The Chairman of respective Committee updates the Board regarding the discussions held / decisions taken at the Committee Meeting.

The Board has constituted the following statutory and non-statutory Committees:-

### 3.1 Audit Committee

The Board has constituted a well-qualified Audit Committee. All the members of the Committee are Non-Executive Directors with majority of them are Independent Directors including Chairman. They possess sound knowledge on accounts, audit, finance, taxation, internal controls etc. The Company Secretary acts as secretary to the committee.

#### A. Composition and Meetings:

The Audit Committee had 7 meetings during the year 2016. The attendance of each committee member was as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings Attended
1.	Mr. Rajendra Chitale (Chairman)	Independent	7
2.	Mr. Nasser Munjee	Independent	5
3.	Mr. Omkar Goswami	Independent	7
4.	Mr. Martin Kriegner (w.e.f. 11.02.2016)	Non-Independent	4 of 6
5.	Mr. Bernard Terver (upto 10.02.2016)	Non-Independent	1 of 1

Mr. Bernard Terver was member of the Committee upto 10<sup>th</sup> February, 2016. Mr. Martin Kriegner was appointed as a member of the Committee w.e.f 11<sup>th</sup> February, 2016. Mr. Rajendra Chitale, Chairman of the Audit Committee was present at the last Annual General Meeting to answer the shareholders queries.

#### B. Invitees / Participants:

1. The M.D. & CEO and Mr. B.L. Taparia, Director are the permanent invitees to all Audit Committee meetings.
2. Head of Internal Audit department attends all the Audit Committee Meetings as far as possible and briefs the Committee on all the points covered in the Internal Audit Report as well as the other issues that comes up during discussions.

3. The representatives of the Statutory Auditors have attended all the Audit Committee meetings held during the year.
4. The representatives of the Cost Auditors have attended 1(one) Audit Committee Meeting when the Cost Audit Report was discussed.
5. The CFO and the Heads of Manufacturing and Marketing also attends all the Committee meetings to provide inputs on issues relating to internal audit findings, internal controls, accounts, taxation, risk management etc. Other executives are invited to attend the meeting as and when required.
6. The Committee also invites the representatives of LafargeHolcim group's internal audit department to attend the Audit Committee meetings for review of the special audit projects undertaken by them and also to get their valuable support and guidance on the international best practices in internal audit and strengthening of internal controls.

**C. Private Meetings:**

In order to get the inputs and opinions of the Statutory Auditors and the Internal Auditors, the Committee also held two separate one-to-one meetings during the year with the Statutory Auditor and Head of Internal Audit department but without the presence of the M.D. & CEO and other management representatives.

**D. Terms of Reference:**

The terms of reference of the Audit Committee are as per the guidelines set out in the listing regulations read with section 177 of the Companies Act, 2013. These broadly includes (i) developing an annual plan for Committee, (ii) review of financial reporting processes, (iii) review of risk management, internal control and governance processes, (iv) discussions on quarterly, half yearly and annual financial statements and the auditor's report, (v) interaction with statutory, internal and cost auditors to ascertain their independence and effectiveness of audit process, (vi) recommendation for appointment, remuneration and terms of appointment of auditors and (vii) risk management framework concerning the critical operations of the Company.

In addition to the above, the Audit Committee also reviews the following:

- (i) Matter included in the Director's Responsibility Statement.
- (ii) Changes, if any, in the accounting policies.
- (iii) Major accounting estimates and significant adjustments in financial statement.
- (iv) Compliance with listing and other legal requirements concerning financial statements.
- (v) Subject to review by the Board of Directors, review on quarterly basis, Related Party Transactions entered into by the Company pursuant to each omnibus or specific approval given.
- (vi) Qualification in draft audit report.
- (vii) Scrutiny of inter-corporate loans & investments.
- (viii) Management's Discussions and Analysis of Company's operations.
- (ix) Valuation of undertakings or assets of the company, wherever it is necessary.
- (x) Periodical Internal Audit Reports and the report of Ethical View Committee.
- (xi) Findings of any special investigations carried out either by the Internal Auditors or by the external investigating agencies.
- (xii) Letters of Statutory Auditors to management on internal control weakness, if any.
- (xiii) Major non routine transactions recorded in the financial statements involving exercise of judgement by the management.

- (xiv) Recommend to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditors and cost auditors considering their independence and effectiveness, and recommend the audit fees.
- (xv) Recommend to the Board, the appointment and remuneration of the CFO and Chief Internal Auditors.

**E. Other Matters:**

- i. The Audit Committee has framed its Charter for the purpose of effective compliance of regulation 18 of the listing regulations. The Charter is reviewed by the Committee from time-to-time and necessary amendments as may be required are made in it.
- ii. In view of large number of laws & regulations applicable to the Company's business, their complexities and the time required for monitoring the compliances, the task of monitoring and review of legal & regulatory compliances has been assigned to a separate committee of directors called the "Compliance Committee". The composition and the scope/function of Compliance Committee are given under point no. 3.2 below.

**3.2. Compliance Committee**

With the rapid growth of business and its complexities coupled with increasing regulatory compliances, the Board felt it necessary to have zero non-compliance regimes for sustainable business operations. With this object, a structured mechanism for ensuring full compliance of various statutes, rules & regulations has been put in place and a separate Committee of Directors by the name "Compliance Committee" has been constituted by the Board.

**A. Composition and Meetings:-**

The Committee consists of the members as stated below. During the year ended 2016, the Committee held 4 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings Attended
1.	Mr. Haigreve Khaitan, (Chairman)	Independent	4
2.	Mr. Shailesh Haribhakti	Independent	4
3.	Dr. Omkar Goswami	Independent	4
4.	Mr. B.L. Taparia	Non-Independent	4
5.	Mr. Ajay Kapur	Non-Independent	4
6.	Mr. Martin Kriegner (w.e.f. 11.02.2016 and upto 14.12.2016)	Non-Independent	2 of 4
7.	Mr. Bernard Terver (upto 10.02.2016)	Non-Independent	1 of 1

Mr. Bernard Terver was the member of the Committee upto 10<sup>th</sup> February, 2016. Mr. Martin Kriegner was appointed as a member of the Committee w.e.f 11<sup>th</sup> February, 2016 and he continued to be the member till his resignation from the Committee on 14<sup>th</sup> December, 2016.

**B. Invitees / Participants:**

The CFO and the Head of Legal department are the Permanent Invitees to all the Committee meetings. The Company Secretary acts as the Secretary to the Committee.

**C. Terms of Reference:**

The terms of reference of the Committee are to:

- a. periodically review the Legal Compliance Audit report of various Units / Department submitted by the Corporate Legal Department;
- b. suggest taking necessary corrective actions for non compliance, if any;
- c. specifically review and confirm that all the requirements of Competition Law and Anti Bribery and Corruption Directives are fully complied with;

- d. review the significant amendments in the laws, rules & regulations;
- e. review the significant legal cases filed by and against the Company;
- f. review the judgements of various court cases not involving the Company as a litigant but having material impact on the Company's operations;
- g. periodically review the Code of Business Conduct & Ethics and Code of Conduct for prevention of Insider Trading.

The Corporate Legal and Secretarial departments provides 'backbone' support to all the business segments for timely compliance of all the applicable laws, rules & regulations by putting in place a robust compliance mechanism with adequate checks & balances and thus facilitates the management in practicing the highest standards of Corporate Governance.

The Compliance Committee on its part gives valuable guidance to ensure full compliance of all significant laws, rules & regulations as may be applicable to the Company on top priority.

### 3.3. Nomination and Remuneration Committee

#### A. Composition and Meetings:

The Nomination & Remuneration Committee comprises of the members as stated below. The Committee during the year ended on 31<sup>st</sup> December, 2016 had 4 meetings. The attendance of the members was as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Attended
1.	Mr. Nasser Munjee (Chairman)	Independent Director	4
2.	Mr. N.S. Sekhsaria	Non-Independent Director	4
3.	Mr. Shailesh Haribhakti	Independent Director	4
4.	Mr. Martin Kriegner (w.e.f 11.02.2016)	Non-Independent Director	3 of 3
5.	Mr. Bernard Terver (upto 10.02.2016)	Non-Independent Director	1 of 1

Mr. Martin Kriegner was appointed as a member of the Committee w.e.f 11<sup>th</sup> February, 2016. Mr. Bernard Terver was member of the Committee upto 10<sup>th</sup> February, 2016.

#### B. Invitees/Participants:

Mr. Eric Olsen and Mr. Ajay Kapur, MD & CEO is Permanent Invitee to this Committee. Company Secretary acts as the Secretary to the Committee.

#### C. Terms of Reference of the Nomination & Remuneration Committee:

The Committee is empowered to -

- (i) Formulate criteria for determining qualifications, positive attributes and independence of Directors and oversee the succession management process for the Board and senior management employees.
- (ii) Identification and assessing potential individuals with respect to their expertise, skills, attributes, personal and professional standing for appointment and re-appointment as Directors / Independent Directors on the Board and as Key Managerial Personnel.
- (iii) Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees.
- (iv) Support Board in evaluation of performance of all the Directors & in annual self-assessment of the Board's overall performance.
- (v) Conduct Annual performance review of MD and CEO and Senior Management Employees;
- (vi) Administration of Employee Stock Option Scheme (ESOS), if any;

#### **D. Remuneration Policy**

The Company follows a policy on remuneration of Directors and Senior Management Employees.

##### Remuneration of Non-Executive Directors

The Non-Executive Directors shall be entitled to receive remuneration by way of sitting fees, reimbursement of expenses for participation in the Board / Committee meetings and commission as detailed hereunder:

- i. A Non-Executive Director shall be entitled to receive sitting fees for each meeting of the Board or Committee of the Board attended by him of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and The Companies Managerial Remuneration Rules, 2014;
- ii. A Non-Executive director will also be entitled to receive commission on an annual basis of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee;
- iii. The Nomination & Remuneration Committee may recommend to the Board, the payment of commission on uniform basis to reinforce the principles of collective responsibility of the Board.
- iv. The Nomination & Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors taking into consideration his overall responsibility;
- v. In determining the quantum of commission payable to the Directors, the Nomination & Remuneration Committee shall make its recommendation after taking into consideration the overall performance of the Company and the onerous responsibilities required to be shouldered by the Director.
- vi. The Nomination & Remuneration Committee may recommend to the Board, for the payment of additional commission to those Directors who are Members on the Audit Committee and the Compliance Committee of the Board subject to a ceiling on the total commission payable may be decided;
- vii. In addition to the remuneration paid under Clause (ii) and (vi) above, the Chairman of the Audit Committee shall be paid an additional commission as may be recommended to the Board by the Nomination & Remuneration Committee;
- viii. The total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- ix. The Commission shall be payable on pro-rata basis to those Directors who occupy office for part of the year.
- x. The Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company;

##### Remuneration of Managing Director & CEO

- i. At the time of appointment or re-appointment, the Managing Director & CEO shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the Managing Director & CEO within the overall limits prescribed under the Companies Act.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the Managing Director & CEO is broadly divided into fixed and variable component. The fixed compensation shall comprise salary, allowances, perquisites, amenities and retiral benefits. The variable component shall comprise of performance bonus.

- iv. In determining the remuneration (including the fixed increment and performance bonus) the Nomination & Remuneration Committee shall consider the following:
  - a. the relationship of remuneration and performance benchmarks is clear;
  - b. balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals;
  - c. responsibility required to be shouldered by the Managing Director & CEO and the industry benchmarks and the current trends;
  - d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.

#### Remuneration of Senior Management Employees

- i. In determining the remuneration of the Senior Management employees (i.e. KMPs and Executive Committee Members) the Nomination & Remuneration Committee shall consider the following:
  - a. the relationship of remuneration and performance benchmark is clear;
  - b. balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
  - c. the remuneration is divided into two components viz. Fixed component of salaries, perquisites and retirement benefits and variable component of performance based incentive;
  - d. the remuneration including annual increment and performance incentive is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs / KPIs, industry benchmark and current compensation trends in the market.
- ii. The Managing Director & CEO will carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors mentioned hereinabove, recommends the annual increment and performance incentive to the Nomination & Remuneration Committee for its review and approval.

As per the current internal policy, the Senior Management Employees i.e. Executive Committee Members are eligible for a maximum Performance Incentive (Bonus) upto 50% of Annual Fixed Gross Salary. However, the amount of actual Performance Incentive to be paid each year is decided by the Board of Directors, on the recommendation of the Nomination and Remuneration Committee.

#### **E. Details of Remuneration Paid to the Directors**

Remuneration to Directors:

- (a) The Non-Executive Directors are paid sitting fees of ₹ 50,000/- per meeting for attending the Board and Audit Committee meetings and ₹ 30,000/- per meeting for attending other committee meetings. The CSR Committee members have unanimously decided not to accept any sitting fees for the CSR Committee meeting to be attended by them.

In addition to the sitting fees, the Company also pays commission to the Non-Executive Directors for their overall engagement and contribution for the Company's business. The Commission is paid on a uniform basis to reinforce the principle of collective responsibility. Accordingly, the Company has provided for payment of commission of ₹ 16 lacs to each of the Non-Executive Directors who were in office for the whole of the financial year 2016 and on pro-rata basis to those who were in office for part of the year.

Considering the accountability and the complexities of issues handled by the Audit and Compliance Committees respectively, the Company has provided additional commission of ₹ 12 lacs for each of the Non-Executive Member Directors of the Audit Committee and Compliance Committee who were in office for the whole of the financial year 2016 and on pro-rata basis to those who were in office for part of the year. The maximum commission payable to each Non-Executive Director has however been capped at ₹ 28 lacs per Director.

Taking into consideration the amount of time spent on the critical policy decisions, higher degree of engagement and increased responsibilities of the Chairman of the Board and greater involvement of the Chairman of the Audit Committee in some of the critical issues relating to internal audit, internal control, accounting and compliance & governance aspects, the Board based on the recommendation of the Nomination & Remuneration Committee resolved to pay an additional amount of ₹ 21 lakhs and ₹ 6 lakhs to the Chairman of the Board and the Audit Committee respectively.

None of the Directors hold any convertible instruments.

The details of remuneration, sitting fees, performance bonus, and commission paid to each of the Directors during the year ended on 31<sup>st</sup> December, 2016 are given below:-

(₹ in Lakhs)

Sr. No.	Name of the Director	Remuneration	Sitting Fees	Commission	No. of Shares held
1.	Mr. N. S. Sekhsaria	Nil	4.20	37.00	1,000
2.	Mr. Eric Olsen	Nil	2.00	16.00	Nil
3.	Mr. Nasser Munjee	Nil	7.30	28.00	Nil
4.	Mr. Rajendra P. Chitale	Nil	10.40	34.00	Nil
5.	Mr. Shailesh Haribhakti	Nil	7.50	28.00	19,650
6.	Dr. Omkar Goswami	Nil	8.10	28.00	Nil
7.	Mr. Haigreve Khaitan	Nil	5.50	28.00	Nil
8.	Ms. Usha Sangwan	Nil	1.50	16.00	Nil
9.	Mr. Christof Hassig	Nil	3.00	16.00	Nil
10.	Mr. Martin Kriegner (w.e.f 11.02.2016)	Nil	6.30	28.00	Nil
11.	Mr. B. L. Taparia@	144.00	7.20	Nil	3,07,284
12.	Mr. Ajay Kapur, MD & CEO#** \$\$	556.53	-	-	1,85,500
13.	Mr. Bernard Terver (upto 10.02.2016)	Nil	1.60	4.48	Nil
<b>TOTAL</b>		<b>700.53</b>	<b>64.60</b>	<b>263.48</b>	<b>5,13,434</b>

@ The Board has extended the advisory services agreement of Mr. B.L. Taparia for a year from 1<sup>st</sup> November, 2016 and maintained the service fee at ₹ 12 Lakhs p.m.

# Appointment of MD & CEO is governed by a service contract for a period of 5 years and the notice period of 3 months. His remuneration includes basic salary, performance bonus, allowances, contribution to provident, superannuation and gratuity funds and perquisites (including monetary value of taxable perquisites) etc.

\*\* As approved by the Board and the Shareholders, the MD & CEO is entitled for the following Performance Incentive (Bonus) and Shares of LafargeHolcim Ltd.

(a) 30% of Annual Fixed Gross Remuneration on achievement of performance target and;

(b) in excess of 30% upto a maximum of 50% of Annual Fixed Gross Remuneration on exceeding the performance target.

(c) such number of shares of LafargeHolcim Ltd. as may be decided by the Board / Executive Committee of LafargeHolcim Ltd.

\$\$ The amount of remuneration of the MD & CEO for the year 2016 shown hereinabove does not include the amount of Performance Incentive (Bonus), which is pending to be finalised till the time of publication of this report.



### 3.4. Stakeholder's Relationship Committee (Share Allotment and Investor Grievance Committee)

The Stakeholder's Relationship Committee is responsible for transfer/transmission of shares, satisfactory redressal of investors' complaints and recommends measures for overall improvement in the quality of investor services. The Committee also looks into allotment of shares kept in abeyance, allotment of shares on exercise of the stock options by the employees, if any and allotment of privately placed preference shares, debentures and bonds, if any.

#### A. Composition and Meetings:

The Committee is headed by Mr. Rajendra Chitale, Independent Director and consists of the members as stated below. During the year ended on 31<sup>st</sup> December, 2016, this Committee had 6 meetings which were attended by the members as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Attended
1.	Mr. Rajendra Chitale (Chairman)	Independent Director	6
2.	Mr. Haigreve Khaitan	Independent Director	5
3.	Mr. B.L. Taparia	Non – Independent Director	6
4.	Mr. Ajay Kapur	Managing Director & CEO	5

The Company Secretary is designated as the "Compliance Officer" who oversees the redressal of the investors' grievances.

The detailed particulars of investors' complaints handled by the Company and its Registrar & Share Transfer Agent during the year are as under:

Nature of Complaints	Opening	Received During the Year	Resolved	Pending Resolution
Non Receipt of Bonus Shares	Nil	Nil	Nil	Nil
Non Receipt of Transferred Shares	Nil	Nil	Nil	Nil
Non Receipt of Dividend	Nil	Nil	Nil	Nil
Non Receipt of Revalidated Dividend Warrants	Nil	Nil	Nil	Nil
Letters from SEBI / Stock Exchanges, Ministry of Corporate Affairs etc.	Nil	22	22	Nil
Demat Queries	Nil	Nil	Nil	Nil
Miscellaneous Complaints	Nil	Nil	Nil	Nil
TOTAL	Nil	22	22	Nil

None of the complaints is pending for a period exceeding 30 days. All the requests for transfer of shares have been processed on time and there are no transfers pending for more than 15 days.

Over and above the aforesaid complaints, the Company and its Registrar & Share Transfer Agent have received around 6,418 letters / queries / requests on various matters such as change of address, change of bank particulars, ECS mandate, nomination request etc. and we are pleased to report that except for requests received during the year end which are under process, all other queries / requests have been replied on time.

### 3.5. CSR Committee:

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013.

#### A. Composition and Meetings:

The Committee is headed by the Board Chairman, Mr. N.S. Sekhsaria and consists of the members as stated below. During the year ended on 31<sup>st</sup> December, 2016, this Committee had 2 meetings which were attended by the members as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Attended
1.	Mr. N. S. Sekhsaria (Chairman)	Non-Independent	2
2.	Mr. Nasser Munjee	Independent	2
3.	Mr. Rajendra Chitale	Independent	2
4.	Mr. Martin Kriegner (w.e.f 11.02.2016)	Non-Independent	1 of 2
5.	Mr. B.L. Taparia	Non-Independent	2
6.	Mr. Ajay Kapur	Managing Director	2
7.	Mr. Bernard Terver (upto 10.02.2016)	Non-Independent	N.A.

Mr. Martin Kriegner was appointed as a member of the Committee w.e.f 11<sup>th</sup> February, 2016. Mr. Bernard Terver was member of the Committee upto 10<sup>th</sup> February, 2016.

**B. Terms of Reference:**

The Terms of Reference of the Committee are to:-

- frame the CSR Policy and its review from time-to-time.
- ensure effective implementation and monitoring of the CSR activities as per the approved policy, plans and budget.
- ensure compliance with the laws, rules & regulations governing the CSR and to periodically report to the Board of Directors.

**3.6 Risk Management Committee:**

In compliance with the provisions of listing regulations and Companies Act, 2013, the Board has constituted a Risk Management Committee under the Chairmanship of Mr. Rajendra Chitale and consists of the members as stated below.

**A. Composition and Meetings:**

During the year ended on 31<sup>st</sup> December, 2016, this Committee had 2 meetings which were attended by the members as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Attended
1.	Mr. Rajendra Chitale (Chairman)	Independent	2
2.	Mr. Nasser Munjee	Independent	2
3.	Mr. Shailesh Haribhakti	Independent	2
4.	Dr. Omkar Goswami	Independent	2
5.	Mr. Ajay Kapur	Managing Director & CEO	2
6.	Mr. Martin Kriegner (w.e.f. 11.02.2016 and upto 14.12.2016)	Non-Independent	1 of 1
7.	Mr. Bernard Terver (Upto 10.02.2016)	Non-Independent	N.A.

Mr. Bernard Terver was a member of the Committee upto 10<sup>th</sup> February, 2016. Mr. Martin Kriegner was appointed as a member of the Committee w.e.f 11<sup>th</sup> February, 2016 and he continued to be the member till his resignation from the Committee on 14<sup>th</sup> December, 2016.

**B. Terms of Reference:**

The Committee is required to lay down the procedures to review the risk assessment and minimization procedures and is responsible for framing, implementing and monitoring the risk management plan of the Company.

The Terms of Reference of the Committee are to:-

- review the framework of BRM process;
- risk identification and assessment;
- review and monitoring of risk mitigation plans

During the year, the Committee reviewed the risk trend, exposure and potential impact analysis carried out by the management. It was specifically confirmed to the Committee by the MD & CEO and the CFO that the mitigation plans are finalised and up to date, owners are identified and the progress of mitigation actions are monitored.

### 3.7 Other Committees of Directors

In addition to the above referred Committees which are mandatory under the Companies Act, the Listing Regulations and under the SEBI Guidelines, the Board of Directors has constituted the following Committees of Directors to look into various business matters :-

#### (A) Management Committee

The Management Committee is formed to authorize grant of Power of Attorney to executives, to approve various facilities as and when granted by the Banks and execution of documents for these facilities. Four committee meetings were held during the year 2016. The committee comprises of Mr. Rajendra Chitale, Chairman, Mr. Shailesh Haribhakti, Mr. B.L. Tapania and Mr. Ajay Kapur as the Members.

#### (B) Capex Committee

The large CAPEX needs critical evaluation of all the aspect of the projects. The detailed engineering, the profile of equipment suppliers, cost estimates & contingencies, schedule of implementation and safety & security of people are some of the critical areas where focused appraisal is required at the highest level. The Committee comprises of Mr. Martin Kriegner, Chairman, Mr. Nasser Munjee and Mr. Rajendra P. Chitale as the Members. Mr. Ajay Kapur, Managing Director and Mr. M. L. Narula (former Managing Director of ACC Ltd.) are the permanent invitees for all the Committee meetings.

The Committee did not hold any meeting during the year under review.

## 4. Vigil Mechanism and Ethical View Policy

With the rapid expansion of business in terms of volume, value and geography, various risks associated with the business have also increased considerably. One such risk identified is the risk of fraud & misconduct. The Companies Act, 2013 and the listing regulations requires all the listed companies to institutionalize the vigil mechanism and whistle blower policy. The Company, since its inception believes in honest and ethical conduct from all the employees and others who are directly or indirectly associated with it. The Audit Committee is also committed to ensure fraud-free work environment and to this end the Committee has laid down a Ethical View Policy (akin to the Whistle Blower Policy), long before the same was made mandatory under the law.

The main objectives of the policy are:

- (i) To protect the brand, reputation and assets of the Company from loss or damage, resulting from suspected or confirmed incidents of fraud / misconduct.
- (ii) To provide guidance to the employees, vendors and customers on reporting any suspicious activity and handling critical information and evidence.
- (iii) To provide healthy and fraud-free work culture.
- (iv) To promote ACL's zero tolerance compliance approach.

The policy is applicable to all the Directors, employees, vendors and customers and provides a platform to all of them to report any suspected or confirmed incident of fraud/misconduct, unethical practices, violation of code of conduct etc. through any of the following reporting protocols:

- E-mail : [acl@ethicalview.com](mailto:acl@ethicalview.com)
- National Toll Free Phone Line : 18002091005
- Fax Number : 022 – 66459796
- Written Communication to : P.O. Box No. 25, HO, Pune – 411 001
- Filling online report through : <https://integrity.lafargeholcim.com>

In order to instil more confidence amongst Whistle Blowers, the management of the above referred reporting protocols are managed by an independent agency. Adequate safeguards have been provided in the policy to prevent victimization of anyone who is using this platform and direct access to the Chairman of the Audit Committee is also available in exceptional cases.

The policy is also posted on the Company's website.

For the effective implementation of the policy, the Audit Committee has constituted a Ethical View Reporting Committee (EVC) of very senior executives/director comprising of:

- i) Mr. B. L. Taparia, Non-Executive Director – Chairman
- ii) Mr. Sanjay Khajanchi (Head – Corporate Controlling) – Member
- iii) Mr. A. J. Pandya, Advisor – Member
- iv) Mr. Prabhakar Mukhopadhyay – Chief Internal Auditor – Member

The Company Secretary acts as the Response Manager and Secretary to the Committee.

The EVC is responsible for the following:

- (i) implementation of the policy and spreading awareness amongst employees;
- (ii) review all reported cases of suspected fraud / misconduct;
- (iii) order investigation of any case either through internal audit department or through external investigating agencies or experts;
- (iv) recommend to the management for taking appropriate actions such as disciplinary action, termination of service, changes in policies & procedure and review of internal control systems;
- (v) annual review of the policy.

The EVC functions independently and reports directly to the Audit Committee.

During the year 2016, a total of 34 complaints have been filed. Of these, 5 complaints were pre-assessed by the EVC Committee but did not warrant further investigation. 28 complaints were investigated and concluded whereas 1 complaint is still under investigation. The cases investigated were mainly of the nature of bribery / kickbacks, theft, violation of Code of Conduct etc. The financial impact of these cases was insignificant and caused no damage to the Company.

## 5. General Body Meetings

### (i) Annual General Meeting (AGM):

The Company convenes Annual General Meeting generally within four months of the close of the Corporate Financial Year. The details of Annual General Meetings held in last 3 years along with the details of the Special Resolutions, as more particularly set out in the respective notices of the AGMs and passed by members are as follows:-

Financial Year/AGM	Venue of AGM	Date, Day & Time	Whether Special Resolution passed
2013 31 <sup>st</sup> AGM	At the Registered Office at Ambujanagar, Kodinar, Gujarat	10 <sup>th</sup> April, 2014 (Thursday) at 10.00 am	Yes
2014 32 <sup>nd</sup> AGM		8 <sup>th</sup> April, 2015 (Thursday) at 10.30 am	No
2015 33 <sup>rd</sup> AGM		14 <sup>th</sup> April, 2016 (Thursday) at 10.30 am	Yes

### (ii) Postal Ballot & E-voting:

The Company successfully completed the process of obtaining approval of its Members on two resolutions during the year 2016. The details of these resolutions along with the voting pattern are as follows:-

Particulars	Total No. of Valid Votes	Votes Assenting the Resolution	% of Votes Cast	Votes Dissenting the Resolution	% of Votes Cast
1. Revision in the terms of payment of remuneration to Mr. Ajay Kapur, Managing Director & CEO (DIN : 03096416)	1716840835	1716772068	99.99	68767	0.01
2. Extension of Services availed from Mr. B. L. Taparia, Director (DIN : 00016551)	1674121032	1527085503	91.22	147035529	8.78

**Person who conducted the Postal Ballot exercise:-**

Mr. Surendra Kansitya, Practising Company Secretary, Mumbai was appointed to act as the scrutinizer for conducting the postal ballot and E-voting.

**Procedure for Postal Ballot:**

- i. The Board of Directors, vide resolution dated 26<sup>th</sup> July, 2016 had appointed Mr. Surendra Kanstiya as the scrutinizer.
- ii. The dispatch of the Postal Ballot Notice dated 1<sup>st</sup> September, 2016 together with Explanatory Statement was completed on 9<sup>th</sup> September, 2016 along with forms and postage prepaid business envelopes to all the shareholders whose name(s) appeared on the Registers of Members/list of beneficiaries as on 26<sup>th</sup> August, 2016.
- iii. The voting under the Postal Ballot was kept open from 9<sup>th</sup> September, 2016 to 8<sup>th</sup> October, 2016 (either physically or through electronic mode).
- iv. Particulars of Postal Ballot forms received from the Members using the electronic platform of CDSL were entered in a register separately maintained for the purpose.
- v. The Postal Ballot forms were kept under the safe custody of the Scrutinizer in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- vi. All Postal Ballot forms received by the Scrutinizer upto 5 p.m. on 8<sup>th</sup> October, 2016 had been considered for his scrutiny. Postal Ballot forms received after the date had not been considered.
- vii. On 12<sup>th</sup> October, 2016, Mr. N.S. Sekhsaria, Chairman announced the following results of the Postal Ballot as per the Scrutinizer's Report:

**6. Disclosures**

1. During the year under review, the Company sought legal and professional advices on need basis from M/s. Khaitan & Co., a firm in which Non-Executive, Independent Director of the Company i.e. Mr. Haigreve Khaitan is partner and paid a sum of ₹ 27.50 Lakhs as fees. The amount paid does not form a significant portion of the revenue of M/s. Khaitan & Co. and thus is not considered material to impinge upon the independence of Mr. Haigreve Khaitan. Accordingly, there is no pecuniary relationship or transactions of Non-Executive Independent Directors vis-a-vis the Company which has potential conflict with the interests of the Company at large.
2. Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.
3. There are no materially significant transactions with the related parties viz. Promoters, Directors or the Management, or their relatives or subsidiaries that had potential conflict with the interest of the Company. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report. The Related Party Transactions Policy as approved by the Board is uploaded on the Company's website at [http://ambujacement.com/Upload/PDF/policy\\_on\\_determining\\_materiality\\_of\\_rpt\\_28\\_oct\\_2015\\_revised.pdf](http://ambujacement.com/Upload/PDF/policy_on_determining_materiality_of_rpt_28_oct_2015_revised.pdf)
4. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.

5. There are no pecuniary relationships or transactions of Non-Executive Directors vis-à-vis the Company which has potential conflict with the interests of the Company at large.
6. No penalties or strictures have been imposed on the Company by Stock Exchange or SEBI or any statutory authority on any matter related to capital markets during the last three years.
7. The Company has in place a mechanism to inform the Board members about the Risk assessment and mitigation plans and periodical reviews to ensure that the critical risks are controlled by the executive management. The details of the Risk Management Committee is provided at point no. 3.6 of this report.
8. The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under the Companies Act, 2013 and the Listing Regulations.
9. The Company has complied and disclosed all the mandatory corporate governance requirements under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of Listing Regulations (relating to disclosure on the website of the Company).

## 7. CEO / CFO Certification

The MD & CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Regulation 17(8) of the Listing Regulations certifying that the financial statements do not contain any materially untrue statement and these statements represent a true and fair view of the Company's affairs. The said certificate is annexed and forms part of the Annual Report.

## 8. Discretionary Requirements under Regulation 27 of Listing Regulation

The status of compliance with discretionary recommendations of the Regulation 27 of the Listing Regulations with Stock Exchanges is provided below:

- 8.1 **Non-Executive Chairman's Office:** Chairman's office is separate from that of the Managing Director & CEO. However, the same is now maintained by the Chairman himself.
- 8.2 **Shareholders' Rights:** As the quarterly and half yearly financial performance along with significant events are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.
- 8.3 **Modified Opinion in Auditors Report:** The Company's financial statement for the year 2016 does not contain any modified audit opinion.
- 8.4 **Separate posts of Chairman and CEO:** The Chairman of the Board is a Non-executive Director and his position is separate from that of the Managing Director & CEO.
- 8.5 **Reporting of Internal Auditor:** The Internal Auditor reports to the Audit Committee.

## 9. Means of Communication

**Financial results:** The Company's quarterly, half yearly and annual financial results are sent to the Stock Exchanges and published in 'Financial Express' and other newspapers. Simultaneously, they are also put up on the Company's website ([www.ambujacement.com](http://www.ambujacement.com))

**News releases, presentations, among others:** Official news releases and official media releases are sent to Stock Exchanges and are displayed on its website ([www.ambujacement.com](http://www.ambujacement.com))

**Presentations to institutional investors / analysts:** These presentations and Schedule of analyst or institutional investors meet are also uploaded on the Company's website ([www.ambujacement.com](http://www.ambujacement.com)) as well as sent to the Stock Exchanges. No unpublished price sensitive information is discussed in presentation made to institutional investors and financial analysts.

**Website:** The Company's website ([www.ambujacement.com](http://www.ambujacement.com)) contains a separate dedicated section 'Investors' where shareholders' information is available. The Company's Annual Report is also available in downloadable form.

**Annual Report:** The Annual Report containing, *inter alia*, Audited Financial Statements, Audited Consolidated Financial Statements, Directors' Report, Auditors' Report and other important information is circulated to members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.

**Chairman’s Communiqué:** The Chairman’s Letter forms part of the Annual Report.

**Reminder to Investors:** Reminders for unclaimed and unpaid dividend are sent to shareholders as per records every year.

**NSE Electronic Application Processing System (NEAPS):** The NEAPS is a web-based application designed by NSE for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are filed electronically on NEAPS.

**BSE Corporate Compliance & Listing Centre (the ‘Listing Centre’):** BSE’s Listing Centre is a web-based application designed for corporates. All periodical compliance filings like shareholding pattern, corporate governance report, media releases, statement of investor complaints, among others are also filed electronically on the Listing Centre.

**SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralised web-based complaints redress system. The salient features of this system are: Centralised database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.

**Address for Correspondence:**

(a) **Corporate Office:** Elegant Business Park, MIDC Cross Road ‘B’, Off Andheri-Kurla Road, Andheri (East), Mumbai-400 059. Phone No: 022 – 40667000/ 6616700.

(b) **Exclusive e-mail id for Investor Grievances:** The following e-mail ID has been designated for communicating investors’ grievances:-

[shares@ambujacement.com](mailto:shares@ambujacement.com)

## 10. General Shareholders’ Information

### 10.1 Annual General Meeting:

Day & Date : Friday, 31<sup>st</sup> March, 2017  
Time : 10.30 a.m.  
Venue : P.O. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat - 362 715.  
(Registered Office of the Company)

### 10.2 Financial Calendar:

The Company follows the period of 1<sup>st</sup> January to 31<sup>st</sup> December, as the Financial Year.

First quarterly results	:	April, 2017
Second quarterly / Half yearly results	:	July, 2017
Third quarterly results	:	October, 2017
Annual results for the year ending on 31 <sup>st</sup> December, 2017	:	February, 2018
Annual General Meeting for the year ending on 31 <sup>st</sup> December, 2017	:	April, 2018

### 10.3 Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, the 20<sup>th</sup> March, 2017 till Friday, the 24<sup>th</sup> March, 2017 till (both days inclusive) for payment of final dividend.

### 10.4 Dividend Payment Date:

Dividend shall be paid to all the eligible shareholders from 10<sup>th</sup> April, 2017 onwards.

### 10.5 Dividend Policy:

The first issue of shares was made by the Company in the year 1985 at ₹10/- per share. Company is paying dividend from its very first full year of operation. From a modest dividend of 11% in 1987-88, the Company has been increasing dividend almost every year. This year, the Board has recommended total dividend of ₹ 2.80 per share (140%) including interim dividend of ₹ 1.60 per share (80%). During the last 5 years, the Company has been maintaining the pay-out ratio of more than 50%. The Board of Directors have framed a Dividend Policy which is posted on the website of the Company.

## 10.6 Dividend history for the last 5 years is as under:

Financial year	Interim Dividend Rate (%)	Final Dividend Rate (%)	Total Dividend Rate (%)	Dividend Amt. (₹ in Crores)
2011	70	90	160	490.68
2012	70	110	180	554.80
2013	70	110	180	556.34
2014	90	160	250	774.61
2015	80	60	140	434.53

## 10.7 Listing of Shares & Other Securities:

### A. Equity Shares

The equity shares are at present listed at the following Stock Exchanges:

Name of the Stock Exchanges	Stock Code / Symbol
(i) BSE Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	500425
(ii) National Stock Exchange of India Ltd. Exchange Plaza, 5 <sup>th</sup> Floor, Plot No. C/1, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai - 400 051.	AMBUJACEM

### B. Debentures

There are no outstanding debentures.

### C. GDRs

The GDRs are listed under the EURO MTF Platform (Code:US02336R2004) of Luxembourg Stock Exchange, Societe de la Bourse de Luxembourg, Avenue de la Porte Neuve L-2011 Luxembourg, B.P.165.

### D. ISIN Code for the Company's equity share :

INE079A01024

### E. Corporate Identity Number (CIN) :

L26942GJ1981PLC004717

## 10.8 Listing Fees:

The Company has paid listing fees up to 31<sup>st</sup> March, 2017 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

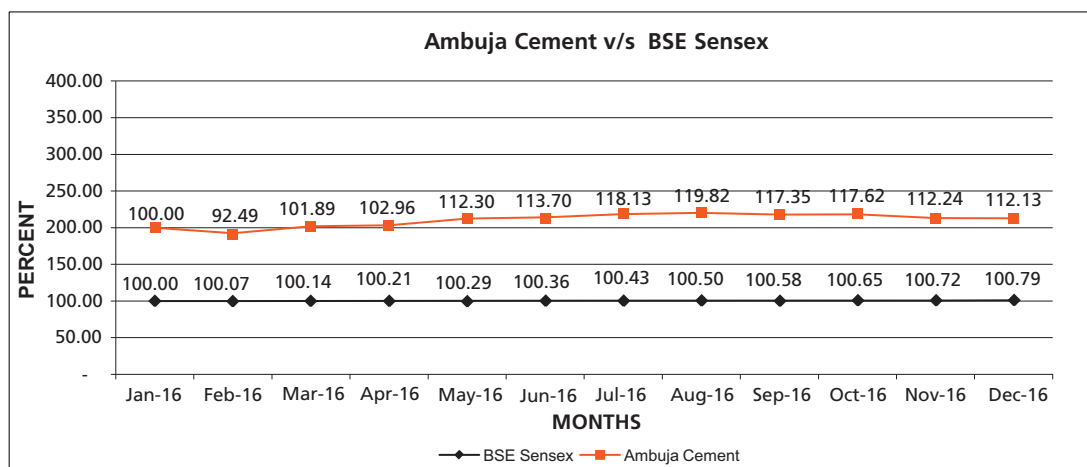
## 10.9 Market Price Data:

The high / low market price of the shares during the year 2016 at the Bombay Stock Exchange and at National Stock Exchange of India Ltd. were as under:-

Month	Bombay Stock Exchange		National Stock Exchange	
	High (₹)	Low (₹)	High (₹)	Low (₹)
January-16	207.00	185.25	206.40	185.20
February-16	204.50	185.00	201.95	185.00
March-16	235.50	188.50	235.65	188.20
April-16	237.10	216.50	236.90	216.50
May-16	232.90	207.40	232.85	207.55
June-16	258.40	227.00	258.50	228.05
July-16	278.35	250.10	278.00	251.75
August-16	282.00	256.05	281.70	256.25
September-16	280.95	249.65	279.35	249.55
October-16	261.30	239.35	261.00	238.80
November-16	247.15	191.00	247.45	191.00
December-16	217.90	197.00	217.20	197.00



## 10.10 Performance in comparison to broad based indices:



## 10.11 Share Transfer Agents:

During the year under review, the Company has changed the Registrar & Share Transfer Agents. More particulars of the change has been provided in the Directors Report. The details of the new Registrar & Share Transfer Agents are:

Link Intime India Pvt Ltd,  
C-101, 247 Park, L B S Marg,  
Vikhroli (West), Mumbai – 400 083.  
Tel : +91-022-4918 6000; Fax: +91-022-4918 6060  
Email: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in).

## 10.12 Share Transfer System:

Shares sent for transfer in physical form are registered and returned by our Registrars and Share Transfer Agents in 15 days of receipt of the documents, provided the documents are found to be in order. Shares under objection are returned within two weeks. The Share Transfer Committee considers the transfer proposals generally on a weekly basis.

## 10.13 Distribution of Shareholding:

The shareholding distribution of the equity shares as on 31<sup>st</sup> December, 2016 is given below:-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	95329	2266551	0.11
51 to 100	27835	2456432	0.12
101 to 500	28473	7328657	0.37
501 to 1000	8019	6265349	0.32
1001 to 5000	13939	36775922	1.85
5001 to 10000	2731	19718352	0.99
10001 to 50000	1680	32327150	1.63
50001 to 100000	163	11610876	0.59
100001 to 500000	209	43993241	2.22
500001 & above	149	1822902699	91.80
<b>TOTAL</b>	<b>178527</b>	<b>1985645229</b>	<b>100.00</b>

## 10.14 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31<sup>st</sup> December, 2016 is given below:-

Category	No. of Shares	Percentage %
	Foreign Promoters	1253156361
Foreign Investors (Including FIIs)	365753726	18.42
Mutual Funds Banks & Institution	210394844	10.60
OCB NRIs	12450018	0.63
Body Corporates	22621436	1.14
GDR Holders	15588587	0.79
Others	105680257	5.32
<b>TOTAL</b>	<b>1985645229</b>	<b>100.00</b>

#### 10.15 Dematerialisation of Shares:

About 99.04 % of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> December, 2016.

#### 10.16 Reconciliation of Share Capital Audit:

As stipulated by Securities and Exchange Board of India (SEBI), a qualified practicing Company Secretary carries out the Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to stock exchanges, NSDL and CDSL and is also placed before the Board of Directors. No discrepancies were noticed during these audits.

#### 10.17 Outstanding GDRs or Warrants or any Convertible Instrument, conversion Dates and likely impact on Equity:

- The Company had issued Foreign Currency Convertible Bonds (FCCB) in the year 1993 and 2001. Out of the total conversion of these bonds into GDRs, 155,88,587 GDRs are outstanding as on 31<sup>st</sup> December, 2016 which is listed on the Luxembourg Stock Exchange. The underlying shares representing the outstanding GDRs have already been included in equity share capital. Therefore, there will be no further impact on the equity share capital of the Company.
- The Company has issued warrants which can be converted into equity shares. The year-end outstanding position of the rights shares / warrants that are convertible into shares and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion rate	Likely impact on full conversion	
			Share Capital	Share Premium
		(₹ per share)	(₹ in Crores)	(₹ in Crores)
<b>A.</b>	<b>Rights entitlement kept in abeyance out of the Rights Issue of equity shares and warrants to equity shareholders made in the year 1992</b>			
(i)	139830 Right shares	*6.66	0.03	0.07
(ii)	186690 Warrants	*7.50	0.04	0.10
<b>GRAND TOTAL (A+B)</b>			<b>0.07</b>	<b>0.17</b>

(\*) conversion price has been arrived after appropriate adjustment of split and bonus issues.

- (iii) The diluted equity share capital of the Company upon conversion of all the outstanding convertible instruments will become ₹ 397.16 crores.

**10.18 Commodity Price Risk or Foreign Exchange Risk and Hedging Activities:**

Your company has robust framework and governance mechanism in place to ensure that the organization is adequately protected from market volatility in terms of price and availability. Risk Management Team of the company, based on intelligence and monitoring, forecast commodity prices and movements and takes decision to cover the risk. The aim of the company's approach to manage currency risk is to leave the company with no material residual risk.

As regards import of goods and other raw materials, the Company decides about the hedging based on prevailing market conditions, macro-economic factors, duration of position etc. The company does not enter into any derivative instruments for trading or speculative purposes.

**10.19 Plant Locations:**

**Integrated Cement Plants**

- i. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat.
- ii. Darlaghat, District Solan, Himachal Pradesh.
- iii. Maratha Cement Works, Dist. Chandrapur, Maharashtra.
- iv. Rabriyawas, Dist. Pali, Rajasthan.
- v. Bhatapara, Dist. Raipur, Chhattisgarh.

**Bulk Cement Terminals**

- (i) Muldwarka, District Gir Somnath, Gujarat.
- (ii) Panvel, District Raigad, Maharashtra
- (iii) Cochin, Kerala.
- (iv) Mangalore, Karnataka

**Grinding Stations**

- (i) Roopnagar, Punjab.
- (ii) Bathinda, Punjab.
- (iii) Sankrail, Dist. Howrah, West Bengal.
- (iv) Farakka, Dist. Murshidabad, West Bengal.
- (v) Roorkee, Dist. Haridwar, Uttaranchal.
- (vi) Dadri, Dist. Gautam Budh Nagar, Uttar Pradesh.
- (vii) Nalagarh, Dist. Solan Himachal Pradesh.
- (viii) Magdalla, Dist. Surat, Gujarat.

**10.20 Registered Office:**

P. O. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat - 362 715

**10.21 Transfer of Unpaid/Unclaimed Dividend Amounts to Investor Education & Protection Fund**

During the year under review, the final dividend amount for the year ended 31<sup>st</sup> December, 2008 and the interim dividend for the year 31<sup>st</sup> December, 2009 and the unpaid fractional amount pertaining to the Bonus Issue-2005, remaining unclaimed and unpaid were transferred to the Investor Education and Protection Fund

## 10.22 Transfer of Unclaimed Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account

Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account. The process of transfer of the shares to the Suspense Account could not be completed, due to lack of clarity in the said Rules from the Ministry of Corporate Affairs (MCA).

However, the Company has initiated the process and issued individual notices to the 25,229 shareholders holding 28,31,710 equity shares, who have not claimed their dividends (interim as well as final) for the last seven consecutive years. The Company has also uploaded full details of such shares due for transfer as well as unclaimed dividends on the website of the company.

Both the unclaimed dividends and the shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

Further action in this regard would be taken after MCA notifies the revised rules.

## 10.23 Disclosure relating to Demat Suspense Account/Unclaimed Suspense Account

In according with the Regulation 39 of the Listing Regulations, shareholders whose certificates were returned undelivered and lying with the Company are to be transferred and held by the Company in the dematerialized mode in the "Unclaimed Suspense Account". These shares are released to the shareholders after the proper verification of their identity, once the request is received from the shareholders. The details of the shares held and released from the Suspense Account are as follows:-

Particulars	Number of shareholders	Number of Equity Shares
Aggregate number of shareholders and outstanding shares in the suspense account at the beginning of the Financial Year 2016	17365	2,496,378
Number of shareholders who approached the Company for transfer of shares and shares transferred from Suspense Account during 2016	72	29,052
Aggregate number of shareholders and outstanding shares in the suspense account at the end of the Financial Year 2016	17293	2,467,326

The voting rights on these shares will remain frozen till the rightful owner claims the shares.

## 11. Subsidiary Companies

The Company does not have any material unlisted subsidiary companies as defined in Regulation 16 of the Listing Regulations. The Company has framed the policy for determining material subsidiary and the same is disclosed on the Company's website. The web link is [http://ambujacement.com/Upload/PDF/policy\\_for\\_determining\\_material\\_subsidary\\_28\\_oct\\_2015\\_revised.pdf](http://ambujacement.com/Upload/PDF/policy_for_determining_material_subsidary_28_oct_2015_revised.pdf).

Accordingly, the requirement of appointment of Independent Director of the Company on the Board of Directors of the material unlisted subsidiary companies as per Regulation 24 of the Listing Regulations does not apply.

## Declaration Regarding Code Of Conduct

I hereby declare that all the Directors and Senior Management Personnel have confirmed compliance with the Code of Conduct as adopted by the Company.

Mumbai, February 20, 2017

Ajay Kapur  
Managing Director & CEO

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### Auditors' Certificate

To  
The Members of Ambuja Cements Limited

We have examined the compliance of conditions of corporate governance by Ambuja Cements Limited, ('the Company'), for the year ended on December 31, 2016, as stipulated in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Listing Agreement of the said Company with stock exchanges.

The compliance of conditions of corporate governance is the responsibility of the management. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the provisions as specified in Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to Listing Agreement of the said Company with stock exchanges.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm registration number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership No.:49365

Place of Signature: Mumbai  
Date: 20<sup>th</sup> February, 2017

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### M. D. & CEO / CFO Certification

The Board of Directors  
Ambuja Cements Ltd.

We have reviewed the attached financial statements and the cash flow statement of Ambuja Cements Ltd. for the year ended 31<sup>st</sup> December, 2016 and that to the best of our knowledge and belief, we state that;

- (a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;
- (ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.
- (b) there are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.
- (c) we accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.
- (d) we have indicated to the Auditors and the Audit Committee:
  - (i) significant changes, if any, in the internal control over financial reporting during the year.
  - (ii) significant changes, if any, in accounting policies made during the year and that the same have been disclosed in the notes to the financial statements; and
  - (iii) instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Yours sincerely,

Suresh Joshi  
Chief Financial Officer

Mumbai, February 20<sup>th</sup>, 2017

Ajay Kapur  
Managing Director & CEO

## Business Responsibility Report for the year 2016

### In terms of Regulation 34 of the Listing Regulations

Now a days, business enterprises are increasingly seen as critical components of social system and they are considered accountable not merely to their shareholders from a revenue and profitability perspective but also to the larger society which is also its stakeholder. Hence, adoption of responsible business practices in the interest of the social set-up and the environment are as vital as their financial and operational performance. This is all the more relevant for listed entities which, considering the fact that they have accessed funds from the public, have an element of public interest involved, and are obligated to make exhaustive continuous disclosures on a regular basis.

It is from this point of view that Regulation 34 of the Listing Regulations require the listed companies to submit as a part of their Annual report, a Business Responsibility Report describing the initiatives taken by them from an environmental, social and Governance perspective, in the format given under the Listing Regulations.

The initiatives taken by the Company are given in the prescribed format as under:-

#### SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L26942GJ1981PLC004717
2. Name of the Company: AMBUJA CEMENTS LIMITED
3. Registered address: P. O. Ambujanagar, Taluka Kodinar, District Gir - Somnath, Gujarat- 362715
4. Website: www.ambujacement.com
5. E-mail id: secretarial@ambujacement.com
6. Financial Year reported: 01.01.2016 to 31.12.2016
7. Sector(s) that the Company is engaged in (industrial activity code-wise)

Group	Class	Sub-Class	Description
239	2394	23941 23942	Manufacture of clinkers and cement

8. List three key products/services that the Company manufactures/provides (as in balance sheet): The key product that the Company manufactures is PORTLAND POZOLLANA CEMENT. We also produce Ordinary Portland Cement.
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations (Provide details of major 5): NIL
  - ii. Number of National Locations: 82
10. Markets served by the Company –

LOCAL	STATE	NATIONAL	INTERNATIONAL
✓	✓	✓	✓

#### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital ₹ 397.13 Crores
2. Total Turnover ₹ 9160.40 Crores
3. Total profit after taxes ₹ 970.09 Crores
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%):

The Company carries on its CSR activities primarily through its arms Ambuja Cement Foundation and Ambuja Vidya Niketan Trust.

The Company has spent ₹ 59.37 Crores during the Financial Year 2016 on CSR activities. This amounts to 6.12 % of Profit After Taxes (PAT) for the year 2016.

5. List of activities on which expenditure in 4 above has been incurred:-

All CSR activities conducted by the Company are in alignment with those identified under Schedule VII of Companies Act, 2013 and are listed as follows:

Sr. No.	CSR Project or activity identified under Schedule VII of Companies Act, 2013	Sector in which the Project is covered	Expenditure incurred during the period (Amount ₹ In Crore)
1	Eradicating extreme hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Drinking Water, Agro based Livelihood, Animal Husbandry, Health, Sanitation	15.82
2	Promoting education, including special education and employment enhancing vocation skills especially among children, women, elderly, and the differently abled and livelihood enhancement projects;	Education, Ambuja Manovikas Kendra, Ambuja Vidya Niketan, Skill And Entrepreneurship Development Institute (SEDI), Non Formal Education, Village Knowledge Centre	29.39
3	Promoting gender equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically background groups;	Women, Female Feticide, SHG, Federation	0.91
4	Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;	Non-Conventional, Biogas, Solar, Plantation, Water Resources, Watershed	6.74
5	Rural development projects.	Rural Infrastructure Project	5.51
		<b>Total</b>	<b>58.37</b>
	Overheads	Overheads	1.00
			<b>59.37</b>

### SECTION C: OTHER DETAILS

**1. Does the Company have any Subsidiary Company/Companies?**

Yes, the Company has 6 Subsidiary Companies as on 31<sup>st</sup> December, 2016. During the year a listed company viz ACC Ltd, become the subsidiary of the company and one company namely viz Kakinada Cements Ltd. was voluntarily wound up.

**2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):**

No. The subsidiary companies do not participate in the BR initiatives of the parent Company.

Out of the 6 subsidiary companies as on 31<sup>st</sup> December, 2016, three companies do not carry any business operations. ACC Ltd., a listed company has its own BR Initiatives.

The business activities of the remaining subsidiary companies are not material in relation to the business activities of the Company.

**3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:**

No. The other entities with whom the Company does business with viz suppliers, distributors etc. don't participate in the BR initiatives of the Company.

## SECTION D: BR INFORMATION

### 1. Details of Director/Directors responsible for BR

a) Details of the Director/Director responsible for implementation of the BR Policy/policies

- DIN Number: 03096416
- Name: Mr. Ajay Kapur
- Designation: Managing Director & Chief Executive Officer

b) Details of BR head

Sr. No.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	Not Applicable
2.	Name	Mr. Rajiv Gandhi
3.	Designation	Company Secretary
4.	Telephone Number	022-40667059
5.	E-mail id	rajiv.gandhi@ambujacement.com

### 2. Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy / policies for....	Y	Y	Y	Y	-	Y	-	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	Y	Y	-	Y	-
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y	Y	Y	Y	Y	-	Y	-
4	Has the policy being approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Y	Y	Y	Y	-	Y	-	Y	-
5	Does the company have a specified committee of the Board / Director/Official to oversee the implementation of the policy?	Y	Y	Y	Y	Y	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	<a href="https://www.ambujacement.com/Upload/PDF/Ethical-View-Reporting-Policy-1.pdf">https://www.ambujacement.com/Upload/PDF/Ethical-View-Reporting-Policy-1.pdf</a>	<a href="https://www.ambujacement.com/Upload/PDF/Sustainability.pdf">https://www.ambujacement.com/Upload/PDF/Sustainability.pdf</a>	<a href="https://www.ambujacement.com/Upload/PDF/CSR-Policy.pdf">https://www.ambujacement.com/Upload/PDF/CSR-Policy.pdf</a>	<a href="https://www.ambujacement.com/Upload/PDF/Sustainability-Environment-and-energy.pdf">https://www.ambujacement.com/Upload/PDF/Sustainability-Environment-and-energy.pdf</a>	<a href="https://www.ambujacement.com/Sustainability/Stakeholder-engagement">https://www.ambujacement.com/Sustainability/Stakeholder-engagement</a>	<a href="https://www.ambujacement.com/Upload/PDF/CSR-Policy.pdf">https://www.ambujacement.com/Upload/PDF/CSR-Policy.pdf</a>	-	<a href="https://www.ambujacement.com/Upload/PDF/Sustainability.pdf">https://www.ambujacement.com/Upload/PDF/Sustainability.pdf</a>	<a href="https://www.ambujacement.com/Upload/PDF/Code-of-Conduct-and-business-ethics-english.pdf">https://www.ambujacement.com/Upload/PDF/Code-of-Conduct-and-business-ethics-english.pdf</a>
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	Y	Y	N	Y	N	Y	N
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	-	Y	-	Y	-	Y	Y



Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	Y	-	Y	-	Y	-	Y	Y
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	-	Y	N	Y	-	Y	-

**2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles	-	-	-	-	-	-	-	-	-
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3	The company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5	It is planned to be done within the next 1 year	-	-	-	-	-	-	-	-	-
6	Any other reason (please specify) * Need for a written policy was not felt. Suitable decision for a written policy will be taken at appropriate time.	-	-	-	-	*	-	*	-	-

**3. Governance related to BR**

- **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year**

The M.D. & CEO assesses the BR performance of the Company on a Quarterly basis which is then appraised to the Board at its quarterly meetings as a part of larger presentation on sustainability. The CSR Committee is also appraised about the BR performance bi-annually at its meetings.

- **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company publishes its Sustainability Report on an Annual basis which is GRI G4 compliant A+ i.e. an internationally accepted reporting framework which is also assured by an independent certifying agency and is available on the website of the Company, [www.ambujacement.com/Sustainability/sustainability-reports](http://www.ambujacement.com/Sustainability/sustainability-reports).

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**PRINCIPLE 1**

**Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.**

- 1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

The policies relating to ethics, bribery and corruption as well as the Whistleblower Policy covers the Directors, Employees, Vendors and Customers of the Company. These policies are more or less aligned with the policies of the parent company.

The Group /Joint Venture companies have their own policies which are also aligned with the policies of the parent company.

- How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company received 34 complaints during the Financial Year. Out of these 34 complaints, 33 complaints (97%) were resolved & the balance one complaint (3%) is being resolved. More details are available on the Vigil Mechanism page of the Corporate Governance.

## PRINCIPLE 2

**Businesses should provide goods and services that are safe and Contribute to sustainability throughout their life cycle.**

- List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/ or opportunities.

The Company understands its obligations on social and environmental concerns, risks and opportunities. Accordingly, the Company has devised the manufacturing process of its product (Portland Cement), in a manner taking care of its obligations.

The Company has deployed best in class technology and processes to manufacture its product 'Portland Cement' which use optimal resources. e.g. the manufacturing process involves use of 6 stage pre-heaters, vertical roller pre-grinder, and advanced technology clinker coolers which are most energy efficient and technologically advanced as on date.

In 2016, Clinker Factor was reduced to 65.9% with fly ash utilization of 31.8%, thus saving natural resources like limestone. We also co-process plastic, industrial & hazardous waste from different industries as alternative fuel. The Company also co-processes biomass in its kilns and thermal power plants.

- For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

- Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

The Company continuously strives its best to reduce the power/LDO Coal and other fuels consumed per unit of cement produced. The details of reduction are as under:

Consumption per unit of Production	Industry Norms	Current Year (Jan to Dec 2016)	Previous Year (Jan to Dec 2015)
Electricity (KWH/T of Cement)	100	77.366	79.2
LDO (Ltr/T of Clinker)	N.A.	0.15	0.20
Coal and other Fuels (K.Cal/Kg of Clinker)	800	753	747

- Reduction during usage by consumers (energy, water) has been achieved since the previous year?

The details of the reduction during usage by consumers (energy, water) achieved since the previous year are not available with the Company.

- Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

Ambuja Cements Limited (ACL) seeks to engage in long-term relationships with the suppliers committed to their social responsibility, adhere to international standards such as SA8000 (Social Accountability) and ISO 14001 (Environment Management System) and have systems in place to comply with the local and national laws and regulations. All inputs, except where the Company does not have any control, are sourced sustainably. The Company has a procedure in place for sustainable sourcing of energy, water including transportation. Almost all the inputs are sourced on a sustainable

basis. The Company has long term Leases/ Agreements for sourcing limestone and gypsum. The Company is increasing the usage of Alternate Fuel and Raw Materials (AFR) year on year to decrease dependency on traditional fuel i.e. coal.

The Company has established its own Bulk Cement Terminals & owns a fleet of specialised Bulk Cement Carriers (Ships) for transportation of cement by sea route as a sustainable source of transportation of cement.

During the current year, Company has engaged PICS, leading Global Consultants, who will help us in qualifying High Risk- High Spend Suppliers and Contractors by screening them on the various counts related to Sustainable Procurement such as OH & S, Labour, Environment and Bribery & Corruption.

We also have a system in place to ensure that transporters follow all the stipulated rules and regulations.

4. **Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

The Company encourages procurement of goods and services from Local and small producers surrounding its plant locations. Our Contractors, who are engaged in Operation and Maintenance of Plants, mostly employ workmen from the nearby villages. The Company also trains the vendors to meet the OH & S requirements across all its plant locations.

5. **Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

We have fly ash and bottom ash generated as waste from our captive power plants which is used in our cement production. The entire fly ash generated [100%] is utilised to produce Portland Pozzolana Cement. (PPC).

Waste water generated from our plant and colony is recycled and reused in dust suppression, gardening, horticulture, etc.

### PRINCIPLE 3

**Businesses should promote the wellbeing of all employees.**

1. **Please indicate the Total number of employees:**

- Management Staff : 3765
- Blue Collar Employees : 1582
- Total : 5347

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis :**

- Total Contractual employees :
  - i. Shipping Sailing Staff : 124
  - ii Third Party : 5943

3. **Please indicate the Number of permanent women employees :**

- Permanent : 122
- On Probation : 6
- Total : 128

4. **Please indicate the Number of permanent employees with disabilities :**

- Disabilities : 25

5. **Do you have an employee association that is recognised by management ?**

Yes, we have recognised trade unions affiliated to either of INTUC / AITUC / BMS depending on their presence at respective locations representing blue collar employees.

6. **What percentage of your permanent employees is members of this recognised employee association?**  
25% of our permanent employees are members of this recognized employee Association.
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year :**

Sr. No.	Category	No. of complaints filed during the financial year	No. of complaints pending as on end of the financial year
1.	Child Labour/Forced Labour/ Involuntary Labour	NIL	NIL
2.	Sexual harassment	NIL	NIL
3.	Discriminatory employment	NIL	NIL

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

Permanent Employees : 100% Safety Training & Skill Up-gradation (by way of working-OJT)

- Permanent Women Employees : 100% Safety Training & Skill Up-gradation (by way of working-OJT)
- Casual/Temporary/Contractual Employees : 100% Safety training. However, details not available regarding other training as it is done by their respective employers.
- Employees with Disabilities : 100% safety

#### **PRINCIPLE 4**

**Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

1. **Has the company mapped its internal and external stakeholders? Yes/No**

Yes, the company has mapped its internal as well as external stakeholders.

2. **Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders.**

The company has further identified the disadvantaged, vulnerable and marginalised stakeholders, namely the communities around its manufacturing sites and its workers/contractual workers and truck drivers. Disabled children and youth emerged as a separate group and hence are catered through education and skill development program.

3. **Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**

In April 2016, Ambuja Cements Limited (ACL) finalized the materiality matrix and thus prioritized stakeholders. A comprehensive stakeholder engagement program operates to facilitate several initiatives for engagement of different stakeholders.

'We Care' developed for promoting a serious safety culture in Ambuja. Continuous trainings on safety are held with employees, truckers, contract workers and the community to ensure 'Zero Harm' level. HIV/AIDs awareness through Workplace / Targeted Intervention Project and Health Care Center focused mainly on migrant population. Site Specific Impact Assessment (SSIA) are conducted cyclically as formal process to address the concerns and the felt needs of stakeholders at the manufacturing sites. The communities and its people being identified as important stakeholders, Ambuja Cement Foundation (ACF) stands responsible for being the link between the company and the community. ACF has promoted strategic social investment through planning its development interventions. All the programs have defined goal and objectives and aim to specially focus the underprivileged and marginalized section of communities. Community Advisory Panels (CAP) have been created with representation of both Ambuja and other stakeholders including the community. It promotes communication between the plant, stakeholders and its neighboring community. ACF's work is annually reviewed by its stakeholders through the Social Engagement Scorecard (SES) exercise.

## PRINCIPLE 5

**Businesses should respect and promote human rights.**

- 1. Does the policy of the company on human rights cover only the company or extend to the Group/ Joint Ventures/ Suppliers / Contractors / NGOs / Others?**

The Company does not have any policy on Human Rights for the time being. However, any issues are covered by the national and the local laws. The company also refers to the guidelines provided by the parent company LafargeHolcim and uses it as a tool for assessment of Human Rights impacts at its plants.

- 2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

No stakeholder complaints were received during the last Financial year.

## PRINCIPLE 6

**Business should respect, protect and make efforts to restore the environment.**

- 1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures / Suppliers / Contractors / NGOs / others.**

The Corporate Environment Policy is applicable to only Ambuja Cements Limited.

- 2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.**

Yes. The Company has a documented Sustainability Policy which is available on our website. The policy enshrines commitment for climate change mitigation. Apart from this, we also have an updated Climate Change Mitigation Policy. The Company measures & reports its carbon emissions as per the protocol of Cement Sustainability Initiative [CSI] of the World Business Council on Sustainable Development. The Company proactively discloses its carbon emissions annually in the Carbon Disclosure Project [CDP]. Ambuja continued its good performance in CDP 2016. Scope-3 carbon emissions from all our five integrated plants was verified by an independent third party. Further, we also keep our stakeholders informed on our carbon performance through our annual GRI based Sustainability Report. The company's website also contains information on our Sustainability endeavors [see:[www.ambujacement.com/Sustainability](http://www.ambujacement.com/Sustainability)].

The Company has strategies in place to address global warming and to ensure a low carbon growth path for our operations. [see <http://www.ambujacement.com/Sustainability/environment-and-energy>].

- 3. Does the company identify and assess potential environmental risks? Y/N**

Yes. The Company regularly assess the environmental risks emanating from our operations and as a part of the sustainability strategy implements initiatives to address these risks. Additionally, all our operations are certified to international Environment Management System (ISO 14001). We have a structured process to carry out risk assessment dealing with business and environment all across the organisation on an annual basis. The Company launched a comprehensive stakeholder engagement Materiality Review in 2015 to facilitate a good understanding of the company's obligations to its various stakeholders, internal as well as external, consistent with the business's commitment to corporate responsibility and to find out the material issues, risks and opportunities.

- 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Yes, the company participates in the Global Programme of Clean Development Mechanism (CDM). Our first project of the use of biomass for power generation at Ropar plant earned 17,727 CERs (Certified Emission Reduction) which could earn us ₹ 1.60 Crores in the year 2011. CDM project on Waste Heat Recovery [WHR] based power generation at our unit at Rabriyawas has been registered with UNFCCC in 2015 after successful Validation by DOE. This project is designed to accrue 35000/year Certified Emission Reductions (CERs) for the next 10 years.

There is no requirement for filing environment compliance report as per Host Country Approval.

**5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

Yes. The Company has strong focus on clean technology, energy efficiency and renewable energy. Our renewable energy portfolio includes; 15 MW biomass-based power plant at Ropar (established in 2005), a 7.5 MW wind power station in Kutch (Gujarat) (established in 2011), a 330 kWp solar power station at Bhatapara (Chhattisgarh) (established in 2012), a 55.14 kWp rooftop solar PV project at Gurgaon Regional Office (established in 2014) and a new 6.5 MW waste heat recovery (WHR) based power generation system at our Rajasthan plant, commissioned in 2015. Our investment of ₹ 85 crore in the new WHR project will increase fuel usage efficiency, optimise power costs and meet our renewable power obligation. Existing ACL captive power plants also use biomass. The renewable energy certificates (RECs) earned and the power-mix cost optimisation at our cement plants add value to ACL's power sourcing strategy and RPO compliance. Additionally, we also co-process industrial wastes from other industries in our kilns as alternative fuel. This helps us in reducing the use of coal, necessary for conservation as well as greenhouse gas mitigation. During 2016, we co-processed about 2.6 Lakh tons of alternative fuels substituting 5.14% of total thermal energy by use of alternative fuels.

The company monitors its specific thermal & electrical energy consumption and employs measures for improving energy efficiency. Six of our grinding units, three of the integrated units and one bulk cement terminal have implemented energy management system as per ISO 50001:2011 & attained certification to the international standard.

Additionally, as a part of the Low Carbon Technology Roadmap for the Cement Industry developed by Cement Sustainability Initiative (CSI) of WBCSD, we are implementing Phase II of the project at our Ambuja Nagar unit. This is focused on energy efficiency opportunities in the operations.

As a result of our water harvesting and conservation efforts, we have been certified to be 4.03 times Water Positive by an independent third party in 2015. Ambuja is the only cement company in India to receive such a certification.

**6. Are the Emissions/ Waste generated by the company within the permissible limits given by CPCB/ SPCB for the financial year being reported?**

Yes. The Company employs various measures to ensure complete compliance to the applicable emission/waste standards. The Company is the first cement manufacturer to have proactively installed Continuous Emission Monitoring Systems (CEMS) at all the nine kiln stacks for online monitoring of all vital pollution parameters. In addition, Continuous Ambient Air Quality Monitoring Systems have been installed at all the plants.

**7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

There are 6 (six) cases that are pending in different Courts, involving environment related issues as on end of the Financial Year.

## **PRINCIPLE 7**

**Businesses, when engaged in influencing public and regulatory policy should do so in a responsible manner.**

**1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

Yes. The Company is a member of the following trade / chamber associations.

- a. Confederation of Indian Industry (CII)
- b. Federation of Indian Chambers of Commerce and Industry (FICCI)
- c. Bombay Chamber of Commerce and Investments (BCCI)
- d. Cement Sustainability Initiative (CSI), a body of World Business Council for Sustainable Development (WBCSD).
- e. Global Compact Network India (GCNI).

Principal objectives of the above associations are to provide information, consultative and representative services to the organisation. It operates through National / Regional / State and Zonal Councils.

**2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others) :**

Yes. We continue to work closely with business chambers such as CII and FICCI for advocating good practices in the Industry and policy interventions in environment, climate change and sustainability. Ambuja has also been an active member of Cement Sustainability Initiative (CSI)-India which is under the World Business Council for Sustainable Development (WBCSD) to work on several sustainability initiatives and training as well as best practices in the cement industry. We have also participated in the development of the WBCSD's India Water Tool.

We applied for the CII Sustainability Awards, 2016 and have won one of the highest award - 'Outstanding Accomplishment'. In sustainability, under the category of Corporate Excellence, our Bhatapara and Chandrapur units have also bagged awards in the domains of Environment Management & CSR. This Award recognises India's most sustainable companies for their outstanding achievements and commitment to shaping a future that is more sustainable and inclusive.

We completed a detailed Life Cycle Analysis (LCA) and Traceability study in 2016 for one of our units in Himachal Pradesh. Ambuja Cement became the first Indian company in 2014 when it got the prestigious Certification on Sustainable Product labeling, "PRO-SUSTAIN" for PPC production from its Darlaghat plant from a leading global certification body. The "ProSustain" certification implies that the Company promotes the adoption of responsible and cost effective measures for incorporating sustainability into product design, development, production and supply chain management.

## **PRINCIPLE 8**

### **Businesses should support inclusive growth and equitable development**

**1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, The Company has developed need based and focused development programs. Important stakeholders groups are meaningfully engaged at various stages of program development and implementation. The programs focus on the contextual needs of the community and can broadly be divided in following categories

1. Water Resource Management: Water and Land Resources
2. Livelihood Promotion: Agro based Livelihoods and Skill based Livelihoods
3. Social Development: Community Health and Sanitation, Women Empowerment and Education
4. Rural Infrastructure Development

The Company attempts to respond to the local development needs and national priorities through its development initiatives. While doing the same the Company promotes innovative strategies to intensify the reach and effectiveness of the programs.

Our thrust areas are well aligned to the schedule VII of Section 135 of the Companies Act, 2013 and compliment the nation's need for inclusive growth. The company through its Site Specific Impact Assessment (SSIA), observe and gauges concerns of employees, contract workers, truckers etc. and works out plan of action to ensure equitable development and inclusive growth.

**2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

Ambuja Cement Foundation (ACF) is a CSR arm of Ambuja Cements Ltd. ACF was established in 1993 and all the development initiatives of the Company are undertaken by ACF. ACF mainly works with the neighboring communities of ACL and other vulnerable stakeholders. The development programs and projects initiated by ACF are disclosed through Foundation's annual reports & website ([www.ambujacementfoundation.org](http://www.ambujacementfoundation.org)).

**3. Have you done any impact assessment of your initiative?**

The ACF follows a systematic approach to review the performance of the programs and the resultant change in the community. Both the inputs and outputs are mapped with the help of a customized system developed at ACF. Evaluation or impact assessments are initiated at every critical phase of the program or at the maturity stage of the project. These assessments are undertaken by internal expert consultants and organizations. During the year some important assessments were carried out, the details of the same are provided in the Foundation's annual report ([www.ambujacementfoundation.org](http://www.ambujacementfoundation.org)).

**4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

Ambuja Cements Ltd (ACL) has spent Rupees 59.37 Crores on CSR in 2016. The Company has been mainly focusing on development of communities around its manufacturing sites through ACF. ACF's work in community development is in line with its mission statement "Energise, involve and enable communities to realize their potential". The Foundation has a footprint of about 18 lakh people across 21 locations in 11 states of India. The thematic areas include water resource management, livelihood promotion, social development and infrastructure development.

Water resource management program focuses on water conservation, promotion of safe drinking water and judicious use of water through promotion of micro irrigation. Local issues such as water scarcity in desert, salinity in coastal region, overexploitation of groundwater are addressed through strategic efforts.

Agro based livelihood promotion efforts include Krishi Vigyan Kendra (KVK), promotion of Systematic Rice Intensification (SRI), organic farming, agro-forestry and horticulture promotion. One of the significant programs is Better Cotton Initiative (BCI) expanding its reach to about 50000 farmers. 17 Skill and Entrepreneurship Development Institutes (SEDI) have trained over 30000 youth.

Community health and sanitation program promotes healthy and productive neighborhood communities. Multispecialty hospital at Kodinar is the only specialty hospital in the region. Under sanitation program household sanitation and sanitation in community school is promoted. Construction of toilets by mobilizing communities and resources from other sources is undertaken.

Education program in communities ensures quality education for children in government run schools. Ambuja Manovikas Kendra, Ropar, Punjab caters to children with disabilities. Further, the company promotes education in the five integrated plants through Ambuja Vidya Niketan Trust (AVNT). All five AVNTs are affiliated with CBSE and provide quality education to children of Ambuja employees as well as from the community.

Women empowerment program promotes economic and social development through income generation and Self Help Groups (SHGs). Federation of women actively engage in addressing local issues. Infrastructure development engages local communities in developing and maintaining community assets.

As a result of this robust and impactful approach, substantial funding is received from the government and other funders. With external funding ACF has been able to extend outreach of some of its programs and the same has positively influenced their livelihood options.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

Our community development initiatives are undertaken directly through our own Foundation. The philosophy and approach has been to involve the local people throughout i.e. during needs assessment and prioritisation, project planning, implementation and for monitoring. The focus has been on building capacities within the communities and creating local institutions which ensure ownership among the communities for the projects and sustains the development efforts. The approach has resulted in enabling and empowering local communities.

People's institutions include Women's Federations, Farmer Producer Companies, Water User Associations, Village Development Committees, strengthening Village Health Sanitation Committees, School Management Committees and sustain projects.



## PRINCIPLE 9

**Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

- 1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.**

We have a formal system of receiving Customer complaints through Toll free number. In 2016 we received 401 Customer queries/complaints through toll free number, all of them have been resolved.

As regards consumer cases, 17 consumer cases were pending before different Forums/Commissions/Courts at the beginning of the year. During the year 4 consumer cases were filed and 5 cases were disposed off leaving a balance of 16 pending cases as on end of the year.

- 2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

The product quality is governed by the Bureau of Indian Standards (BIS). As per the BIS mandate, the product information is displayed on the bag. No other label is displayed over and above than the mandated. The test report of cement supplied is available & produced on demand to the customers.

We print sustainable product labelling like Pro- Sustain for which our Darlaghat plant is already certified.

- 3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

The details of the complaints filed are as under:-

Sr. No.	Particulars	Remarks / Status
1.	The Competition Commission of India passed an Order dated 31 <sup>st</sup> August, 2016, imposing penalty on certain cement manufacturers including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002.  The penalty imposed on the Company is ₹ 1163.91 Crore.	The Company has filed appeal against the Order of Competition Commission of India before the Competition Appellate Tribunal. The Tribunal, vide Order dated 21 <sup>st</sup> November, 2016 has stayed the operation of the Commission's Order, subject to deposit of 10% penalty in the form of Fixed Deposit of six month's duration. However, it was also ordered that if the Appeal is dismissed, then the balance amount of penalty shall have to be deposited with interest @ 12% per annum from the date of CCI's Order i.e. 31 <sup>st</sup> August 2016.  The Tribunal's Order dated 21 <sup>st</sup> November, 2016 has been complied with and the Appeal is now pending for final hearing.
2.	State of Haryana has filed a complaint alleging cartelization in the tender for supply of cement by some cement companies including Ambuja Cements Ltd.	CCI vide Order dated 19 <sup>th</sup> January 2017 has held cement companies including Ambuja Cements Ltd. guilty of violating provisions of the Competition Act and imposed penalty to the tune of 0.3% of the average turnover of last three financial years. Accordingly, the penalty on Ambuja works out to ₹ 29.84 Crores. The company will appeal against CCI's Order before the Competition Appellate Tribunal within the stipulated time period.

- 4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes. To fine tune its marketing offering and product the company carries out periodic customer satisfaction and consumer perceptions surveys. The surveys are carried out as per the global standards like Nielsen's Brand Equity Index (BEI), Net Promoter Score (NPS) & other research agencies on periodical basis. The feedback of various programs for customer / Influencer education is also taken. Last BEI survey was conducted towards the end 2014.

The Company also carried out Net Promoter Score (NPS) survey during the year to elicit customer perception to fine tune the offerings.

# Independent Auditor's Report

To the members of Ambuja Cements Limited

## Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Ambuja Cements Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2016, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2016, its profit and its cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 27(l)(vi) to the financial statements which describes the following matters:

- a. In terms of order dated August 31, 2016, the Competition Commission of India (CCI) has imposed penalty of ₹ 1,163.91 crore for alleged contravention of the Competition Act, 2002 by the Company. The Company has filed an appeal against CCI order before the Competition Appellate Tribunal (COMPAT). The COMPAT has granted a stay on the CCI order on the condition that the Company deposits 10% of the penalty amounting to ₹ 116.39 crore which has been deposited.
- b. In terms of order dated January 19, 2017, the CCI has imposed penalty of ₹ 29.84 crore pursuant to the reference filed by the Director, Supplies and Disposals, State of Haryana for alleged contravention of the provisions of the Competition Act, 2002 in August 2012 by the Company.

Based on the advice of external legal counsels, no provision has been considered necessary by the Company in respect of these matters. Our opinion is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of written representations received from the directors as on December 31, 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2016, from being appointed as a director in terms of Section 164 (2) of the Act;
  - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report dated February 20, 2017 in Annexure 2 to this report;
  - (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements – Refer note 27 and 28 to the standalone financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
    - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of Signature: Mumbai  
Date: 20 February 2017

**Annexure 1 referred to in paragraph 1 under the heading “Report on other legal and regulatory requirements” of our report of even date**

Re: Ambuja Cements Limited (‘the Company’)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme for physical verification on a rotational basis, which, in our opinion, is reasonable having regards to the size of the Company and the nature of its assets. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in fixed assets are held in the name of the Company except for the cases below:-

Sr. No.	Asset Category	Gross Block at December 31, 2016	Net Block at December 31, 2016	Total number of cases	Remarks
1	Freehold Land	2.57	2.49	102	Title deeds are in the name of the wholly owned subsidiary and entities taken over / merged with the Company

- (ii) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not advanced loans to directors/ to a company in which the Director is interested, to which the provisions of Section 185 of the Companies Act, 2013 apply and hence not commented upon. Further provisions of Section 186 of the Companies Act, 2013 in respect of loans and advances given, investments made and guarantees given have been complied with by the company.
- (v) The Company has not accepted any deposits from the public.
- (vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, related to the manufacture of cement and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company has been generally regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, custom duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees’ state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, service tax, duty of custom, duty of excise and value added tax on account of any dispute, are as follows:

₹ in crore

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending				Total
			Commission- nate	Appellate authorities and Tribunal	High Courts	Supreme Court	
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Demand of Sales Tax/ Additional Purchase Tax	1988-2016	26.05	7.67	90.83	107.75	232.30
Customs Act, 1962	Demand of Customs duty, Interest and Penalty	2000-2013	1.66	39.37	-	-	41.03

Name of the Statute	Nature of dues	Period to which the amount relates	Forum where dispute is pending				Total
			Commissionerate	Appellate authorities and Tribunal	High Courts	Supreme Court	
Central Excise Act, 1944	Demand of excise duty, Denial of Cenvat Credit, Interest and Penalty	1993-2010	5.84	19.15	1.62	2.16	28.77
Finance Act, 1994	Denial of Service Tax Credit and Penalty	2005-2011	1.22	25.43	0.01	-	26.66
Income Tax Act, 1961	Income tax and interest	AY 2008-09 to AY 2012-13	307.18	0.11	-	-	307.29
		<b>Total</b>	<b>341.95</b>	<b>91.73</b>	<b>92.46</b>	<b>109.91</b>	<b>636.05</b>

Amounts given above are net of amounts deposited

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to government. The Company did not have any outstanding loans or borrowing in respect of a financial institution or bank or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no material fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with Section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the standalone financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in Section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of Section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of signature: Mumbai  
Date: 20 February 2017

## **Annexure 2 to the Independent Auditor's Report of even date on the Standalone Financial Statements of Ambuja Cements Limited**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of Ambuja Cements Limited

We have audited the internal financial controls over financial reporting of Ambuja Cements Limited ("the Company") as of December 31, 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

#### **Management's Responsibility for Internal Financial Controls**

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

#### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of Signature: Mumbai  
Date: February 20, 2017

# Balance Sheet

As at 31st December, 2016

	Note	₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital .....	3	397.13		310.38
Reserves and surplus .....	4	18,676.43		9,996.49
			19,073.56	10,306.87
<b>Non-current liabilities</b>				
Long-term borrowings .....	5	23.58		22.68
Deferred tax liabilities (net) .....	6	492.89		564.90
Other long-term liabilities .....	7	7.95		5.99
Long-term provisions .....	8	45.28		35.40
			569.70	628.97
<b>Current liabilities</b>				
Trade payables				
Micro enterprises and small enterprises .....	38	0.78		0.52
Others .....		896.20		679.30
Other current liabilities .....	9	1,464.26		1,461.93
Short-term provisions .....	8	1,249.73		1,084.34
			3,610.97	3,226.09
<b>TOTAL</b> .....			<b>23,254.23</b>	<b>14,161.93</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Fixed assets</b>				
Tangible assets .....	10	5,978.36		6,091.72
Intangible assets .....	10	0.29		0.31
Capital work-in-progress .....	46	320.02		414.12
			6,298.67	6,506.15
Non-current investments .....	11	11,844.70		106.90
Long-term loans and advances .....	12	682.64		720.71
Other non-current assets .....	13.2	319.27		279.57
			12,846.61	1,107.18
<b>Current assets</b>				
Current investments .....	14	1,065.02		2,119.23
Inventories .....	15	937.54		895.45
Trade receivables .....	13.1	300.08		286.36
Cash and bank balances .....	16	1,412.87		2,848.39
Short-term loans and advances .....	12	358.92		336.26
Other current assets .....	13.2	34.52		62.91
			4,108.95	6,548.60
<b>TOTAL</b> .....			<b>23,254.23</b>	<b>14,161.93</b>
Significant accounting policies .....	2			

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For and on behalf of the Board

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

**Suresh Joshi**  
Chief Financial Officer  
**Rajiv Gandhi**  
Company Secretary

**N.S. Sekhsaria**  
Chairman & Principal Founder  
**Martin Kriegner**  
Director

**Rajendra P. Chitale**  
Chairman - Audit Committee  
**B.L. Taparia**  
Director

per **Ravi Bansal**  
Partner  
Membership No. 49365

**Omkar Goswami**  
Director  
**Shailesh Haribhakti**  
Director

**Christof Hassig**  
Director  
**Haigreve Khaitan**  
Director

**Ajay Kapur**  
Managing Director & Chief Executive Officer

Mumbai, 20th February, 2017

# Statement of Profit and Loss

For the year ended 31st December, 2016

	Note	2016 ₹ in crore	2015 ₹ in crore
<b>Revenue</b>			
Sale of products (gross).....		10,430.73	10,670.86
Less : Excise duty.....		1,270.33	1,302.56
Sale of products (net).....		9,160.40	9,368.30
Other operating revenues.....	17	107.42	93.10
Revenue from operations (net).....		9,267.82	9,461.40
Other income.....	18	576.23	358.19
Total revenue.....		9,844.05	9,819.59
<b>Expenses</b>			
Cost of raw materials consumed.....	19	776.68	797.11
Purchase of Stock-in-Trade.....		-	4.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade.....	20	(30.19)	25.39
Employee benefits expense.....	21	593.72	589.52
Power and fuel.....		1,831.96	2,052.94
Freight and forwarding expenses.....	22	2,472.84	2,509.68
Finance costs.....	23	71.48	91.79
Depreciation and amortisation expense.....	24	850.13	625.66
Other expenses.....	25	1,941.84	1,955.18
		8,508.46	8,651.47
Less : Self consumption of cement (net of excise duty).....		1.72	4.09
Total expenses.....		8,506.74	8,647.38
Profit before tax.....		1,337.31	1,172.21
Tax expense :			
For the current year			
Current tax.....		424.75	334.00
Deferred tax.....		(68.01)	(24.93)
		356.74	309.07
Relating to earlier years			
Current tax.....	43 (b)	14.48	(0.11)
Deferred tax.....		(4.00)	55.69
		10.48	55.58
		367.22	364.65
Profit for the year.....		970.09	807.56
		2016	2015
		₹	₹
Earnings per equity share of ₹ 2 each	26		
Basic.....		4.89	5.21
Diluted.....		4.88	5.21
Significant accounting policies.....	2		

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For and on behalf of the Board

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

**Suresh Joshi**  
Chief Financial Officer

**N.S. Sekhsaria**  
Chairman & Principal Founder

**Rajendra P. Chitale**  
Chairman - Audit Committee

**Rajiv Gandhi**  
Company Secretary

**Martin Kriegner**  
Director

**B.L. Taparia**  
Director

per **Ravi Bansal**  
Partner  
Membership No. 49365

**Omkar Goswami**  
Director

**Christof Hassig**  
Director

**Shailesh Haribhakti**  
Director

**Haigreve Khaitan**  
Director

**Ajay Kapur**  
Managing Director & Chief Executive Officer

Mumbai, 20th February, 2017



## Cash Flow Statement

For the year ended 31st December, 2016

	2016	2015
	₹ in crore	₹ in crore
<b>Cash flows from operating activities</b>		
Profit before tax.....	1,337.31	1,172.21
Adjustment for :		
Depreciation and amortisation expense.....	850.13	625.66
Loss on assets sold, discarded and written off (net) .....	5.93	25.85
Dividend income on equity shares.....	(159.72)	-
Dividend income from joint venture company .....	(1.24)	-
Profit on sale of current investments.....	(203.19)	(148.20)
Finance costs.....	71.48	91.79
Interest income.....	(177.92)	(198.95)
Interest on income tax written back (Refer note 43 (a)) .....	(21.04)	-
Provision for slow and non moving spares.....	4.36	5.23
Discounting income on pre-payment of sales tax loan .....	(8.42)	(6.90)
Unrealised exchange (gain) / loss, net .....	0.12	0.24
Provisions no longer required written back.....	(7.14)	(19.28)
Inventories written off.....	4.73	6.56
Bad debts, sundry debit balances and claims written off.....	0.58	0.76
Provision for doubtful debts and advances (net).....	-	2.35
Other non cash items.....	2.36	14.89
	<u>361.02</u>	<u>400.00</u>
<b>Operating profit before working capital changes.....</b>	<b>1,698.33</b>	<b>1,572.21</b>
Adjustment for :		
Decrease / (Increase) in trade receivables, loans & advances and other assets ...	(39.80)	(91.82)
Decrease / (Increase) in inventories.....	(51.19)	(18.83)
Increase / (Decrease) in trade payables, other liabilities and provisions .....	126.76	133.44
	<u>35.77</u>	<u>22.79</u>
Cash generated from operations .....	<b>1,734.10</b>	<b>1,595.00</b>
Direct taxes paid (net of refunds) .....	(318.71)	(42.19)
<b>Net cash flow from operating activities (A).....</b>	<b>1,415.39</b>	<b>1,552.81</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances .....	(391.05)	(621.38)
Proceeds from sale of fixed assets.....	7.89	4.52
Acquisition of equity shares in HIPL (Refer note 47) .....	(3,500.27)	-
Acquisition of equity shares in subsidiary .....	(13.67)	-
Investment in joint venture .....	-	(2.50)
Inter corporate deposits and loans given to subsidiaries and joint ventures .....	(0.25)	(0.80)
Proceeds from sale / maturity of current investments (net) .....	203.19	148.20
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL) .....	(0.01)	(0.01)
Investments in bank deposits (having original maturity of more than three months).....	(146.26)	(5.63)
Redemption / maturity of bank deposits (having original maturity of more than three months).....	0.03	131.11
Dividend income on equity shares.....	159.72	-
Dividend income from joint venture company .....	1.24	-
Interest received.....	185.29	202.27
Interest received on Income tax.....	91.55	61.30
<b>Net cash flow used in investing activities (B).....</b>	<b>(3,402.60)</b>	<b>(82.92)</b>
Carried forward.....	<b>(1,987.21)</b>	<b>1,469.89</b>

## Cash Flow Statement (Contd.)

	2016	2015
	₹ in crore	₹ in crore
Brought forward .....	(1,987.21)	1,469.89
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including securities premium)	-	25.60
Stamp duty paid on HIPL merger, adjusted in Equity .....	(11.07)	-
Proceeds from long-term borrowings.....	14.13	3.59
Repayment of long-term borrowings.....	(10.06)	-
Discounting income on sales tax loan.....	8.42	6.90
Interest paid .....	(35.92)	(38.93)
Dividend paid on equity shares.....	(551.11)	(744.35)
Tax on equity dividend paid .....	(96.65)	(149.70)
<b>Net cash flow used in financing activities (C).....</b>	<b>(682.26)</b>	<b>(896.89)</b>
<b>Net increase in cash and cash equivalents (A + B + C) .....</b>	<b>(2,669.47)</b>	<b>573.00</b>
Cash and cash equivalents at the end of the year .....	2,419.87	5,031.71
Cash and cash equivalents acquired pursuant to amalgamation (Refer note 47) ..	57.64	-
Cash and cash equivalents at the beginning of the year .....	5,031.70	4,458.71
	<u>(2,669.47)</u>	<u>573.00</u>
<b>Components of cash and cash equivalents</b>		
Cash on hand.....	0.03	0.22
With banks		
In current account.....	207.23	155.01
In deposit account.....	1,022.85	2,633.00
Fixed deposit held as security.....	158.02	35.91
Earmarked for specific purposes (Refer note 2 below).....	24.74	24.25
Cash and bank balance as per note 16 .....	1,412.87	2,848.39
Less : Fixed deposits not considered as cash and cash equivalents .....	158.02	35.91
Add : Fixed Deposits with Housing Development Finance Corporation Limited.....	100.00	100.00
Add : Investment in mutual funds .....	1,065.02	2,119.23
<b>Cash and cash equivalents at the year end .....</b>	<b>2,419.87</b>	<b>5,031.71</b>

### Notes :

- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL.

Significant accounting policies - note 2

The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For and on behalf of the Board

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

**Suresh Joshi**  
Chief Financial Officer  
**Rajiv Gandhi**  
Company Secretary

**N.S. Sekhsaria**  
Chairman & Principal Founder  
**Martin Kriegner**  
Director

**Rajendra P. Chitale**  
Chairman - Audit Committee  
**B.L. Taparia**  
Director

per **Ravi Bansal**  
Partner  
Membership No. 49365

**Omkar Goswami**  
Director  
**Shailesh Haribhakti**  
Director

**Christof Hassig**  
Director  
**Haigreve Khaitan**  
Director

**Ajay Kapur**  
Managing Director & Chief Executive Officer

Mumbai, 20th February, 2017

## Notes to Financial Statements

### 1. Basis of Preparation of Financial Statements :

- i. The financial statements have been prepared to comply in all material respects with the Accounting Standards notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014.
- ii. Financial statements are based on historical cost and are prepared on accrual basis.
- iii. Accounting policies have been consistently applied by the Company and are consistent with those used in the previous year.
- iv. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.

### 2. Significant Accounting Policies :

#### a. Fixed Assets :

- i. Fixed Assets are stated at their original cost of acquisition / instalation (net of Cenvat and VAT credit wherever applicable), net of accumulated depreciation, amortisation and impairment losses, except freehold non mining land which is carried at cost less impairment losses. Subsequent expenditures related to an item of fixed assets are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- ii. Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Cenvat and VAT credit, wherever applicable.
- iii. Fixed assets not ready for the intended use on the date of balance sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition/construction of fixed assets outstanding at each Balance sheet date are disclosed as Capital advances under "Long-term loans and advances". Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under "Capital work-in-progress". These expenses are apportioned to fixed assets on commencement of commercial production.
- iv. Fixed Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately under "other current assets".
- v. Losses arising from the retirement of, and gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

#### b. Depreciation and amortisation :

##### i. Tangible Assets :

- a. Leasehold land including premium is amortised over the period of lease on a straight line basis. Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.
- b. Depreciation is provided as per the useful life prescribed in Schedule II of the Companies Act, 2013, for Captive Power Plant related assets (consisting of Buildings and Plant & Machinery) based on "Written Down Value Method" and for other assets based on "Straight Line Method". The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Estimated useful lives of assets are determined based on technical parameters/ assessment.
  - I. Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
  - II. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

## Notes to Financial Statements (Contd.)

- III. In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- c. Machinery spares, which are capitalised, are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Statement of Profit and Loss, on issue for consumption.
- d. Fixed assets, constructed by the Company, but ownership of which vests with the Government / Local Authorities :
  - I. Expenditure on Power lines is depreciated over the period as permitted in the Electricity Supply Act, 1948 / 2003, as applicable.
  - II. Expenditure on Marine structures is depreciated over the period of the agreement.
- ii. Intangible Assets :
  - a. Expenditure to acquire Water drawing rights from Government / Local Authorities / other parties is amortised on straight line method over the period of rights to use the facilities ranging from ten to thirty years.
  - b. Expenditure on Computer software is amortised on straight line method over the period of expected benefit not exceeding five years.
  - c. Other intangible assets are amortised over their estimated useful economic life.
  - d. Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.
  - e. Goodwill arising on amalgamation as referred to in note 47 is amortised on straight line method over a period of three years.

### c. Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. A previously recognised impairment loss is increased or reversed depending on the changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there was no impairment.

### d. Investments :

- i. Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments.  
Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.
- ii. On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss.
- iii. Investments, which are readily realisable and intended to be held for not more than one year from balance sheet date, are classified as current investments. All other investments are classified as non-current investments. However, that part of long term investments which are expected to be realized within twelve months from the Balance Sheet date is presented under "Current Investments" in consonance with the current / non-current classification under Schedule III of the Companies Act, 2013.

### e. Inventories :

Inventories are valued as follows:

- i. Raw materials, stores & spare, fuel and packing material :

Lower of cost less provision for slow and non-moving inventory, if any, and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost

## Notes to Financial Statements (Contd.)

if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.

ii. **Work-in-progress, finished goods, stock in trade and trial run inventories :**

Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of stock-in-trade includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a monthly moving weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

**f. Provisions and Contingent Liabilities :**

i. A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. These estimates are reviewed at each Balance sheet date and adjusted to reflect the current best estimate.

ii. A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

**g. Foreign Currency Conversion :**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

Investment in equity capital of Companies registered outside India are carried in the Balance Sheet at the rates at which transactions have been executed.

**h. Revenue Recognition :**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured

i. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and export sales are accounted on the basis of date of Bill of Lading. Sales are disclosed net of sales tax / value added tax, discounts and sales returns, as applicable. Sales exclude self-consumption of cement. Excise duties deducted from sale of products (gross) are the amounts that are included in the amount of sale of products (gross) and not the entire amount of liability that arose during the year.

ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive is established by the Balance Sheet date.

**i. Mines Reclamation Expenses :**

The Company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

## Notes to Financial Statements (Contd.)

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure. The total estimate of restoration provision is reviewed periodically, on the basis of technical estimates.

### j. Retirement and Other Employee Benefits :

#### i. Defined Contribution Plan :

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss for the year in which the employee renders the related services.

#### ii. Defined Benefit Plan :

Retirement benefits in the form of gratuity, post-retirement medical benefit and death & disability benefit are considered as defined benefit obligations and are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gains / losses, if any, are recognised in the Statement of Profit and Loss in the year in which they arise.

Employee Benefit, in the form of contribution to Provident Fund managed by a Trust set up by the Company is charged to Statement of Profit and Loss for the year in which the employee renders the related service. The deficit, if any, in the accumulated corpus of the trust is recognised in the Statement of Profit and Loss based on actuarial valuation.

#### iii. Short term employee benefits :

I. Short term employee benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the Year in which the related service is rendered.

II. Accumulated compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

#### iv. Other long-term benefits :

Compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the balance sheet. Actuarial gains / losses, if any, are immediately recognised in the Statement of Profit and Loss.

#### v. Termination benefits :

Expenses incurred towards voluntary retirement scheme are charged to Statement of Profit and Loss as and when they accrue.

#### vi. Presentation and disclosure :

For the purpose of presentation of Defined benefit plans and other long term benefits, the allocation between the short term and long term provisions has been made as determined by an actuary. The Company presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

### k. Employee Stock Compensation Cost :

The Company measures compensation cost relating to employee stock option using the fair value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India.

### l. Borrowing Costs and Share Issue Expenses :

i. Borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.

ii. Expenses on issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with the Companies Act, 2013.

## Notes to Financial Statements (Contd.)

- iii. Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings are amortised over the period of borrowings.
- iv. Other borrowing costs are charged as expense in the year in which these are incurred.

### m. Taxation :

Tax expense comprises of current income and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Minimum alternate tax (MAT) paid in a year is charged to Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown as "MAT Credit Entitlement" under the head loans and advances. The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### n. Leases :

Where the Company is the lessee:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor :

- i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs etc. are recognised immediately in the Statement of Profit and Loss.
- ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### o. Segment Reporting Policies :

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Secondary segment is identified based on geography in which major operating divisions of the Company operates.

### p. Cash and Bank Balances :

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank, demand deposits with banks and other short-term highly liquid investments / deposits with an original maturity of three months or less.

## Notes to Financial Statements (Contd.)

### q. Government Grants and Subsidies :

- i. Grants and subsidies from the Government are recognised when there is reasonable certainty that the grant / subsidy will be received and all attaching conditions will be complied with.
- ii. Where the government grants / subsidies relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense.
- iii. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.
- iv. Government grants in the nature of Promoters' contribution are credited to capital reserve and treated as a part of Shareholders' Funds.

### r. Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### s. Classification of Current/Non-Current Assets and Liabilities:

All assets and liabilities are presented as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.

## 3. Share capital

### Authorised

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
40,000,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each * .....	8,000.00	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each .....	150.00	150.00
Total .....	<u>8,150.00</u>	<u>650.00</u>

### Issued

1,985,971,749 (previous year - 1,552,223,941) Equity shares of ₹ 2 each fully paid-up..	<u>397.19</u>	<u>310.44</u>
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### Subscribed and fully paid up

1,985,645,229 (previous year - 1,551,897,421) Equity shares of ₹ 2 each fully paid-up..	<u>397.13</u>	<u>310.38</u>
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\* Consequent to and as part of the amalgamation of Holcim (India) Private Limited (HIPL) with the Company, the Authorised Equity Share Capital of the Company stands increased to ₹ 8,000 crore made up of 40,000,000,000 equity shares of ₹ 2 each from "effective date" 12th August, 2016. (Refer note 47)



## Notes to Financial Statements (Contd.)

### Additional information :

	As at 31.12.2016		As at 31.12.2015	
	No. of shares	₹ in crore	No. of shares	₹ in crore
<b>a) Reconciliation of equity shares outstanding</b>				
At the beginning of the year .....	1,551,897,421	310.38	1,549,745,786	309.95
Add : Issued against Employee Stock Option Schemes (ESOS) .....	-	-	2,151,635	0.43
Less : Shares of the Company held by HIPL, cancelled pursuant to the Scheme of amalgamation (Refer note 47) .....	150,670,120	30.13	-	-
Add : Shares issued pursuant to the Scheme of amalgamation (Refer note 47) .....	584,417,928	116.88	-	-
At the end of the year .....	<u>1,985,645,229</u>	<u>397.13</u>	<u>1,551,897,421</u>	<u>310.38</u>

### b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, in proportion to their shareholding, after distribution of all preferential amounts.

	As at	As at
	31.12.2016	31.12.2015
	₹ in crore	₹ in crore
<b>c) Equity shares held by holding Company, ultimate holding Company and their subsidiaries</b>		
i) Holderind Investments Limited, Mauritius (Refer note 47) 1,253,156,361 (previous year - 629,638,433) Equity shares of ₹ 2 each fully paid-up .....	250.63	125.93
ii) Holcim (India) Private Limited, amalgamated with the Company (Refer note 47)..... Nil (previous year - 150,670,120) Equity shares of ₹ 2 each fully paid-up .....	-	30.13

	As at 31.12.2016		As at 31.12.2015	
	No. of shares	% holding	No. of shares	% holding
<b>d) Details of equity shares held by shareholders holding more than 5% shares in the Company</b>				
i) Holderind Investments Limited, Mauritius (Refer note 47) .....	1,253,156,361	63.11%	629,638,433	40.57%
ii) Holcim (India) Private Limited, amalgamated with the Company (Refer note 47) .....	-	-	150,670,120	9.71%
iii) Life Insurance Corporation of India .....	131,404,954	6.62%	124,434,343	8.02%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

e) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (previous year - 186,690) and 139,830 (previous year - 139,830) equity shares of ₹ 2 each fully paid-up respectively.

f) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

Pursuant to the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company, 584,417,928 equity shares were allotted as fully paid up to the equity shareholders of HIPL, without payment being received in cash (Refer note 47).

## Notes to Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>4. Reserves and surplus</b>		
<b>Subsidies :</b>		
a) Cash subsidies from Government and other authorities .....	4.90	4.90
b) Grant-in-aid subsidy from DANIDA.....	0.12	0.12
	<b>5.02</b>	<b>5.02</b>
<b>Capital reserve .....</b>	<b>130.71</b>	<b>130.71</b>
<b>Capital redemption reserve.....</b>	<b>9.93</b>	<b>9.93</b>
<b>Securities premium account :</b>		
Balance as per the last financial statements .....	1,511.13	1,477.49
Add : Employee stock options exercised during the year.....	-	25.17
Add : Transferred from employee stock options outstanding .....	-	8.47
Add : Premium on Issue of equity shares pursuant to the Scheme of amalgamation (Refer note 47) .....	10,967.19	-
Less : Share issue expenses (net of tax of ₹ 3.82 crore) pursuant to the Scheme of amalgamation (Refer note 47).....	7.25	-
	<b>12,471.07</b>	<b>1,511.13</b>
<b>Employee stock options outstanding :</b>		
Balance as per the last financial statements .....	-	9.24
Less : Transferred to securities premium account on exercise of employee stock options .....	-	8.47
Less : Transferred to general reserve on lapse of employee stock options.....	-	0.77
	<b>-</b>	<b>-</b>
<b>General Reserve :</b>		
Balance as per the last financial statements .....	6,505.83	6,505.06
Add : Transferred from employee stock options outstanding for lapsed employee stock options .....	-	0.77
Less : Transferred to surplus in the Statement of Profit and Loss (u/s 123 of the Companies Act, 2013 and rules thereof) .....	850.00	-
	<b>5,655.83</b>	<b>6,505.83</b>
<b>Surplus in the Statement of Profit and Loss :</b>		
Balance as per the last financial statements .....	1,833.87	1,655.93
Add : Net Profit of HIPL from appointed date till 31st December, 2015 (Refer note 47) .....	41.19	-
Less : Adjustment for Depreciation and amortisation expenses (current year Refer note 47 and previous year Refer note 49) ..	2,591.85	106.63
Add : Profit for the year .....	970.09	807.56
Add : Transferred from General Reserve (u/s 123 of the Companies Act, 2013 and rules thereof).....	850.00	-
Less : Appropriations		
Interim equity dividend ₹ 1.60 per equity share (previous year - ₹ 1.60 per equity share) .....	248.30	248.30
Tax on interim equity dividend .....	50.55	50.55
Proposed final equity dividend ₹ 1.20 per equity share (previous year - ₹ 1.20 per equity share) (Refer note 37).....	238.28	186.23
Tax on proposed final equity dividend .....	37.03	37.91
Interim equity dividend paid by HIPL including tax thereon (Refer note 47) .....	199.96	-
	<b>774.12</b>	<b>522.99</b>
Add : Inter-Company elimination of dividend pursuant to amalgamation of HIPL with the Company (Refer note 47) .....	74.69	-
Total Appropriations.....	<b>699.43</b>	<b>522.99</b>
	<b>403.87</b>	<b>1,833.87</b>
<b>Total .....</b>	<b>18,676.43</b>	<b>9,996.49</b>

## Notes to Financial Statements (Contd.)

	Non-current		Current	
	As at 31.12.2016	As at 31.12.2015	As at 31.12.2016	As at 31.12.2015
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>5. Long-term borrowings :</b>				
<b>Secured</b>				
Interest free loan from State Government <sup>1</sup> .....	23.58	9.45	-	-
<b>Unsecured</b>				
Sales tax deferment loan <sup>2</sup> .....	-	13.23	13.23	10.06
Total .....	23.58	22.68	13.23	10.06
Less : Amount disclosed under the head "Other current liabilities" (Refer note 9) .....	-	-	13.23	10.06
Total .....	23.58	22.68	-	-

- Interest free loans from State Government, secured by bank guarantees and each loan repayable in single instalment, starting from February 2020 to December 2023 of varying amounts from ₹ 3.59 crore to ₹ 8.83 crore.
- Sales tax deferment loan is interest free and payable in 10 annual instalments starting from April 2007 to April 2017 of varying amounts from ₹ 1.52 crore to ₹ 13.23 crore.

	As at 31.12.2016	As at 31.12.2015
	₹ in crore	₹ in crore
<b>6. Deferred tax liabilities (net) :</b>		
<b>Deferred tax liabilities, on account of :</b>		
Depreciation and amortisation .....	714.02	731.68
Total .....	714.02	731.68
<b>Deferred tax assets, on account of :</b>		
Employee benefits.....	38.50	33.88
Provision for slow and non moving spares.....	14.36	12.85
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years.....	56.94	29.25
Others .....	111.33	90.80
Total .....	221.13	166.78
Deferred tax liabilities (net) .....	492.89	564.90
<b>7. Other long-term liabilities</b>		
Liability for capital expenditure.....	2.24	2.81
Others .....	5.71	3.18
Total .....	7.95	5.99

## Notes to Financial Statements (Contd.)

	Long-term		Short-term	
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>8. Provisions</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity and staff benefit Schemes.....	25.31	17.10	0.30	0.30
Provision for compensated absences .....	-	-	87.78	82.65
	<b>25.31</b>	<b>17.10</b>	<b>88.08</b>	<b>82.95</b>
<b>Other provisions</b>				
Provision for Income tax, net of advances.....	-	-	886.34	777.25
Provision for mines reclamation expenses*.....	19.97	18.30	-	-
Proposed equity dividend.....	-	-	238.28	186.23
Provision for tax on proposed equity dividend.....	-	-	37.03	37.91
	<b>19.97</b>	<b>18.30</b>	<b>1,161.65</b>	<b>1,001.39</b>
Total .....	<b>45.28</b>	<b>35.40</b>	<b>1,249.73</b>	<b>1,084.34</b>

### \* Movement during the year

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Opening balance .....	18.30	16.52
Add : Provision during the year .....	2.86	2.63
	<b>21.16</b>	<b>19.15</b>
Less : Utilisation during the year.....	1.19	0.85
Closing balance .....	<b>19.97</b>	<b>18.30</b>

Mines reclamation expenses are incurred on an ongoing basis until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

### 9. Other current liabilities

Current maturities of long-term borrowing (Refer note 5) .....	13.23	10.06
Unclaimed dividends** .....	22.19	21.70
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL** .....	2.54	2.55
Liability for capital expenditure.....	47.48	55.33
Security deposits .....	316.63	305.42
Advance received from customers .....	82.75	51.42
Statutory dues .....	204.80	251.20
Other payables (including Rebates to customers, Employees dues, etc.) .....	774.64	764.25
Total .....	<b>1,464.26</b>	<b>1,461.93</b>

\*\* Amount to be transferred to the Investor education and protection fund shall be determined on the respective due dates.

## Notes to Financial Statements (Contd.)

### 10. Tangible and Intangible assets

	Tangible assets										Intangible assets					
	Freehold non mining land	Freehold mining land	Leasehold land	Buildings, roads and water works (a)	Marine structures (b)	Plant and machinery (c)	Railway sidings and locomotives (d)	Furniture and fixtures	Office equipment	Ships	Vehicles	Total	Water drawing rights	Computer software	Goodwill (e)	Total
<b>Gross carrying value, at cost</b>																
Opening as on 1st January, 2015	340.57	402.82	137.49	1,705.54	95.58	8,050.91	84.13	45.30	133.79	251.94	113.76	11,361.83	6.16	61.09	-	67.25
Additions	2.89	48.65	0.65	143.01	2.88	456.45	-	5.08	15.12	1.37	10.12	686.22	-	-	-	-
Deductions / Transfers	2.23	0.14	-	0.64	-	89.77	-	0.17	3.66	0.23	5.81	102.65	-	-	-	-
As at 31st December, 2015	341.23	451.33	138.14	1,847.91	98.46	8,417.59	84.13	50.21	145.25	253.08	118.07	11,945.40	6.16	61.09	-	67.25
Additions (e)	8.29	52.34	-	115.33	-	289.21	13.94	2.95	8.96	-	25.66	516.68	-	-	-	2,827.48
Deductions / Transfers	0.01	-	4.05	0.25	-	42.04	-	0.40	5.20	0.04	15.99	67.98	-	-	-	-
As at 31st December, 2016	349.51	503.67	134.09	1,962.99	98.46	8,664.76	98.07	52.76	149.01	253.04	127.74	12,394.10	6.16	61.09	-	2,827.48
<b>Depreciation / amortisation</b>																
Opening as on 1st January, 2015	-	37.02	20.12	365.57	67.37	4,303.90	40.04	29.09	76.84	119.31	75.79	5,135.05	5.83	61.09	-	66.92
Charge for the year	-	4.66	3.11	152.30	6.70	554.89	12.00	4.26	33.29	7.52	8.44	787.17	0.02	-	-	0.02
Deductions / Transfers	-	0.14	-	0.29	-	58.90	-	0.15	3.55	0.17	5.34	68.54	-	-	-	-
As at 31st December, 2015	-	41.54	23.23	517.58	74.07	4,799.89	52.04	33.20	106.58	126.66	78.89	5,853.68	5.85	61.09	-	66.94
<b>Charge for the year (f)</b>	-	8.03	2.99	88.73	3.82	467.84	7.02	3.80	15.13	7.62	9.65	614.63	0.02	-	-	2,827.48
Deductions / Transfers	-	-	0.15	0.13	-	32.52	-	0.39	5.15	0.04	14.19	52.57	-	-	-	-
As at 31st December, 2016	-	49.57	26.07	606.18	77.89	5,235.21	59.06	36.61	116.56	134.24	74.35	6,415.74	5.87	61.09	-	2,827.48
<b>Net carrying value</b>																
As at 31st December, 2015	341.23	409.79	114.91	1,330.33	24.39	3,617.70	32.09	17.01	38.67	126.42	39.18	6,091.72	0.31	-	-	0.31
As at 31st December, 2016	349.51	454.10	108.02	1,356.81	20.57	3,429.55	39.01	16.15	32.45	118.80	53.39	5,978.36	0.29	-	-	0.29

#### Notes :

- (a) Includes :  
i) Premises on ownership basis of ₹ 102.37 crore (previous year - ₹ 102.37 crore) and ₹ 19.41 crore (previous year - ₹ 17.80 crore) being accumulated depreciation thereon and cost of shares in co-operative societies are ₹ 12,630 (previous year - ₹ 12,630).  
ii) ₹ 29.77 crore (previous year - ₹ 28.86 crore) being cost of roads constructed by the Company, the ownership of which vests with the Government / Local Authorities and ₹ 19.53 crore (previous year - ₹ 14.46 crore) being accumulated depreciation thereon.
- (b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
- (c) i) Includes ₹ 6.43 crore (previous year - ₹ 6.43 crore) being cost of railway wagons given on lease to the railway under 'Own Your Wagon Scheme' and ₹ 6.43 crore (previous year - ₹ 6.43 crore) being accumulated depreciation thereon.  
ii) Includes ₹ 99.92 crore (previous year - ₹ 99.92 crore) being cost of power lines incurred by the Company, the ownership of which vests with the State Electricity Boards and ₹ 32.17 crore (previous year - ₹ 29.96 crore) being accumulated depreciation thereon.
- (d) Includes ₹ 18.10 crore (previous year - ₹ 18.10 crore) being cost of railway sidings constructed by the Company, the ownership of which vests with the Railway authorities and ₹ 8.12 crore (previous year - ₹ 6.35 crore) being accumulated depreciation thereon.
- (e) Includes ₹ 2,827.48 crore (previous year ₹ Nil) being goodwill pursuant to amalgamation of HIPL with the Company (Refer note 47)
- (f) Includes :  
i) ₹ Nil (previous year ₹ 161.53 crore) being depreciation adjusted in "Surplus in the Statement of Profit and Loss". (Refer note 49)  
ii) ₹ 2,591.85 crore (previous year ₹ Nil) being amortisation of goodwill arising on amalgamation of HIPL adjusted in "Surplus in the Statement of Profit and Loss". (Refer note 47)  
iii) ₹ 0.15 crore (previous year - ₹ Nil) capitalised as pre-operative expenses.

## Notes to Financial Statements (Contd.)

	As at		As at	
	₹ in crore	31.12.2016 ₹ in crore	31.12.2015 ₹ in crore	31.12.2015 ₹ in crore
<b>11. Non-current investments</b>				
<b>Quoted</b>				
<b>Trade investments (valued at cost, unless stated otherwise)</b>				
<b>Investment in subsidiary</b>				
In fully paid equity shares				
<b>93,984,120</b> (-) equity shares of ₹ 10 each in ACC Limited (Refer note 47)		<b>11,737.80</b>		-
<b>Unquoted</b>				
<b>Trade investments (valued at cost, unless stated otherwise)</b>				
<b>Investment in subsidiaries</b>				
In fully paid equity shares				
- (100,000) equity shares of ₹ 10 each in Kakinada Cements Limited (Liquidated during the current year) .....	-			0.10
Less: Provision for diminution in value of investment.....	-			0.10
	-			-
<b>750,000</b> (750,000) equity shares of ₹ 10 each in M.G.T. Cements Private Limited.....	<b>3.05</b>			3.05
<b>5,140,000</b> (5,139,990) equity shares of ₹ 10 each in Chemical Limes Mundwa Private Limited .....	<b>6.47</b>			6.47
<b>2,501,000</b> (2,501,000) equity shares of ₹ 10 each in OneIndia BSC Private Limited (Refer note 50).....	<b>2.50</b>			2.50
<b>2,029,135</b> (2,029,135) equity shares of Nepalese Rupees 100 each in Dang Cement Industries Private Limited .....	<b>24.75</b>			24.75
<b>2,075,383</b> (2,075,383) equity shares of ₹ 10 each in Dirk India Private Limited (Refer note 48).....	<b>23.03</b>			23.03
		<b>59.80</b>		59.80
<b>Investment in joint ventures (Refer note 40)</b>				
<b>4,010,002</b> (4,010,002) equity shares of ₹ 10 each in Counto Microfine Products Private Limited .....	<b>10.00</b>			10.00
<b>1,227,150</b> (1,227,150) equity shares of ₹ 10 each in Wardha Vaalley Coal Field Private Limited .....	<b>1.23</b>			1.23
Less: Provision for diminution in value of investment.....	<b>1.23</b>			1.23
	-			-
<b>7,500,000</b> (7,500,000) 13.00% compulsorily convertible preference shares of ₹ 10 each in Counto Microfine Products Private Limited.....	<b>7.50</b>			7.50
		<b>17.50</b>		17.50
<b>Other investments (valued at cost, unless stated otherwise)</b>				
<b>Government and trust securities</b>				
National Savings Certificate ₹ 36,500 (previous year - ₹ 36,500) deposited with Government department as security	-			-
<b>Equity shares</b>				
In fully paid equity shares				
<b>1,000,000</b> (1,000,000) equity shares of ₹ 10 each in Gujarat Goldcoin Ceramics Limited .....	<b>1.00</b>			1.00
Less: Provision for diminution in value of investment.....	<b>1.00</b>			1.00
	-			-
<b>Public sector bonds</b>				
<b>296</b> (296) 5.13% taxable redeemable bonds of ₹ 1,000,000 each of Himachal Pradesh Infrastructure Development Bonds .....	<b>29.60</b>			29.60
		<b>29.60</b>		29.60
<b>Total</b> .....		<b>11,844.70</b>		106.90

	Book value as at		Market value as at	
	31.12.2016 ₹ in crore	31.12.2015 ₹ in crore	31.12.2016 ₹ in crore	31.12.2015 ₹ in crore
Aggregate amount of quoted investments.....	<b>11,737.80</b>	-	<b>12,435.70</b>	-
Aggregate amount of unquoted investments .....	<b>109.13</b>	109.23	-	-
Less: aggregate provision for diminution in value of investments .....	<b>2.23</b>	2.33	-	-
<b>Total</b> .....	<b>11,844.70</b>	106.90	<b>12,435.70</b>	-

## Notes to Financial Statements (Contd.)

	Non-current		Current	
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>12. Loans and advances</b>				
<b>Unsecured, considered good</b>				
Capital advances.....	330.07	372.35	-	-
Security and other deposit (Refer note 27(I)(iv)).....	230.17	212.26	-	-
Inter corporate deposits, loans and advances to related parties (Refer note 29 (2)(A to D) & note 45)	12.06	10.20	31.27	32.88
Deposit given to Housing Development Finance Corporation Limited.....	-	-	100.00	100.00
Income tax advances (net of provisions).....	70.43	79.79	-	-
Advances recoverable in cash or kind.....	39.91	46.11	227.65	203.38
	<b>682.64</b>	<b>720.71</b>	<b>358.92</b>	<b>336.26</b>
<b>Unsecured, considered doubtful</b>				
Capital advances.....	6.33	4.86	-	-
Inter corporate deposits, loans and advances to related parties (Refer note 29 (2)(A to D) & note 45)	0.83	0.83	-	-
Advances recoverable in cash or kind.....	7.06	7.16	-	-
	<b>14.22</b>	<b>12.85</b>	-	-
Less : Provision for doubtful advances.....	14.22	12.85	-	-
	-	-	-	-
Total .....	<b>682.64</b>	<b>720.71</b>	<b>358.92</b>	<b>336.26</b>
<b>13. Trade receivable and other assets</b>				
<b>13.1 Trade receivables</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good .....	-	-	1.60	1.31
Unsecured, considered good.....	-	-	12.08	12.41
Unsecured, considered doubtful.....	-	-	5.30	8.38
	-	-	<b>18.98</b>	<b>22.10</b>
Less : Provision for doubtful receivables.....	-	-	5.30	8.38
	-	-	<b>13.68</b>	<b>13.72</b>
<b>Others</b>				
Secured, considered good .....	-	-	113.47	78.22
Unsecured, considered good.....	-	-	172.93	194.42
	-	-	<b>286.40</b>	<b>272.64</b>
Total .....	-	-	<b>300.08</b>	<b>286.36</b>
<b>13.2 Other assets</b>				
<b>Unsecured, considered good</b>				
Incentives receivable under Government incentive Schemes .....	272.09	256.52	8.48	29.63
Non-current bank balance (Refer note 16).....	47.18	23.05	-	-
Interest accrued on fixed deposit.....	-	-	13.49	20.94
Interest accrued on investments .....	-	-	1.11	1.11
Interest accrued on loan to subsidiary.....	-	-	8.51	8.48
Assets awaiting disposal (lower of carrying value and estimated net realisable value) .....	-	-	0.06	0.85
Others .....	-	-	2.87	1.90
	<b>319.27</b>	<b>279.57</b>	<b>34.52</b>	<b>62.91</b>
<b>Unsecured, considered doubtful</b>				
Incentives receivable under Government incentive Schemes .....	31.84	31.84	-	-
Less : Provision.....	31.84	31.84	-	-
	-	-	-	-
Total .....	<b>319.27</b>	<b>279.57</b>	<b>34.52</b>	<b>62.91</b>

## Notes to Financial Statements (Contd.)

	As at 31.12.2016		As at 31.12.2015	
	Numbers	₹ in crore	Numbers	₹ in crore
<b>14. Current investments</b>				
<b>(valued at lower of cost and fair value, unless stated otherwise)</b>				
<b>Unquoted mutual funds, fully paid-up :</b>				
<b>Unit of Face Value ₹ 10 each</b>				
JM High Liquidity Fund (Direct) - Growth Option....	4,570,968.86	20.00	-	-
Sundaram Money Fund - Direct Plan Growth .....	8,897,008.23	30.00	31,290,429.77	95.00
<b>Unit of Face Value ₹ 100 each</b>				
Birla Sun Life Cash Plus - Growth - Direct Plan .....	3,891,909.23	100.00	5,420,766.00	123.22
DHFL Pramerica Insta Cash Plus Fund - Direct Plan - Growth (previously DWS Insta Cash Plus Fund).....	2,887,483.43	60.00	7,096,770.90	131.05
ICICI Prudential Liquid - Direct Plan - Growth .....	2,746,395.32	65.01	6,388,784.68	133.89
<b>Unit of Face Value ₹ 1,000 each</b>				
Axis Liquid Fund - Direct Growth .....	366,711.41	65.00	828,210.14	131.55
Baroda Pioneer Liquid Fund - Plan B- Growth .....	190,401.46	35.00	812,555.25	134.91
DSP BlackRock Liquidity Fund - Direct Plan - Growth	109,337.43	25.00	621,157.56	130.00
IDFC Cash Fund - Growth - (Direct Plan) .....	206,017.10	65.00	716,703.48	124.02
HDFC Liquid Fund - Direct Plan - Growth .....	360,293.76	70.00	480,806.88	137.39
IDBI Liquid Fund - Direct Plan - Growth.....	145,999.94	25.00	712,984.60	110.64
Kotak Liquid Scheme Plan A - Direct Plan - Growth	154,211.99	50.00	427,821.59	124.96
L&T Liquid Fund Direct Plan - Growth .....	319,275.25	70.00	637,657.68	129.06
LIC Liquid Fund Direct Plan - Growth.....	241,442.84	70.00	-	-
Reliance Liquidity Fund - Direct Plan - Growth .....	228,236.53	55.01	616,566.76	136.87
Invesco India Liquid Fund - Direct Plan Growth .....	318,047.66	70.00	621,675.08	123.32
SBI Premier Liquid Fund - Direct Plan - Growth .....	239,030.71	60.00	599,058.48	134.71
Tata Liquid Fund Direct Plan - Growth .....	84,774.37	25.00	305,266.12	81.22
Union KBC Liquid Fund - Direct Plan - Growth .....	93,840.80	15.00	-	-
UTI - Liquid Cash Plan - Institutional - Direct Plan - Growth.....	343,706.55	90.00	588,615.06	137.42
<b>Total * .....</b>		<b>1,065.02</b>		<b>2,119.23</b>

\* Aggregate amount of unquoted investments

	As at	As at
	31.12.2016	31.12.2015
	₹ in crore	₹ in crore
<b>15. Inventories</b>		
<b>(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower)</b>		
Raw materials (including in transit - ₹ 1.26 crore; previous year - ₹ 1.14 crore) .....	65.82	62.14
Work-in-progress.....	207.68	203.78
Finished goods.....	110.91	84.62
Stores and spares (including in transit - ₹ 5.29 crore; previous year - ₹ 3.51 crore) ....	206.92	194.55
Coal and fuel (including in transit - ₹ 37.14 crore; previous year - ₹ 0.61 crore).....	331.90	336.83
Packing materials (including in transit - ₹ 0.09 crore; previous year - ₹ 0.26 crore)....	14.31	13.53
<b>Total .....</b>	<b>937.54</b>	<b>895.45</b>



## Notes to Financial Statements (Contd.)

	Non-current		Current	
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>16. Cash and bank balances</b>				
<b>Cash and cash equivalents :</b>				
Balances with banks :				
In current accounts.....	-	-	207.23	155.01
Deposit with original maturity upto 3 months .....	-	-	1,022.85	2,633.00
	-	-	1,230.08	2,788.01
Cash on hand.....	-	-	0.03	0.22
Earmarked balances with banks.....	-	-	24.74	24.25
	-	-	1,254.85	2,812.48
<b>Other bank balances :</b>				
Fixed deposit with banks *				
Original maturity more than 3 months and upto 12 months .....	-	-	158.02	35.91
Original maturity more than 12 months .....	47.18	23.05	-	-
	47.18	23.05	158.02	35.91
Less : Amount disclosed under non-current asset (Refer note 13.2) .....	47.18	23.05	-	-
	-	-	158.02	35.91
Total .....	-	-	1,412.87	2,848.39

\* Given as security against bank guarantees and others.

	2016 ₹ in crore	2015 ₹ in crore
<b>17. Other operating revenues</b>		
Sale of Power.....	0.22	0.26
Provisions no longer required written back .....	7.14	19.28
Sale of scrap (net of excise duty).....	22.74	23.43
Insurance Claims.....	14.69	5.47
Miscellaneous income .....	62.63	44.66
Total .....	107.42	93.10
<b>18. Other income</b>		
Interest income on		
Bank deposits .....	166.68	186.50
Long-term investments .....	1.52	1.52
Income tax refund.....	0.05	-
Others .....	9.67	10.93
	177.92	198.95
Profit on sale of current investments.....	203.19	148.20
Dividend income from subsidiary company .....	159.72	-
Dividend income from joint venture company .....	1.24	-
Others (Refer note 43(a)).....	34.16	11.04
Total .....	576.23	358.19

## Notes to Financial Statements (Contd.)

	2016 ₹ in crore	2015 ₹ in crore
<b>19. Cost of raw material consumed (Refer note 42)</b>		
Opening stock .....	62.14	63.33
Add: purchases .....	780.36	795.92
Less: closing stock.....	65.82	62.14
Total .....	<u>776.68</u>	<u>797.11</u>
<b>Break-up of raw materials consumed</b>		
Fly ash .....	375.49	344.20
Gypsum .....	183.50	217.20
Others* .....	217.69	235.71
Total .....	<u>776.68</u>	<u>797.11</u>
* includes no item which in value individually accounts for 10 percent or more of the total value of raw materials consumed.		
<b>20. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Closing stock :		
Work-in-progress.....	207.68	203.78
Finished goods.....	110.91	84.62
Stock-in-Trade.....	-	-
	<u>318.59</u>	<u>288.40</u>
Opening stock :		
Work-in-progress.....	203.78	225.83
Finished goods.....	84.62	86.99
Stock-in-Trade.....	-	0.97
	<u>288.40</u>	<u>313.79</u>
(Increase) / Decrease.....	<u>(30.19)</u>	<u>25.39</u>
<b>21. Employee benefits expense</b>		
Salaries and wages .....	497.59	510.44
Contribution to provident and other funds .....	54.25	36.47
Staff welfare expenses .....	41.88	42.61
Total .....	<u>593.72</u>	<u>589.52</u>
<b>22. Freight and forwarding expenses (Refer note 42)</b>		
On internal material transfer .....	583.03	634.48
On finished products.....	1,889.81	1,875.20
Total .....	<u>2,472.84</u>	<u>2,509.68</u>
<b>23. Finance costs</b>		
Interest :		
On Income tax (net of interest income on refund ₹ 51.80 crore; previous year - ₹ 61.30 crore) .....	26.73	53.03
Others .....	44.75	38.76
Total .....	<u>71.48</u>	<u>91.79</u>
<b>24. Depreciation and amortisation expense (Refer note 47 &amp; 49)</b>		
Depreciation on tangible assets .....	614.49	625.64
Amortisation on intangible assets .....	235.64	0.02
Total .....	<u>850.13</u>	<u>625.66</u>

## Notes to Financial Statements (Contd.)

	2016	2015
	₹ in crore	₹ in crore
<b>25. Other expenses</b>		
Royalty and cess .....	233.78	231.69
Stores and spares consumed .....	286.23	302.47
Packing materials consumed .....	317.82	348.73
Repairs and maintenance :		
Building.....	10.72	12.35
Plant and machinery .....	138.92	139.37
Others .....	19.23	15.73
	<u>168.87</u>	<u>167.45</u>
Excise duty :		
Excise duty on captive consumption of clinker .....	27.94	29.97
Excise duty variation on opening / closing stock .....	5.93	(0.34)
	<u>33.87</u>	<u>29.63</u>
Rent (Refer note 41).....	34.06	31.71
Rates and taxes.....	100.50	95.44
Insurance.....	21.55	17.75
Technology and Know-How fee (net of recovery) .....	90.80	92.43
Advertisement and publicity .....	76.45	86.70
Discount on sales.....	43.21	44.45
Donation (Refer note 44).....	60.30	39.46
Loss on assets sold, discarded and written off (net) .....	5.93	25.85
Miscellaneous expenses* .....	468.47	441.42
Total .....	<u>1,941.84</u>	<u>1,955.18</u>
* Miscellaneous expenses include payment to auditors (excluding service tax)		
Statutory auditor		
as auditor.....	3.23	2.81
for other services.....	0.07	0.14
for reimbursement of expenses .....	0.17	0.18
	<u>3.47</u>	<u>3.13</u>
Cost auditor		
as auditor.....	0.06	0.06
for reimbursement of expenses .....	0.03	0.02
	<u>0.09</u>	<u>0.08</u>
	<u>3.56</u>	<u>3.21</u>
Total .....	<u>3.56</u>	<u>3.21</u>

## Notes to Financial Statements (Contd.)

	2016	2015
	₹ in crore	₹ in crore
<b>26. Earnings per equity share :</b>		
(i) Profit attributable to equity shareholders for basic and diluted EPS.....	970.09	807.56
(ii) Weighted average number of equity shares for basic EPS.....	1,985,645,229	1,551,188,572
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992.....	288,377	282,985
Weighted average number of shares for diluted EPS.....	1,985,933,606	1,551,471,557
(iii) Nominal value of equity share (in ₹).....	2.00	2.00
(iv) Earnings per equity share (in ₹)		
Basic .....	4.89	5.21
Diluted .....	4.88	5.21
	As at	As at
	31.12.2016	31.12.2015
	₹ in crore	₹ in crore
<b>27. Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>(I) Contingent liabilities and Claims against the Company not acknowledged as debts related to *</b>		
(i) Labour.....	26.83	23.47
(ii) Land .....	21.20	17.64
(iii) Royalty on Limestone <sup>1</sup> .....	-	143.12
(iv) Sales tax <sup>2</sup> .....	268.84	267.64
(v) Excise and Customs .....	66.27	67.99
(vi) Demand from Competition Commission of India <sup>3</sup> .....	1,236.08	-
(vii) Collector of Stamps <sup>4</sup> .....	287.88	-
(viii) Others .....	123.92	154.01
	<b>2,031.02</b>	<b>673.87</b>

\* In respect of these items, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

1 Royalty on limestone represents additional royalty, consequent to the order passed by Madhya Pradesh State Mining Department, based on the ratio of 1.6 tonnes of limestone to 1.0 tonne of cement produced at its factory in Chhattisgarh. Subsequent to year end, the Hon'ble High Court of Chhattisgarh, Bilaspur has ruled the matter in favour of the Company.

2 Includes a matter relating to 75% exemption from sales tax granted by Government of Rajasthan. However, the eligibility of exemption in excess of 25% was contested by the State Government in a similar matter of another Company. In year 2014, pursuant to the unfavourable decision of the Supreme Court in that similar matter, the sales tax department has initiated proceedings for recovery of differential sales tax and interest thereon on the ground that the Company had given an undertaking to deposit the differential amount of sales tax, in case the Supreme Court's decision goes against the matter referred above. Against the total demand of ₹ 247.97 crore (including interest of ₹ 134.45 crore), the Company has deposited an amount of ₹ 143.52 crore (including interest ₹ 30.00 crore) (previous year ₹ 143.52 crore, including interest ₹ 30.00 crore), towards sales tax under protest and filed a Special Leave Petition in the Supreme Court with one of the ground that the tax exemption was availed by virtue of the order passed by the Board for Industrial & Financial Reconstruction (BIFR) during the relevant period. On Company's petition, the Hon'ble Supreme Court has granted an interim stay on the balance interest. Based on the advice of external legal counsel, the Company believes that, it has good grounds for a successful appeal. Accordingly, no provision is considered necessary.

## Notes to Financial Statements (Contd.)

- 3 a) In 2012, the Competition Commission of India (CCI) issued an order imposing penalty on certain cement manufacturers, including the Company concerning alleged contravention of the provisions of the Competition Act, 2002 and imposed a penalty of ₹ 1,163.91 crore on the Company. On Company's appeal, Competition Appellate Tribunal (COMPAT), initially stayed the penalty and by its final order dated 11th December, 2015, set aside the order of the CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order. After hearing the matter afresh, the CCI has again, by its order dated 31st August, 2016, imposed a penalty of ₹ 1,163.91 crore on the Company. The Company has filed an appeal against the said Order with the COMPAT. The COMPAT, vide its order dated 21st November, 2016 has stayed the penalty with a condition to deposit 10% of the penalty amount which has been deposited. Pending final disposal of the appeal, the matter has been disclosed as contingent liability along with with interest of ₹ 42.33 crore.
- b) In a separate matter, pursuant to a reference filed by the Director, Supplies and Disposals, Government of Haryana, the CCI by its Order dated 19th January, 2017 has imposed a penalty of ₹ 29.84 crore on the Company. The Company is in the process of filing an appeal before COMPAT against the said Order.

Based on the advice of external legal counsels, the Company believes it has good grounds on merit for a successful appeal in both the aforesaid matters. Accordingly, no provision is considered necessary.

- 4 The Collector of Stamps, Delhi vide its Order dated 7th August, 2014, directed erstwhile Holcim (India) Private Limited (HIPL), (now merged with the Company), to pay stamp duty (including penalty) of ₹ 287.88 crore (previous year ₹ Nil) on the merger order passed by Hon'ble High Court of Delhi, approving the merger of erstwhile Ambuja Cement India Private Limited with HIPL. HIPL had filed a writ petition and the Hon'ble High Court of Delhi has granted an interim stay. Based on the advice of external legal counsel, the Company believes that it has good grounds for success in writ petition. Accordingly, no provision is considered necessary.

### (II) Commitments

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	293.59	327.26

### 28. Material Demand and dispute considered as "remote" by the Company

One of the Company's Cement manufacturing plants located in Himachal Pradesh was eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured in the said plant. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Company to such deferment on the ground that the Company also manufactures an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was is in the negative list. A demand of ₹ 66.94 crore was raised. The Company filed a writ petition before High Court of Himachal Pradesh against the demand. The case has been admitted and the hearing is in process. The Company believes its case is strong and the demand shall not sustain under law.

### 29. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)

#### 1. Name of related parties

##### A) Names of the related parties where control exists

	Nature of Relationship
(i) LafargeHolcim Limited (Formerly known as Holcim Ltd.), Switzerland .....	Ultimate Holding Company
(ii) Holderfin B.V., Netherlands.....	Intermediate Holding Company
(iii) Holderind Investments Limited, Mauritius .....	Holding Company
(iv) ACC Limited .....	Subsidiary, (erstwhile Fellow Subsidiary) pursuant to amalgamation of Holcim (India) Private Limited with the Company w.e.f.12.08.2016 (Appointed date 01.04.2013)
(v) M.G.T. Cements Private Limited .....	Subsidiary
(vi) Kakinada Cements Limited.....	Subsidiary (Liquidated w.e.f 10.05.2016)
(vii) Chemical Limes Mundwa Private Limited.....	Subsidiary
(viii) Dang Cement Industries Private Limited, Nepal .....	Subsidiary

## Notes to Financial Statements (Contd.)

### 29. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)(Contd.)

#### 1. Name of related parties (Contd.)

<b>A) Names of the related parties where control exists (Contd.)</b>	<b>Nature of Relationship</b>
(ix) Dirk India Private Limited .....	Subsidiary
(x) OneIndia BSC Private Limited .....	Subsidiary (w.e.f.12.08.2016), Joint Venture (w.e.f. 13.08.2015 upto 12.08.2016 )
(xi) Wardha Vaalley Coal Field Private Limited.....	Joint Venture
(xii) Counto Microfine Products Private Limited .....	Joint Venture
(xiii) ACC Mineral Resources Limited.....	Subsidiary of ACC Limited
(xiv) Lucky Minmat Limited .....	Subsidiary of ACC Limited
(xv) National Limestone Company Private Limited .....	Subsidiary of ACC Limited
(xvi) Singhania Minerals Private Limited .....	Subsidiary of ACC Limited
(xvii) Bulk Cement Corporation (India) Limited .....	Subsidiary of ACC Limited
(xviii) Alcon Cement Company Private Limited .....	Associate of ACC Limited
(xix) Asian Concretes and Cements Private Limited .....	Associate of ACC Limited
(xx) Aakaash Manufacturing Company Private Limited .....	Associate of ACC Limited
(xxi) MP AMRL (Semaria) Coal Company Limited.....	Joint Venture of ACC Mineral Resources Limited
(xxii) MP AMRL (Bicharpur) Coal Company Limited.....	Joint Venture of ACC Mineral Resources Limited
(xxiii) MP AMRL (Marki Barka) Coal Company Limited.....	Joint Venture of ACC Mineral Resources Limited
(xxiv) MP AMRL (Morga) Coal Company Limited.....	Joint Venture of ACC Mineral Resources Limited
<b>B) Others with whom transactions have taken place during the year</b>	
<b>(I) Names of other related parties</b>	<b>Nature of Relationship</b>
(a) Holcim (India) Private Limited .....	Fellow Subsidiary amalgamated with the Company w.e.f. 12.08.2016 (Refer note 47)
(b) Holcim (Lanka) Limited, Sri Lanka.....	Fellow Subsidiary (Upto 10.08.2016)
(c) Holcim Group Services Limited, Switzerland .....	Fellow Subsidiary
(d) Holcim Technology Limited, Switzerland .....	Fellow Subsidiary
(e) Holcim Philippines, Inc., Philippines.....	Fellow Subsidiary
(f) Holcim Services (South Asia) Limited .....	Fellow Subsidiary
(g) Holcim Trading FZCO, UAE .....	Fellow Subsidiary
(h) LH Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited) .....	Fellow Subsidiary
(i) Holcim Cement (Bangladesh) Limited, Bangladesh .....	Fellow Subsidiary
(j) Holcim (Romania) S.A., Romania.....	Fellow Subsidiary
(k) LafargeHolcim Energy Solutions S.A.S., France .....	Fellow Subsidiary (w.e.f. 01.07.2015)
(l) Holcim Technology (Singapore) Pte Limited, Singapore.....	Fellow Subsidiary
(m) Thalamar Shipping AG, Switzerland .....	Fellow Subsidiary
(n) Lafarge India Private Limited .....	Fellow Subsidiary (w.e.f. 10.07.2015 and upto 04.10.2016)
(o) Geocycle (Deutschland) Gmbh., Deutschland .....	Fellow Subsidiary
<b>(II) Key Management Personnel</b>	
<b>Name of the related parties</b>	<b>Nature of Relationship</b>
Mr. Ajay Kapur .....	Managing Director & Chief Executive Officer

## Notes to Financial Statements (Contd.)

### 29. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)(Contd.)

#### 2. Details of related party transactions

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>A) Transactions with subsidiaries</b>			
1	Purchase of goods		
	Dirk India Private Limited.....	4.43	4.72
	ACC Limited.....	0.74	4.79
		<b>5.17</b>	<b>9.51</b>
2	Sale of goods		
	ACC Limited.....	25.01	59.18
3	Rendering of services		
	ACC Limited.....	43.80	28.16
4	Interest income		
	Dirk India Private Limited.....	5.11	5.11
	Chemical Limes Mundwa Private Limited.....	0.08	0.04
	ACC Limited.....	-	0.02
		<b>5.19</b>	<b>5.17</b>
5	Receiving of services		
	Dirk India Private Limited.....	11.15	14.88
	ACC Limited.....	45.55	43.67
	OneIndia BSC Private Limited .....	20.76	-
		<b>77.46</b>	<b>58.55</b>
6	Dividend Received		
	ACC Limited.....	159.72	-
7	Other recoveries		
	Dirk India Private Limited.....	0.11	0.07
	ACC Limited.....	5.98	1.67
		<b>6.09</b>	<b>1.74</b>
8	Other payments		
	ACC Limited.....	1.19	-
9	Inter corporate deposits and loans given		
	Chemical Limes Mundwa Private Limited.....	0.25	0.50
10	Loans / inter corporate deposits given outstanding at the year end		
	Dirk India Private Limited.....	42.58	42.58
	Chemical Limes Mundwa Private Limited.....	0.75	0.50
		<b>43.33</b>	<b>43.08</b>
11	Equity contribution		
	OneIndia BSC Private Limited.....	-	2.50
12	Amount receivable at the year end		
	Dirk India Private Limited.....	8.48	8.46
	Chemical Limes Mundwa Private Limited.....	0.07	0.04
	ACC Limited.....	4.18	30.64
		<b>12.73</b>	<b>39.14</b>
13	Amounts payable at the year end		
	Dirk India Private Limited.....	4.81	5.46
	ACC Limited.....	2.95	23.30
	OneIndia BSC Private Limited .....	2.98	-
		<b>10.74</b>	<b>28.76</b>

## Notes to Financial Statements (Contd.)

29. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)(Contd.)

### 2. Details of related party transactions (Contd.)

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>B) Transactions with fellow subsidiaries</b>			
1	Purchase of goods		
	LafargeHolcim Energy Solutions S.A.S., France .....	<b>132.29</b>	-
2	Sale of goods		
	LH Trading Pte Limited, Singapore .....	<b>31.11</b>	4.81
	Lafarge India Private Limited .....	<b>31.10</b>	17.94
		<b>62.21</b>	22.75
3	Rendering of services		
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	-	0.05
	Holcim Technology Limited, Switzerland .....	-	0.86
		-	0.91
4	Receiving of services		
	Holcim Group Services Limited, Switzerland .....	<b>6.76</b>	2.75
	Holcim Technology Limited, Switzerland .....	<b>90.34</b>	92.44
	Holcim Technology (Singapore) Pte Limited, Singapore .....	-	0.02
	Holcim Services (South Asia) Limited .....	<b>38.33</b>	43.17
	LH Trading Pte Limited, Singapore .....	-	2.17
	Thalamar Shipping AG, Switzerland .....	<b>3.71</b>	-
		<b>139.14</b>	140.55
5	Other recoveries		
	Holcim (Lanka) Limited, Sri Lanka .....	<b>0.38</b>	0.18
	Holcim Services (South Asia) Limited .....	<b>0.73</b>	-
	Holcim Technology Limited, Switzerland .....	<b>0.28</b>	0.79
	LH Trading Pte Limited, Singapore .....	<b>0.12</b>	0.08
	LafargeHolcim Energy Solutions S.A.S., France .....	<b>0.03</b>	-
		<b>1.54</b>	1.05
6	Other payments		
	LH Trading Pte Limited, Singapore .....	-	4.02
	Holcim (Lanka) Limited, Sri Lanka .....	<b>0.05</b>	0.01
	LafargeHolcim Energy Solutions S.A.S., France .....	<b>1.50</b>	-
	Geocycle (Deutschland) Gmbh., Deutschland .....	<b>0.01</b>	-
	Holcim Technology Limited, Switzerland .....	<b>0.16</b>	-
		<b>1.72</b>	4.03
7	Amounts receivable at the year end		
	Holcim (Lanka) Limited, Sri Lanka .....	-	0.18
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	-	0.05
	Holcim Technology Limited, Switzerland .....	-	0.33
	Lafarge India Private Limited .....	-	11.21
		-	11.77
8	Amounts payable at the year end		
	Holcim Technology Limited, Switzerland .....	<b>19.53</b>	21.08
	Holcim Philippines, Inc., Philippines .....	<b>0.02</b>	0.02
	Holcim Technology (Singapore) Pte Limited, Singapore .....	-	0.02
	Holcim Services (South Asia) Limited .....	<b>0.34</b>	8.67
	Holcim (Romania) S.A., Romania .....	<b>0.03</b>	0.03
	Holcim Trading FZCO, UAE .....	<b>0.18</b>	0.17
	Holcim Group Services Limited, Switzerland .....	<b>0.04</b>	-



## Notes to Financial Statements (Contd.)

29. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)(Contd.)

### 2. Details of related party transactions (Contd.)

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>B) Transactions with fellow subsidiaries (Contd.)</b>			
	Geocycle (Deutschland) Gmbh., Deutschland.....	0.01	-
	LafargeHolcim Energy Solutions S.A.S., France .....	38.07	-
		<b>58.22</b>	29.99
9	Dividend paid Holcim (India) Private Limited .....	-	72.32
<b>C) Transactions with Holding Company</b>			
1	Dividend paid Holderind Investments Limited, Mauritius .....	176.30	302.23
2	Acquisition of equity shares Holderind Investments Limited, Mauritius (Refer note 47) .....	3,500.27	-
3	Issue of equity shares (including premium) Holderind Investments Limited, Mauritius (Refer note 47) .....	11,084.07	-
<b>D) Transactions with joint ventures</b>			
1	Sale of fixed assets Counto Microfine Products Private Limited .....	0.01	-
2	Rendering of services Counto Microfine Products Private Limited .....	1.91	1.78
3	Dividend Received Counto Microfine Products Private Limited .....	1.24	-
4	Inter corporate deposits and loans given Wardha Vaalley Coal Field Private Limited.....	-	0.30
5	Interest income Wardha Vaalley Coal Field Private Limited.....	0.14	0.12
6	Loans / inter corporate deposits given outstanding at the year end Wardha Vaalley Coal Field Private Limited.....	0.83	0.83
7	Guarantees given outstanding at the year end Wardha Vaalley Coal Field Private Limited.....	-	7.14
8	Amounts receivable at the year end Wardha Vaalley Coal Field Private Limited..... Counto Microfine Products Private Limited .....	0.29 0.45	0.17 0.75
		<b>0.74</b>	0.92
<b>E) Transactions with key management personnel*</b>			
1	Remuneration Mr. Ajay Kapur .....	5.56	6.35
2	Amounts payable at the year end Mr. Ajay Kapur .....	-	0.57

\* This does not include performance incentive to Managing Director & Chief Executive Officer for the year 2016, pending finalization.

## Notes to Financial Statements (Contd.)

### 30. Employment benefits :

#### a) Defined Contribution Plans

Defined Contribution Plans - Amount recognised and included in note 21 "Contributions to Provident and other Funds" of Statement of Profit and Loss ₹ 27.12 crore (previous year - ₹ 27.52 crore).

#### b) Defined Benefit Plans - as per actuarial valuation

Funded plan includes gratuity benefit to every employee who has completed service of five years or more, at 15 days salary for each completed year of service (on last drawn basic salary).

Other non funded plan include death & disability benefit, non-funded gratuity and post employment healthcare benefits to certain employees.

Summary of the components of net benefit / expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the respective plans:

Particulars	2016 ₹ in crore		2015 ₹ in crore	
	Funded	Other non funded	Funded	Other non funded
I Expense recognised in the financial statement				
1 Current service Cost .....	9.08	0.87	9.34	0.89
2 Interest cost .....	8.90	1.25	8.84	1.13
3 Past service cost .....	-	-	-	-
4 Expected return on plan assets .....	(9.95)	-	(9.58)	-
5 Actuarial (gains)/ losses.....	10.57	(6.97)	(5.06)	0.06
6 Total expenses recognised in the Statement of Profit and Loss .....	18.60	(4.85)	3.53	2.08
7 Total expenses capitalised .....	-	-	0.01	-
II Net Asset / (Liability) recognised in the Balance Sheet				
1 Present value of defined benefit obligation	139.34	10.99	118.42	16.02
2 Fair value of plan assets.....	125.43	-	117.02	-
3 Funded status [surplus / (deficit)] .....	(13.91)	(10.99)	(1.40)	(16.02)
4 Net asset / (liability).....	(13.91)	(10.99)	(1.40)	(16.02)
III Change in obligation during the year				
1 Present value of defined benefit obligation at the beginning of the year .....	118.42	16.02	116.79	14.10
2 Current service cost .....	9.08	0.87	9.34	0.89
3 Interest cost .....	8.90	1.25	8.84	1.13
4 Past service cost .....	-	-	-	-
5 Actuarial (gains) / losses.....	11.03	(6.97)	(5.10)	0.06
6 Benefits payments.....	(8.29)	(0.18)	(11.45)	(0.16)
7 Net transfer in on account of business combinations.....	0.20	-	-	-
8 Present value of defined benefit obligation at the end of the year .....	139.34	10.99	118.42	16.02
IV Change in assets during the year				
1 Plan assets at the beginning of the year .....	117.02	-	117.93	-
2 Expected return on plan assets .....	9.95	-	9.58	-
3 Contribution by employer .....	6.29	-	1.00	-
4 Actual benefit paid .....	(8.29)	-	(11.45)	-
5 Actuarial gains / (losses).....	0.46	-	(0.04)	-
6 Plan assets at the end of the year .....	125.43	-	117.02	-
7 Actual return on plan assets.....	10.41	-	9.54	-
V Expected contribution to gratuity fund in the next year .....	13.00	-	9.00	-

## Notes to Financial Statements (Contd.)

### 30. Employment benefits : (Contd.)

Particulars	2016 ₹ in crore		2015 ₹ in crore		
	Funded	Other non funded	Funded	Other non funded	
VI Effect of one percentage point change in the assumed medical inflation rate :					
1% Increase on aggregate service and interest cost .....	-	0.20	-	0.20	
1% Decrease on aggregate service and interest cost .....	-	(0.22)	-	(0.21)	
1% Increase on present value of defined benefit obligation.....	-	1.10	-	1.65	
1% Decrease on present value of defined benefit obligation.....	-	(1.12)	-	(1.45)	
VII The major categories of plan assets as a percentage of total plan					
Qualifying insurance policy with Life Insurance Corporation of India .....	100%	-	100%	-	
VIII Actuarial assumptions:	As at 31.12.2016		As at 31.12.2015		
1 Discount rate .....	7.05% p.a.		7.90% p.a.		
2 Expected rate of return on plan assets.....	8.50% p.a.		8.50% p.a.		
3 Mortality .....	LIC (2006-08) mortality tables		LIC (2006-08) mortality tables		
4 Turnover rate.....	Age 21-44 - 2%, Age 45 -57 - 1%		Age 21-44 - 2%, Age 45 -57 - 1%		
5 Medical premium inflation.....	12% p.a. in the first 5 years and 8% thereafter		12% p.a. in the first 5 years and 8% thereafter		
6 Salary escalation.....	7% p.a.		7% p.a.		
IX Basis used to determine expected rate of return on assets:					
The Company has considered the current level of returns declared on its insurance policy, i.e. 8.50% to develop the expected long-term return on assets for funded plan of gratuity.					
X The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.					
XI Amount for the current and previous four years are as follows :					
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2014 ₹ in crore	As at 31.12.2013 ₹ in crore	As at 31.12.2012 ₹ in crore
<b>i) Funded</b>					
Defined benefit obligation.....	139.34	118.42	116.79	97.46	95.09
Plan assets.....	125.43	117.02	117.93	94.73	95.09
Surplus / (deficit) .....	(13.91)	(1.40)	1.14	(2.73)	-
Experience adjustments on plan assets .....	0.46	(0.04)	3.29	(0.55)	0.55
Experience adjustments on plan liabilities.....	3.28	(6.07)	2.21	3.64	6.15
<b>ii) Non Funded</b>					
Defined benefit obligation.....	10.99	16.02	14.10	9.56	9.21
Surplus / (deficit) .....	(10.99)	(16.02)	(14.10)	(9.56)	(9.21)
Experience adjustments on plan liabilities.....	(7.79)	0.10	(0.26)	0.24	0.22

## Notes to Financial Statements (Contd.)

### 30. Employment benefits : (Contd.)

- c) Amount recognised as expense in respect of compensated absences is ₹ 11.47 crore (previous year - ₹ 12.02 crore).
- d) Provident fund managed by a trust set up by the Company  
The Company has contributed ₹ 7.72 crore (previous year - ₹ 7.29 crore) towards provident fund liability. Deficit of ₹ 0.73 crore (previous year - ₹ Nil) in the accumulated corpus fund is recognised in the Statement of Profit and Loss.

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Details of the fund and asset position :		
Plan assets at the year end, at fair value.....	116.21	106.57
Present value of benefit obligation at year end.....	116.94	102.40
Net Liability / (Asset) * .....	0.73	(4.17)
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach are :		
Discount rate .....	7.05%	7.90%
Interest rate guarantee.....	8.65%	8.75%
Expected rate of return of assets .....	9.00%	8.73%

\* Only liability is recognised in the books

### 31. Employee stock option Schemes (ESOS) :

- a) The Company has provided various share based payments to its employees. The following Schemes were in operation :

Particulars	2010
a) Date of grant.....	22.04.2010
b) Date of Board approval .....	04.02.2010
c) Date of Shareholders approval .....	05.04.2010
d) Number of options granted .....	9,998,900
e) Method of settlement (cash / equity) .....	Equity
f) Vesting period from the date of grant.....	1 year
g) Exercise period from the date of vesting .....	4 years

- b) The details of activity under the ESOS are as below :

Particulars	2016		2015	
	Number of shares	Weighted average exercise price (₹)	Number of shares	Weighted average exercise price (₹)
a) Outstanding at the beginning of the year ...	-	-	2,344,400	119.00
b) Forfeited during the year .....	-	-	-	-
c) Exercised during the year .....	-	-	2,151,635	119.00
d) Expired during the year .....	-	-	192,765	119.00
e) Outstanding at the end of the year .....	-	-	-	-
f) Exercisable at the end of the year .....	-	-	-	-
g) Weighted average remaining contractual life (in years).....	-	-	-	-

The weighted average share price at the date of exercise for stock option was ₹ Nil (previous year ₹ 242.29)

The weighted average share price for the period over which stock option were exercised was ₹ Nil (previous year ₹ 228.84)

## Notes to Financial Statements (Contd.)

	2016		2015	
	₹ in crore	%	₹ in crore	%
<b>32. (a) Raw materials consumed :</b>				
(i) Imported.....	24.23	3.12	70.52	8.85
(ii) Indigenous.....	752.45	96.88	726.59	91.15
Total .....	776.68	100.00	797.11	100.00
<b>(b) Spares consumed :</b>				
(i) Imported.....	7.80	7.36	5.88	5.36
(ii) Indigenous.....	98.23	92.64	103.87	94.64
Total .....	106.03	100.00	109.75	100.00

	2016	2015
	₹ in crore	₹ in crore
<b>33. CIF value of imports :</b>		
(i) Raw materials.....	8.97	26.74
(ii) Components and spare parts.....	34.66	36.87
(iii) Capital goods.....	73.38	24.87
(iv) Fuels .....	231.56	357.42
<b>34. Expenditure in foreign currency (accrual basis) :</b>		
(i) Know-how .....	90.90	92.44
(ii) Professional Consultation Fees .....	6.07	6.70
(iii) Other matters (including capitalised amount of ₹ 0.01 crore; previous year - ₹ 0.94 crore) .....	10.15	11.39
<b>35. Earnings in foreign exchange (accrual basis) :</b>		
(i) F.O.B. value of exports .....	31.11	4.81
(ii) Royalty, professional and consultation fees .....	0.38	1.01
(iii) Other .....	4.87	4.47
<b>36. Remittances in foreign currency :</b>		
<b>On account of dividend to non-resident shareholders</b>		
(i) Final Dividend		
No. of shareholders.....	168	188
No. of equity shares .....	630,430,359	630,448,726
Amount remitted, net of tax .....	75.65	201.74
Year to which it pertains .....	2015	2014
(ii) Interim Dividend		
No. of shareholders.....	156	176
No. of equity shares .....	630,323,025	630,368,401
Amount remitted, net of tax .....	100.85	100.86
Period to which it pertains .....	2016	2015

## Notes to Financial Statements (Contd.)

	2016 ₹ in crore	2015 ₹ in crore
<b>37. Proposed Dividend :</b>		
The final dividend proposed for the year is as follows :		
On Equity Shares of ₹ 2 each		
Amount of dividend proposed .....	238.28	186.23
Dividend per Equity Share (₹).....	1.20	1.20
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>38. Disclosure of trade payables as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of the suppliers.</b>		
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal .....	0.74	0.52
Interest.....	0.04	-
b) The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year.		
Principal .....	14.80	3.42
Interest.....	0.13	0.03
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified. ....	-	-
d) The amount of interest accrued and remaining unpaid at the end of the year.....	0.04	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 2. ....	-	-

### 39. Unhedged foreign currency exposure :

Particulars	As at 31.12.2016		As at 31.12.2015	
	Foreign Currency	₹ in crore	Foreign Currency	₹ in crore
1 Trade payables and other liabilities				
in CHF.....	12,500	0.08	57,567	0.38
in DKK.....	-	-	38,400	0.04
in EURO.....	203,938	1.46	573,308	4.14
in JPY.....	1,324,519	0.08	3,989,886	0.22
in SEK .....	584	-	86,398	0.07
in SGD .....	-	-	3,254	0.02
in USD .....	8,400,201	57.05	291,859	1.93
2 Trade receivables, loans & advances and other assets				
in USD .....	-	-	52,092	0.34

## Notes to Financial Statements (Contd.)

40. The Company has, the following joint ventures and its proportionate share in the assets, liabilities, income and expenditure of the joint venture companies are given below :

	As on and for the year ended					
	31.12.2016	31.12.2015	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
(a) Name of the Company	Wardha Vaalley Coal Field Private Limited		Counto Microfine Products Private Limited		OneIndia BSC Private Limited (Refer note 50)	
(b) Country of incorporation	India		India		India	
(c) Percentage of share holding.....	27.27%	27.27%	50%	50%	-	50%
(d) Assets :						
Non-current assets.....	-	-	11.73	12.34	-	1.04
Current assets .....	0.16	0.19	6.25	4.92	-	1.08
Total .....	<u>0.16</u>	<u>0.19</u>	<u>17.98</u>	<u>17.26</u>	<u>-</u>	<u>2.12</u>
(e) Liabilities :						
Non-current liabilities .....	-	-	1.23	1.62	-	-
Current liabilities.....	0.68	0.60	2.05	2.71	-	0.71
Total .....	<u>0.68</u>	<u>0.60</u>	<u>3.28</u>	<u>4.33</u>	<u>-</u>	<u>0.71</u>
(f) Income .....	0.01	-	13.27	12.79	-	-
(g) Expenditure .....	0.12	0.16	10.76	10.62	-	1.09

### 41. Operating lease :

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms.

42. The Company is eligible for receipt of transport subsidy on inter-state transport of raw materials, clinker and cement in certain units. Accordingly, the Company has accrued an amount and adjusted against the respective expenses as under :

	2016	2015
	₹ in crore	₹ in crore
(i) Cost of raw materials consumed .....	-	0.34
(ii) Freight and forwarding expenses .....	-	6.80
Total .....	<u>-</u>	<u>7.14</u>

43. (a) Other income includes ₹ 21.04 (previous year ₹ Nil) written back towards interest on income tax relating to earlier years.
- (b) Tax expense for earlier years represents write back upon completion of assessments and change in estimate of allowability of certain deductions.

44. The Company has incurred ₹ 59.37 crore (previous year ₹ 40.98 crore) towards Social Responsibility activities. It is included in different heads of expenses in the Statement of Profit and Loss. Further, no amount has been spent on construction / acquisition of an asset of the Company and the entire amount has been spent in cash. The amount required to be spent under Section 135 of the Companies Act, 2013 for the year 2016 is ₹ 29.78 crore i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013.

## Notes to Financial Statements (Contd.)

45. Disclosure in respect of Loans and advances in the nature of Loans as required under Section 186 of the Companies Act, 2013.

	As at 31.12.2016		As at 31.12.2015	
	Outstanding balance	Maximum balance outstanding during the year	Outstanding balance	Maximum balance outstanding during the year
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Loans and advances in the nature of unsecured loans given to subsidiaries, joint ventures and others :				
(a) Dirk India Private Limited .....	42.58	42.58	42.58	42.58
(For working capital requirement. Repayable over a period of 3 years and carries an interest rate of 12% p.a.)				
(b) Chemical Limes Mundwa Private Limited .....	0.75	0.75	0.50	0.50
(For working capital requirement. Repayable on call basis and carries an interest rate of 12% p.a.)				
(c) Wardha Vaalley Coal Field Private Limited.....	0.83	0.83	0.83	0.83
(For working capital requirement. Repayable on call basis and carries an interest rate of 16.75% p.a. Provision has been made against this loan in the previous year)				
(d) Ambuja Vidya Niketan.....	-	3.75	1.60	1.60
(Loan given to staff of Ambuja Vidya Niketan for financial assistance @16% p.a., repayable in six months from date of disbursement)				

	As at 31.12.2016	As at 31.12.2015
	₹ in crore	₹ in crore
<b>46. Capital work-in-progress includes :</b>		
(a) Machinery-in-transit.....	7.79	7.66
(b) Expenditure during construction for projects as under :		
Opening balance .....	-	9.82
Addition during the year.....	0.08	2.12
	0.08	11.94
Less : Capitalised during the year.....	0.08	11.94
Balance included in capital work-in-progress .....	-	-

47. Amalgamation of Holcim (India) Private Limited ('HIPL') with Ambuja Cement Limited ('the Company'):

- a) HIPL was primarily engaged in the cement business, through its downstream investment in cement manufacturing ventures in India. The Board of Directors and members of the Company had approved the Scheme of amalgamation (the Scheme) between the Company and HIPL from the appointed date, 1st April, 2013. The Scheme was sanctioned by the Hon'ble High Courts of Gujarat and Delhi vide their orders dated 7th April, 2014 and 18th March, 2014, respectively.



## Notes to Financial Statements (Contd.)

- b) On 1st August, 2016, Foreign Investment Promotion Board (FIPB) has approved the transaction for acquisition of 24% equity shares of HIPL by the Company and subsequent merger of HIPL through share swap, being the conditions precedent to the Scheme. Pursuant to FIPB approval, the Scheme came into effect on 12th August, 2016 (effective date) when all the conditions precedent to the Scheme were complied with. Accordingly, HIPL has been amalgamated with the Company on a going concern basis from the effective date. The Company has followed the purchase method of accounting in accordance with Accounting Standard 14, Accounting for Amalgamations, accordingly all the assets and liabilities of HIPL have been transferred to and vested in the Company at their respective fair values on the appointed date.
- Pursuant to above, the Company has :
- purchased 24% equity shares of HIPL for a cash consideration of ₹ 3,500.27 crore;
  - cancelled 150,670,120 equity shares of ₹ 2 each, fully paid up, of the Company held by HIPL; and
  - issued 584,417,928 equity shares of ₹ 2 each, fully paid up to the equity shareholder of HIPL for the remaining 76% equity shares (without consideration being received in cash) and credited an amount of ₹ 10,967.20 crore to securities premium account.
- c) The excess of the consideration viz. fair value of new shares issued and cost of shares in HIPL cancelled over the fair value of net assets taken over and the face value of the shares of the Company cancelled amounting to ₹ 2,827.48 crore has been recognised as goodwill and is amortized over a period of three years from the appointed date in accordance with Accounting Standard AS 14 notified under the Companies Accounting Standards Rules, 2006, as amended.
- d) Consequent to amalgamation, the following adjustments by way of debit / (credit) have been made in the "Surplus in the Statement of Profit and Loss" under "Reserve and surplus":
- ₹ 2,591.85 crore being amortisation of goodwill from the appointed date till 31st December, 2015;
  - ₹ (41.19) crore, being the net surplus in the Statement of Profit and Loss of HIPL from the appointed date till 31st December, 2015;
  - ₹ 199.96 crore, being interim dividend and tax thereon paid by HIPL during the year; and
  - ₹ (74.69) crore being inter Company elimination of dividend paid by the Company and HIPL during the year.
- e) Pursuant to the amalgamation, ACC Limited has become the subsidiary of the Company.
48. During the previous year, the Board of Directors had approved the amalgamation of Dirk India Private Limited, a wholly owned subsidiary, with the Company w.e.f. 1st April, 2015, in terms of the Scheme of amalgamation. During the year, the Board of Directors, in their meeting held on 28th April, 2016, decided not to pursue the Scheme and not to file it with the Hon'ble High Courts for their approval. There is no material implication of this decision on the financial statements of the Company.
49. During the previous year, pursuant to the enactment of the Companies Act 2013 ('the Act'), the Company has, effective 1st January, 2015, reviewed and revised the estimated useful lives of fixed assets, as per the life indicated in the Act. Accordingly, as per the transition provisions of the Act, the Company has adjusted ₹ 106.63 crore (net of tax of ₹ 54.90 crore) in opening balance of "Surplus in the Statement of Profit and Loss" as on 1st January, 2015, in respect of assets, whose useful life is exhausted as at 1st January, 2015. Further, as a result of this change, depreciation for the year ended 31st December, 2015 was higher by ₹ 107.79 crore.
50. During the previous year, the Company had subscribed for ₹ 2.50 crore in equity shares of OneIndia BSC Private Limited (OIBPL). OIBPL was a joint venture Company till previous year, and has now become a subsidiary in the current year, consequent to amalgamation pursuant to which ACC Limited, became a subsidiary of the Company during the year.
51. The Company has only one business segment 'Cement and cement related products' as primary segment. The export turnover is not significant in the context of total turnover of the Company and further the risk and returns are not significantly different from that of India. As such there is only one geographical segment.

## Notes to Financial Statements (Contd.)

52. The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company from financial year commencing on 1st January, 2017. Accordingly, the financial statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.
53. Figures below ₹ 50,000 have not been disclosed.
54. Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current year's classification. Further, the current year figures are not comparable with those of the previous year due to amalgamation of HIPL (Refer note 47).

### Signatures to notes 1 to 54

As per our attached report of even date

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per **Ravi Bansal**  
Partner  
Membership No. 49365

Mumbai, 20th February, 2017

**Suresh Joshi**  
Chief Financial Officer

**Rajiv Gandhi**  
Company Secretary

**N.S. Sekhsaria**  
Chairman & Principal Founder

**Martin Kriegner**  
Director

**Omkar Goswami**  
Director

**Shailesh Haribhakti**  
Director

**Ajay Kapur**  
Managing Director & Chief Executive Officer

For and on behalf of the Board

**Rajendra P. Chitale**  
Chairman - Audit Committee

**B.L. Taparia**  
Director

**Christof Hassig**  
Director

**Haigreve Khaitan**  
Director

# Independent Auditor's Report

To the Members of Ambuja Cements Limited

## Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Ambuja Cements Limited (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and its jointly controlled entities, comprising of the Consolidated Balance Sheet as at December 31, 2016, the Consolidated Statement of Profit and Loss and Consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms with the requirement of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associates and Jointly controlled entities in accordance with accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group, its associates and its jointly controlled entities and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in paragraph (a) of the Other Matters below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements and on other financial information of the subsidiaries, associates and jointly controlled entities, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entities as at December 31, 2016, and their consolidated profit, and their consolidated cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to note 29(l)(vi) to the consolidated financial statements, which describes the following matters:

- a. In terms of order dated August 31, 2016, the Competition Commission of India (CCI) has imposed penalty of ₹ 2,311.50 crore for alleged contravention of the Competition Act, 2002 by the Company and ACC Limited (subsidiary of the Company). The Company and ACC Limited have filed appeals against the CCI order before the Competition Appellate Tribunal (COMPAT). The COMPAT has granted stay on the CCI order on the condition that the Company and ACC Limited deposits 10% of the penalty amounting to ₹ 231.15 crore which has been deposited.
- b. In terms of order dated January 19, 2017, the CCI has imposed penalty of ₹ 65.16 crore pursuant to the reference filed by the Director, Supplies and Disposals, State of Haryana for alleged contravention of the provisions of the Competition Act, 2002 in August 2012 by the Company and ACC Limited.

Based on the advice of external legal counsels, no provision has been considered necessary by the Holding Company and ACC Limited in respect of these matters. Our opinion is not qualified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of report of other auditors on separate financial statements and the other financial information of subsidiaries, associates and jointly controlled entities, as noted in the 'other matter' paragraph, we report, to the extent applicable, that:

- (a) We / the other auditors whose reports we have relied upon, have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit of the aforesaid consolidated financial statements;
- (b) In our opinion proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books and reports of the other auditors;
- (c) The Consolidated Balance Sheet, Consolidated Statement of Profit and Loss, and Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;
- (d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
- (e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2016 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies, associate companies and jointly controlled companies incorporated in India, none of the directors of the Group's companies, its associates and jointly controlled companies incorporated in India is disqualified as on 31st December, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting of the Holding Company and its subsidiary companies, associate companies and jointly controlled companies incorporated in India, refer to our separate report in Annexure 1 to this report;
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditors on separate financial statements as also the other financial information of the subsidiaries, associates and jointly controlled entities, as noted in 'Other matter' paragraph:
  - i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, its associates and jointly controlled entities – Refer note 29 and 30 to the consolidated financial statements;
  - ii. The Group, its associates and jointly controlled entities did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended December 31, 2016.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, associates and jointly controlled companies incorporated in India during the year ended December 31, 2016.

## Other Matter

The accompanying consolidated financial statements include total assets of ₹ 210.41 crore as at December 31, 2016, and total revenues and net cash inflow of ₹ 65.16 crore and ₹ 0.08 crore for the year ended on that date, in respect of nine subsidiaries, and six jointly controlled entities, which have been audited by other auditors, whose financial statements, other financial information and auditor's reports have been furnished to us by the management. The consolidated financial statements also include the Group's share of net profit of ₹ 8.79 crore for the year ended December 31, 2016, as considered in the consolidated financial statements, in respect of three associates, whose financial statements, other financial information have been audited by other auditors and whose reports have been furnished to us by the Management. Our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entities and associates, and our report in terms of sub-sections (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, jointly controlled entities and associates, is based solely on the reports of such other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements above, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal

Partner

Membership Number: 49365

Place of Signature: Mumbai

Date: 20 February 2017

## **ANNEXURE 1 TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF AMBUJA CEMENTS LIMITED**

### **Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Ambuja Cements Limited as of and for the year ended December 31, 2016, we have audited the internal financial controls over financial reporting of Ambuja Cements Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, its associate companies and jointly controlled entities, which are companies incorporated in India, as of that date.

#### **Management's Responsibility for Internal Financial Controls**

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entities, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

#### **Auditor's Responsibility**

Our responsibility is to express an opinion on the company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

## **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly controlled entities, which are companies incorporated in India, have, maintained in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2016, based on the internal control over financial reporting criteria established by the Holding Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting of the Holding Company, in so far as it relates to eight subsidiary companies, three associate companies and six jointly controlled entities, which are companies incorporated in India, is based on the corresponding reports of the auditors of such subsidiary, associate and jointly controlled entities incorporated in India.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per Ravi Bansal  
Partner  
Membership Number: 49365

Place of Signature: Mumbai  
Date: 20 February 2017

# Consolidated Balance Sheet

As at 31st December, 2016

	Note	₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital .....	3	397.13		310.38
Reserves and surplus .....	4	19,148.32		9,961.02
			19,545.45	10,271.40
<b>Minority interest .....</b>			<b>4,377.77</b>	<b>0.72</b>
<b>Non-current liabilities</b>				
Long-term borrowings .....	5	23.58		23.55
Deferred tax liabilities (net) .....	6	1,053.35		565.60
Other long-term liabilities .....	7	7.95		5.99
Long-term provisions .....	8	177.85		36.17
			1,262.73	631.31
<b>Current liabilities</b>				
Short-term borrowings .....	9	0.29		0.30
Trade payables				
Micro enterprises and small enterprises .....	36	8.28		0.52
Others .....		2,142.56		679.32
Other current liabilities .....	10	3,650.87		1,464.88
Short-term provisions .....	8	1,745.01		1,084.51
			7,547.01	3,229.53
<b>TOTAL .....</b>			<b>32,732.96</b>	<b>14,132.96</b>
<b>ASSETS</b>				
<b>Non-current assets</b>				
<b>Fixed assets</b>				
Tangible assets .....	11	13,493.55		6,122.38
Intangible assets .....	11	7,909.68		47.79
Capital work-in-progress .....	41	582.21		416.42
			21,985.44	6,586.59
Non-current investments .....	12	130.53		29.60
Long-term loans and advances .....	13	1,663.36		713.30
Other non-current assets .....	14.2	805.60		282.48
			2,599.49	1,025.38
<b>Current assets</b>				
Current investments .....	15	2,664.55		2,119.23
Inventories .....	16	2,164.56		897.76
Trade receivables .....	14.1	763.53		290.46
Cash and bank balances .....	17	1,696.21		2,853.32
Short-term loans and advances .....	13	772.04		305.72
Other current assets .....	14.2	87.14		54.50
			8,148.03	6,520.99
<b>TOTAL .....</b>			<b>32,732.96</b>	<b>14,132.96</b>

Significant accounting policies..... 2  
The accompanying notes are integral part of the financial statements.

As per our attached report of even date

For and on behalf of the Board

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

**Suresh Joshi**  
Chief Financial Officer

**N.S. Sekhsaria**  
Chairman & Principal Founder

**Rajendra P. Chitale**  
Chairman - Audit Committee

**Rajiv Gandhi**  
Company Secretary

**Martin Krieger**  
Director

**B.L. Taparia**  
Director

per **Ravi Bansal**  
Partner  
Membership No. 49365

**Omkar Goswami**  
Director

**Christof Hassig**  
Director

**Shailesh Haribhakti**  
Director

**Haigreva Khaitan**  
Director

**Ajay Kapur**  
Managing Director & Chief Executive Officer

Mumbai, 20th February, 2017

## Consolidated Statement of Profit and Loss

For the year ended 31st December, 2016

	Note	2016 ₹ in crore	2015 ₹ in crore
<b>Revenue</b>			
Sale of products (gross).....	18	22,893.17	10,691.19
Less : Excise duty.....		<u>2,799.22</u>	<u>1,303.19</u>
Sale of products (net).....		20,093.95	9,388.00
Other operating revenues.....	19	249.88	93.34
Revenue from operations (net).....		<u>20,343.83</u>	<u>9,481.34</u>
Other income.....	20	518.14	353.22
Total revenue.....		<u><u>20,861.97</u></u>	<u><u>9,834.56</u></u>
<b>Expenses</b>			
Cost of raw materials consumed.....	21	2,342.09	801.44
Purchase of Stock-in-Trade.....		90.16	4.20
Changes in inventories of finished goods, work-in-progress and stock-in-trade.....	22	(13.25)	25.40
Employee benefits expense.....	23	1,397.21	594.05
Power and fuel.....		3,996.49	2,057.51
Freight and forwarding expenses.....	24	5,111.92	2,511.78
Finance costs.....	25	140.54	92.47
Depreciation and amortisation expense.....	26	1,463.18	629.76
Other expenses.....	27	4,307.71	1,948.79
		<u>18,836.05</u>	<u>8,665.40</u>
Less : Self consumption of cement (net of excise duty).....		7.68	4.09
Total expenses.....		<u>18,828.37</u>	<u>8,661.31</u>
Profit before exceptional item and tax.....		2,033.60	1,173.25
Exceptional item (Refer note 49).....		38.59	-
Profit before tax.....		<u>1,995.01</u>	<u>1,173.25</u>
Tax expense :			
For the current year			
Current tax (including MAT payable of ₹ 117.70 crore (previous year - ₹ Nil)).....		663.84	334.00
Less: MAT credit entitlement.....		<u>117.70</u>	<u>-</u>
Net current tax expense.....		546.14	334.00
Deferred tax.....		<u>21.33</u>	<u>(24.21)</u>
		<u>567.47</u>	<u>309.79</u>
Relating to earlier years			
Current tax (including MAT payable of ₹ 1.95 crore (previous year - ₹ Nil)).....	40 (b)	14.48	(0.11)
Less: MAT credit entitlement.....		<u>1.95</u>	<u>-</u>
Net current tax expense.....		12.53	(0.11)
Deferred tax.....		<u>(4.00)</u>	<u>55.69</u>
		<u>8.53</u>	<u>55.58</u>
		576.00	365.37
Profit after tax.....		<u>1,419.01</u>	<u>807.88</u>
Share of profit in associates.....		8.79	-
Less : Share of profit attributable to minority interest.....		306.67	-
Profit for the year attributable to the Shareholders of the Company.....		<u><u>1,121.13</u></u>	<u><u>807.88</u></u>
		2016	2015
		₹	₹
Earnings per equity share of ₹ each	28		
Basic.....		5.65	5.21
Diluted.....		5.65	5.21
Significant accounting policies.....	2		

As per our attached report of even date

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

per **Ravi Bansal**  
Partner  
Membership No. 49365

Mumbai, 20th February, 2017

**Suresh Joshi**  
Chief Financial Officer  
**Rajiv Gandhi**  
Company Secretary

**N.S. Sekhsaria**  
Chairman & Principal Founder  
**Martin Kriegner**  
Director  
**Omkar Goswami**  
Director  
**Shailesh Haribhakti**  
Director  
**Ajay Kapur**  
Managing Director & Chief Executive Officer

For and on behalf of the Board

**Rajendra P. Chitale**  
Chairman - Audit Committee  
**B.L. Taparia**  
Director  
**Christof Hassig**  
Director  
**Haigreve Khaitan**  
Director



## Consolidated Cash Flow Statement

For the year ended 31st December, 2016

	2016	2015
	₹ in crore	₹ in crore
<b>Cash flows from operating activities</b>		
Profit before tax.....	1,995.01	1,173.25
Adjustment for :		
Depreciation and amortisation expense.....	1,463.18	629.76
Loss on assets sold, discarded and written off (net) .....	(14.53)	25.84
Dividend income from joint venture company .....	(0.62)	-
Profit on sale of current investments.....	(226.43)	(148.20)
Finance costs.....	140.54	92.47
Interest income.....	(235.44)	(193.98)
Interest on income tax written back (Refer note 40 (a)) .....	(21.04)	-
Provision for slow and non moving spares.....	17.01	5.27
Discounting income on sales tax loan.....	(8.42)	(6.90)
Unrealised exchange (gain) / loss, net .....	(2.68)	0.24
Provisions no longer required written back .....	(30.82)	(19.32)
Inventories written off.....	4.73	6.56
Bad debts, sundry debit balances and claims written off.....	1.09	0.76
Provision for doubtful debts and advances (net).....	48.83	2.35
Other non cash items .....	30.47	13.17
	<u>1,165.87</u>	<u>408.02</u>
<b>Operating profit before working capital changes</b>	<b>3,160.88</b>	<b>1,581.27</b>
Adjustment for :		
Decrease / (Increase) in trade receivables, loans & advances and other assets.....	(115.62)	(93.71)
Decrease / (Increase) in inventories.....	(99.10)	(19.61)
Increase / (Decrease) in trade payables, other liabilities and provisions .....	466.06	130.79
	<u>251.34</u>	<u>17.47</u>
Cash generated from operations .....	3,412.22	1,598.74
Direct taxes paid (net of refunds) .....	(597.15)	(42.19)
<b>Net cash flow from operating activities (A).....</b>	<b><u>2,815.07</u></b>	<b><u>1,556.55</u></b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances .....	(914.52)	(623.74)
Proceeds from sale of fixed assets.....	29.23	4.55
Acquisition of equity shares in HIPL (Refer note 42) .....	(3,500.27)	-
Acquisition of equity shares in subsidiary .....	(13.67)	-
Inter corporate deposits and loans given to joint ventures .....	(0.21)	(0.21)
Payment received against loans given to joint venture .....	5.26	-
Proceeds from sale / maturity of current investments (net) .....	226.43	148.20
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL) .....	(0.01)	(0.01)
Investments in bank deposits (having original maturity of more than three months).....	(281.76)	(5.73)
Redemption / maturity of bank deposits (having original maturity of more than three months) .....	0.05	131.11
Dividend received from joint venture company .....	0.62	-
Dividend received from associates .....	7.64	-
Interest received.....	250.86	201.94
Interest received on Income tax .....	91.56	61.30
<b>Net cash flow used in investing activities (B) .....</b>	<b><u>(4,098.79)</u></b>	<b><u>(82.59)</u></b>
Carried forward .....	<u>(1,283.72)</u>	<u>1,473.96</u>

## Consolidated Cash Flow Statement (Contd.)

	2016	2015
	₹ in crore	₹ in crore
Brought forward.....	(1,283.72)	1,473.96
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including securities premium) .....	-	25.60
Proceeds from issuance of equity share capital (including securities premium) by subsidiary.....	0.23	-
Stamp duty paid on HIPL merger, adjusted in Equity .....	(11.07)	-
Proceeds from long-term borrowings.....	14.13	3.59
Proceeds from short-term borrowings.....	-	0.19
Repayment of long-term borrowings.....	(11.78)	(2.77)
Repayment of short-term borrowings.....	-	(0.04)
Discounting income on pre-payment of sales tax loan .....	8.42	6.90
Interest paid .....	(87.13)	(39.61)
Dividend paid on equity shares.....	(711.82)	(744.35)
Tax on equity dividend paid.....	(161.76)	(149.70)
<b>Net cash flow used in financing activities (C).....</b>	<b>(960.78)</b>	<b>(900.19)</b>
<b>Net increase in cash and cash equivalents (A + B + C) .....</b>	<b>(2,244.50)</b>	<b>573.77</b>
Cash and cash equivalents at the end of the year .....	4,267.33	5,036.64
Cash and cash equivalents acquired pursuant to amalgamation (Refer note 42) .....	1,475.19	-
Cash and cash equivalents at the beginning of the year .....	5,036.64	4,462.87
	<b>(2,244.50)</b>	<b>573.77</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand.....	0.09	0.37
With banks		
In current account.....	271.55	158.54
In deposit account.....	1,074.06	2,634.25
Fixed deposit held as security.....	293.43	35.91
Earmarked for specific purposes (Refer note 2 below).....	57.08	24.25
Cash and bank balance as per note 17 .....	1,696.21	2,853.32
Less : Fixed deposits not considered as cash and cash equivalents .....	293.43	35.91
Add : Fixed Deposits with Housing Development Finance Corporation Limited .....	200.00	100.00
Add : Investment in mutual funds .....	2,664.55	2,119.23
<b>Cash and cash equivalents at the year end .....</b>	<b>4,267.33</b>	<b>5,036.64</b>

### Notes :

- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- These balances are not available for use by the Company as they represent corresponding unpaid dividend liabilities and unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL.

Significant accounting policies - note 2

The accompanying notes are integral part of the financial statements.

As per our attached report of even date	For and on behalf of the Board		
For S R B C & CO LLP Chartered Accountants ICAI Firm Registration No. 324982E/E300003	<b>Suresh Joshi</b> Chief Financial Officer	<b>N.S. Sekhsaria</b> Chairman & Principal Founder	<b>Rajendra P. Chitale</b> Chairman - Audit Committee
	<b>Rajiv Gandhi</b> Company Secretary	<b>Martin Kriegner</b> Director	<b>B.L. Taparia</b> Director
per <b>Ravi Bansal</b> Partner Membership No. 49365		<b>Omkar Goswami</b> Director	<b>Christof Hassig</b> Director
		<b>Shailesh Haribhakti</b> Director	<b>Haigreve Khaitan</b> Director
		<b>Ajay Kapur</b> Managing Director & Chief Executive Officer	

Mumbai, 20th February, 2017

## Notes to Consolidated Financial Statements

### 1. Basis of Preparation of Consolidated Financial Statements:

- i. The financial statements of Ambuja Cements Limited (the Company), its subsidiaries (together "the group"), associates and its jointly controlled entities have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under Section 133 of the Companies Act, 2013 ("the Act"), read together with Rule 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.
- ii. The Consolidated Financial Statements comprise the financial statements of Ambuja Cements Limited (the Company), its subsidiaries, associates and jointly controlled entities. Reference in these notes to 'the Company' shall mean to include Ambuja Cements Limited and/or any of its subsidiaries / associates / joint venture, consolidated in these financial statements, unless otherwise stated.
- iii. Accounting policies adopted in the preparation of financial statements are consistent with those used in the previous year.
- iv. The preparation of financial statements in conformity with Indian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent liabilities as at the date of consolidated financial statements and the results of operations during the reporting period. Although these estimates are based upon management's best knowledge of current events and actions, actual result could differ from these estimates.
- v. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future periods.
- vi. Principles of Consolidation :
  - a. The Subsidiaries, Associates and Jointly controlled entities considered in the preparation of these consolidated financial statements are :

Name of the Company	Country of Incorporation	Effective Holding as on		Financial year ended \$
		31.12.2016	31.12.2015	
<b>I) Direct Subsidiaries :</b>				
1 Kakinada Cements Limited (liquidated during the year)	India	-	100.00%	NA
2 M.G.T Cements Private Limited	India	100.00%	100.00%	31.12.2016
3 Chemical Limes Mundwa Private Limited	India	100.00%	100.00%	31.12.2016
4 Dang Cement Industries Private Limited	Nepal	91.63%	91.63%	16.07.2016
5 Dirk India Private Limited	India	100.00%	100.00%	31.03.2016
6 OneIndia BSC Private Limited*	India	100.00%	50.00%	31.12.2016
7 ACC Limited #	India	50.05%	-	31.12.2016
<b>II) Subsidiaries of ACC Limited :</b>				
1 ACC Mineral Resources Limited	India	50.05%	-	31.12.2016
2 Lucky Minmat Limited	India	50.05%	-	31.12.2016
3 National Limestone Company Private Limited	India	50.05%	-	31.12.2016
4 Singhania Minerals Private Limited	India	50.05%	-	31.12.2016
5 Bulk Cement Corporation (India) Limited	India	47.37%	-	31.12.2016
<b>III) Associates of ACC Limited :</b>				
1 Alcon Cement Company Private Limited	India	20.02%	-	31.03.2016
2 Asian Concretes and Cements Private Limited	India	22.52%	-	31.03.2016
3 Aakaash Manufacturing Company Private Limited	India	20.02%	-	31.03.2016
<b>IV) Jointly Controlled Entities :</b>				
1 Wardha Vaalley Coal Field Private Limited	India	27.27%	27.27%	31.03.2016
2 Counto Microfine Products Private Limited	India	50.00%	50.00%	31.03.2016
<b>V) Jointly Controlled Entities of ACC Limited :</b>				
1 MP AMRL(Semaria) Coal Company Limited	India	24.52%	-	31.03.2016
2 MP AMRL(Bicharpur) Coal Company Limited	India	24.52%	-	31.03.2016
3 MP AMRL(Marki Barka) Coal Company Limited	India	24.52%	-	31.03.2016
4 MP AMRL(Morga) Coal Company Limited	India	24.52%	-	31.03.2016

\* Joint Venture till 11th August, 2016 and subsidiary with effect from 12th August, 2016 (Refer note 47)

# Subsidiary, (erstwhile fellow subsidiary) pursuant to amalgamation of Holcim (India) Private Limited with the Company with effect from 12th August, 2016 (Appointed date 1st April, 2013) (Refer note 42)

\$ Financial statements of each of the above company are drawn upto the same reporting date as that of the parent Company i.e. 31st December, 2016.

## Notes to Consolidated Financial Statements (Contd.)

- b. The consolidated financial statements of the Group, associates and jointly controlled entities have been prepared on the following basis :
- i. The Consolidated Financial Statements of the Company and its subsidiaries have been prepared in accordance with the Accounting Standard 21 (AS-21) "Consolidated Financial Statements", on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses. The intra-group balances, intra-group transactions and unrealised profits or losses are fully eliminated.
  - ii. In cases where the financial year of Subsidiary, Joint Venture Companies and associates is different from that of the Company, the consolidated financial statements of the said Companies have been drawn up so as to be aligned with the financial year of the Company.
  - iii. The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's Standalone financial statements.
  - iv. The excess of cost to the Company of its investment in the subsidiaries / jointly controlled entity, on the acquisition dates over and above the Company's share of equity in the subsidiaries/ jointly controlled entities, is recognised in the Consolidated Financial Statements as goodwill. This goodwill is tested for impairment at the close of each financial year. On the other hand, where the share of equity in the subsidiaries / jointly controlled entities as on the date of investment is in excess of cost of investments of the Company, it is recognised as "Capital Reserve" and shown under the head "Reserves and Surplus" in the Consolidated Financial Statements.
  - v. The financial statements of an integral foreign operation are translated as if the transactions of the foreign operation have been those of the Company itself. For non-integral foreign operation, the assets and liabilities are translated at the closing rate. Income and expense items of the non-integral foreign operation are translated at exchange rates at the dates of the transactions and all resulting exchange differences are accumulated in a foreign currency translation reserve on consolidation until the disposal of the net investment.
  - vi. Minority Interest in the net assets of consolidated subsidiaries is identified and presented in the consolidated Balance Sheet separately from liabilities and equity of the Company's shareholders. Minority interest in the net assets of consolidated subsidiaries consists of:
    - I. The amount of equity attributable to minority at the date on which investment in a subsidiary is made; and
    - II. The minority share of movements in equity since the date parent subsidiary relationship came into existence.Minority interest's share of Net Profit / Loss for the year of consolidated subsidiaries is identified and presented separately. The losses applicable to the minority in excess of the minority interest in the equity of the subsidiary are adjusted against the majority interest except to the extent that the minority has a binding obligation to and is able to make good the losses. If the subsidiaries subsequently reports profit, all such profits are allocated to the majority interest until the minority's share of losses previously absorbed by the majority has been recovered.
  - vii. Investment in associates where the Company directly or indirectly through subsidiaries holds significant influence, are accounted for using equity method as per Accounting Standard 23 (AS 23) – "Accounting for Investments in Associates in Consolidated financial Statements" notified under Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules 2014. Accordingly, the share of profit/ loss of the associate Company (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.
  - viii. The excess of cost to the Company of its investment in the associates, on the acquisition dates over and above the Company's share of net assets in the associate, described as goodwill. This goodwill is tested for impairment at the close of each financial year. On the other hand, where the share of net asset in the associate as on the date of investment is in excess of cost of investments of the Company, it is described as Capital Reserve and included in the carrying amount of investment with separate disclosure in the Consolidated Financial Statements.
  - ix. The Consolidated Financial Statements of the Company reflect its share of the Assets, Liabilities, Income and Expenditure of the Jointly controlled entities which are accounted on the basis of the audited accounts of the Jointly controlled entities on line-by-line basis with similar items in the Company's Consolidated Financial Statement to the extent of the participating interest of the Company as per the Joint Venture Agreements in accordance with the Accounting Standard 27

## Notes to Consolidated Financial Statements (Contd.)

(AS-27) "Financial Reporting of Interests in Joint Ventures". The intra-group balances and intra-group transactions have been eliminated to the extent of the Company's share in the entity.

### 2. Significant Accounting Policies :

#### a. Fixed Assets :

- i. Fixed Assets are stated at their original cost of acquisition / installation (net of Cenvat and VAT credit wherever applicable), net of accumulated depreciation, amortisation and impairment losses, except freehold non mining land which is carried at cost less impairment losses. Subsequent expenditures related to an item of fixed assets are added to its gross book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.
- ii. Machinery spares which can be used only in connection with a particular item of fixed asset and the use of which is irregular, are capitalised at cost net of Cenvat and VAT credit, wherever applicable.
- iii. Fixed assets not ready for the intended use on the date of balance sheet are disclosed as "Capital work-in-progress". Advances given towards acquisition/construction of fixed assets outstanding at each Balance sheet date are disclosed as Capital advances under "Long-term loans and advances". Expenditure during construction period (including financing cost relating to borrowed funds for construction or acquisition of qualifying fixed assets) incurred on projects under implementation are treated as Pre-operative expenses, pending allocation to the assets, and are included under Capital work-in-progress. These expenses are apportioned to fixed assets on commencement of commercial production.
- iv. Fixed Assets retired from active use and held for disposal are stated at the lower of their net book value and net realisable value and are disclosed separately under "other current assets".
- v. Losses arising from the retirement of, and gains and losses arising from disposal of fixed assets which are carried at cost are recognised in the Statement of Profit and Loss.

#### b. Depreciation and Amortisation :

##### i. Tangible Assets :

- I. Leasehold land including premium is amortised over the period of lease on a straight line basis. Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves.
- II. Depreciation is provided as per the useful life prescribed in Schedule II of the Companies Act, 2013, for Captive Power Plant related assets (consisting of Buildings and Plant & Machinery) based on "Written Down Value Method" and for other assets based on "Straight Line Method". The Company identifies and determines cost of each component/ part of the asset separately, if the component/ part has a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset. Estimated useful lives of assets are determined based on technical parameters/ assessment.
  - a) Depreciation on additions to fixed assets is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
  - b) Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.
  - c) In respect of an asset for which impairment loss is recognised, depreciation is provided on the revised carrying amount of the assets over its remaining useful life.
- III. Machinery spares, which are capitalised, are depreciated over the useful life of the related fixed asset. The written down value of such spares is charged to the Statement of Profit and Loss, on issue for consumption.
- IV. Fixed assets, constructed by the Company, but ownership of which vests with the Government / Local Authorities :
  - a) Expenditure on Power lines is depreciated over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.
  - b) Expenditure on Marine structures is depreciated over the period of the agreement.

##### ii. Intangible Assets :

- I. Expenditure to acquire Water drawing rights from Government / Local Authorities / other parties is amortised on straight line method over the period of rights to use the facilities ranging from ten to thirty years.

## Notes to Consolidated Financial Statements (Contd.)

- II. Expenditure on Computer software is amortised on straight line method over the period of expected benefit not exceeding five years.
- III. Other intangible assets are amortised over their estimated useful economic life.
- IV. Gains or losses from derecognition of intangible assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of Profit and Loss when the asset is derecognised.
- V. Goodwill arising on amalgamation as referred to in note 42 is amortised on straight line method over a period of three years.

### c. Impairment of Assets :

The carrying amounts of assets are reviewed at each Balance Sheet date if there is any indication of impairment based on internal / external factors. An impairment loss is recognised in the Statement of Profit and Loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the assets. A previously recognised impairment loss is increased or reversed depending on the changes in circumstances. However, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there was no impairment.

### d. Investments :

- i. Investments that are intended to be held for more than a year, from the date of acquisition, are classified as long-term investments and are carried at cost. However, provision for diminution in value of investments is made to recognise a decline, other than temporary, in the value of the investments.
- ii. Investments other than long-term investments being current investments are valued at cost or fair value whichever is lower, determined on an individual basis.
- iii. On disposal of an investment, the difference between the carrying amount and the net disposal proceeds is recognised in the Statement of Profit and Loss.
- iv. Investments which are readily realisable and intended to be held for not more than one year from Balance Sheet date, are classified as current investments. All other investments are classified as non-current investments. However, that part of long term investments which are expected to be realised within twelve months from the Balance sheet date is presented under "Current Investments" in consonance with the current / non-current classification under Schedule III of the Companies Act, 2013.

### e. Inventories :

Inventories are valued as follows:

- i. Raw materials, stores & spare parts, fuel and packing material:  
Lower of cost less provision for slow and non-moving inventory, if any, and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a moving weighted average basis.
- ii. Work-in-progress, finished goods, stock in trade and trial run inventories :  
Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost of stock-in-trade includes cost of purchase and other cost incurred in bringing the inventories to the present location and condition. Cost is determined on a monthly moving weighted average basis.  
Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### f. Provisions and Contingencies :

- i. A provision is recognised for a present obligation as a result of past events if it is probable that an outflow of resources will be required to settle the obligation and in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to its present value and are determined based on best estimate of the amount required to settle the obligation at the Balance Sheet date. These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.
- ii. A contingent liability is a possible obligation that arises from the past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the

## Notes to Consolidated Financial Statements (Contd.)

control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

### **g. Foreign Currency Conversion :**

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on reporting Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous consolidated financial statements, are recognised as income or expenses in the year in which they arise.

Investment in equity capital of overseas Companies registered outside India are carried in the Balance Sheet at the rates at which transactions have been executed.

### **h. Revenue recognition :**

Revenue is recognised to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

- i. Revenue is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer. Accordingly, domestic sales are accounted on dispatch of products to customers and Export sales are accounted on the basis of date of Bill of Lading. Sales are disclosed net of sales tax / value added tax, discounts and sales returns, as applicable. Sales exclude self-consumption of cement. Excise duties deducted from sale of products (gross) are the amounts that are included in the amount of sale of products (gross) and not the entire amount of liability that arose during the year.
- ii. Interest income is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable. Dividend income is recognised when right to receive is established by the Balance Sheet date.
- iii. Revenue from services is recognised (net of service tax, as applicable) pro-rata over the period of the contract as and when services are rendered.

### **i. Mines Reclamation Expenses :**

The Company provides for the expenses to reclaim the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure. The total estimate of restoration expenses is reviewed periodically, on the basis of technical estimates.

### **j. Employee Benefits :**

#### **i. Defined Contribution Plan :**

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plan and the same is charged to the Statement of Profit and Loss for the year in which the employee renders the related service.

#### **ii. Defined Benefit Plan :**

The Company's gratuity fund scheme, additional gratuity scheme and post-employment benefit scheme are considered as defined benefit plans. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at Balance Sheet date. Actuarial gains/losses are recognised immediately in the Statement of Profit and Loss in the year in which they arise.

Employee Benefit, in the form of contribution to Provident Fund managed by a Trust set up by the Company, is charged to Statement of Profit and Loss for the year in which the employee renders the related service. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognised in the Statement of Profit and Loss based on actuarial valuation.

## Notes to Consolidated Financial Statements (Contd.)

### iii. Short term employee Benefits :

- I. Short term employee's benefits are recognised as an expense at the undiscounted amount in the Statement of Profit and Loss of the Year in which the related service is rendered.
- II. Accumulated Compensated absences, which are expected to be availed or encashed within 12 months from the end of the year are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

### iv. Other long-term benefits :

Silver jubilee and long service awards and accumulated compensated absences which are expected to be availed or encashed beyond 12 months from the end of the year, are treated as other long term employee benefits for measurement purposes. Compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Actuarial gains / losses, if any, are immediately recognised in the Statement of Profit and Loss.

### v. Termination benefits :

Expenses incurred towards voluntary retirement scheme are charged to Statement of Profit and Loss as and when they accrue.

### vi. Presentation and disclosure :

For the purpose of presentation of Defined benefit plans and other long term benefits, the allocation between the short term and long term provisions has been made as determined by an actuary. The Company presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

### k. Employee Stock Compensation cost :

The Company measures compensation cost relating to employee stock option using the fair value method. Discount on Equity Shares as compensation expenses under the Employee Stock Option Scheme, is amortised in accordance with Employee Stock Option Scheme and Employee Stock Purchase Scheme Guidelines, 1999 issued by the Securities and Exchange Board of India and the Guidance Note on Accounting for Employee Share-based payments, issued by the Institute of Chartered Accountants of India.

### l. Borrowing Costs and Share Issue Expenses :

- i. Borrowing cost attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use.
- ii. Expenses on issue of Shares, Debentures and Bonds as well as Premium on Redemption of Debentures are adjusted to Securities Premium Account in accordance with the Companies Act, 2013.
- iii. Borrowing cost such as discount or premium and ancillary costs in connection with arrangement of borrowings are amortised over the period of borrowings.
- iv. Other borrowing costs are charged as expense in the year in which these are incurred.

### m. Taxation :

Tax expense comprises of current income and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period. Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961.

Deferred income taxes reflect the impact of current year's timing differences between taxable income and accounting income for the year and reversal of timing differences of earlier years.

Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted at the Balance Sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes down the carrying amount of a deferred tax asset to the extent that it is no longer reasonably certain that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.



## Notes to Consolidated Financial Statements (Contd.)

Minimum alternate tax (MAT) paid in a year is charged to Statement of Profit and Loss as current tax. The Company recognises MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period i.e. the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognises MAT credit as an asset in accordance with the Guidance note on Accounting for Credit available in respect of Minimum Alternate Tax under the Income tax Act, 1961, the said asset is created by way of credit to the Statement of Profit and Loss and shown "MAT Credit Entitlement" under the head loans and advances. The Company reviews the "MAT Credit Entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

### n. Leases :

Where the Company is the lessee:

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term.

Where the Company is the lessor :

- i. Assets given under finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease rentals are apportioned between principal and interest on the internal rate of return method. The principal amount received reduces the net investment in the lease and interest is recognised as revenue. Initial direct costs such as legal costs, brokerage costs etc. are recognised immediately in the Statement of Profit and Loss.
- ii. Assets subject to operating leases are included in fixed assets. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognised immediately in the Statement of Profit and Loss.

### o. Segment Reporting :

Primary Segment is identified based on the nature of products and services, the different risks and returns and the internal business reporting system. Secondary segment is identified based on geography in which major operating divisions of the Company operate.

### p. Cash and Bank Balances :

Cash and Cash equivalents for the purpose of cash flow statement comprise cash in hand, cash at bank, demand deposits with banks and other short-term highly liquid investments / deposits with an original maturity of three months or less.

### q. Government Grants and Subsidies :

- i. Grants and subsidies from the Government are recognised when there is reasonable certainty that the grant / subsidy will be received and all attaching conditions will be complied with.
- ii. Where the government grants / subsidies relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense.
- iii. Where the grant or subsidy relates to an asset, its value is deducted from the gross value of the asset concerned in arriving at the carrying amount of the related asset.
- iv. Government grants in the nature of Promoters' contribution are credited to capital reserve and treated as a part of Shareholders' Funds.

### r. Earnings Per Share :

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

### s. Classification of Current/Non-Current Assets and Liabilities

All assets and liabilities are presented as Current or Non-Current as per the Company's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013. Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>3. Share capital</b>		
<b>Authorised</b>		
40,000,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each * .....	8,000.00	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each .....	150.00	150.00
Total .....	<u>8,150.00</u>	<u>650.00</u>
<b>Issued</b>		
1,985,971,749 (previous year - 1,552,223,941) Equity shares of ₹ 2 each fully paid-up	<u>397.19</u>	<u>310.45</u>
<b>Subscribed and fully paid up</b>		
1,985,645,229 (previous year - 1,551,897,421) Equity shares of ₹ 2 each fully paid-up	<u>397.13</u>	<u>310.38</u>

\* Consequent to and as part of the amalgamation of Holcim (India) Private Limited (HIPL) with the Company, the Authorised equity share capital of the Company stands increased to ₹ 8,000 crore made up of 40,000,000,000 equity shares of ₹ 2 each from "effective date" 12th August, 2016. (Refer note 42)

### Additional information :

	As at 31.12.2016		As at 31.12.2015	
	No. of shares	₹ in crore	No. of shares	₹ in crore
<b>a) Reconciliation of equity shares outstanding</b>				
At the beginning of the year .....	1,551,897,421	310.38	1,549,745,786	309.95
Add : Issued against Employee Stock Option Schemes (ESOS) .....	-	-	2,151,635	0.43
Less : Shares of the Company held by HIPL, cancelled pursuant to the Scheme of amalgamation (Refer note 42).....	150,670,120	30.13	-	-
Add : Shares issued pursuant to the Scheme of amalgamation (Refer note 42) .....	584,417,928	116.88	-	-
At the end of the year .....	<u>1,985,645,229</u>	<u>397.13</u>	<u>1,551,897,421</u>	<u>310.38</u>

### b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per equity share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation of the Company, the equity shareholders are eligible to receive remaining assets of the Company, in proportion to their shareholding, after distribution of all preferential amounts.

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>c) Equity shares held by holding Company, ultimate holding Company and their subsidiaries</b>		
i) Holderind Investments Limited, Mauritius (HIL), the holding Company (Refer note 42)		
1,253,156,361 (previous year - 629,638,433) Equity shares of ₹ 2 each fully paid-up.....	250.63	125.93
ii) Holcim (India) Private Limited (HIPL), amalgamated with the Company (Refer note 42)		
Nil (previous year - 150,670,120) Equity shares of ₹ 2 each fully paid-up.....	-	30.13

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016		As at 31.12.2015	
	No. of shares	% holding	No. of shares	% holding
<b>d) Details of equity shares held by shareholders holding more than 5% shares in the Company</b>				
i) Holderind Investments Limited, Mauritius (Refer note 42).....	1,253,156,361	63.11%	629,638,433	40.57%
ii) Holcim (India) Private Limited amalgamated with the Company (Refer note 42) .....	-	-	150,670,120	9.71%
iii) Life Insurance Corporation of India .....	131,404,954	6.62%	124,434,343	8.02%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholding represent both legal and beneficial ownership of shares.

- e) Outstanding tradable warrants and right shares kept in abeyance exercisable into 186,690 (previous year - 186,690) and 139,830 (previous year - 139,830) equity shares of ₹ 2 each fully paid-up respectively.
- f) **Aggregate number of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:**

Pursuant to the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company, 584,417,928 equity shares were allotted as fully paid up to the Equity Shareholders of HIPL, without payment being received in cash.

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>4. Reserves and surplus</b>		
<b>Subsidies :</b>		
a) Cash subsidies from Government and other authorities :		
Balance as per the last financial statements.....	5.13	5.28
Repayment during the year.....	-	0.15
	<u>5.13</u>	<u>5.13</u>
b) Grant-in-aid subsidy from DANIDA.....	0.12	0.12
	<u>0.12</u>	<u>0.12</u>
	<b>5.25</b>	<b>5.25</b>
<b>Capital reserve :</b>		
Balance as per the last financial statements .....	132.35	132.35
Add : Addition on amalgamation (Refer note 42).....	4.00	-
	<u>136.35</u>	<u>132.35</u>
<b>Capital redemption reserve.....</b>	<b>9.93</b>	<b>9.93</b>
<b>Securities premium account :</b>		
Balance as per the last financial statements .....	1,508.31	1,474.67
Add : Employee stock options exercised during the year.....	-	25.17
Add : Transferred from employee stock options outstanding .....	-	8.47
Add : Premium on Issue of equity shares pursuant to the Scheme of amalgamation (Refer note 42) .....	10,967.19	-
Add : Premium on shares issued out of held in abeyance, addition on amalgamation (Refer note 42).....	0.10	-
Less : Share issue expenses (net of tax expense of ₹ 3.82 crore) pursuant to the Scheme of amalgamation (Refer note 42) ...	7.25	-
	<u>12,468.35</u>	<u>1,508.31</u>
Carried forward .....	<b>12,619.88</b>	<b>1,655.84</b>

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Brought forward.....	12,619.88	1,655.84
<b>Employee stock options outstanding :</b>		
Balance as per the last financial statements .....	-	9.24
Less : Transferred to securities premium account on exercise of employee stock options.....	-	8.47
Less : Transferred to general reserve on lapse of employee stock options.....	-	0.77
	-	-
<b>General Reserve :</b>		
Balance as per the last financial statements .....	6,188.05	6,187.28
Add : Addition on amalgamation (Refer note 42).....	140.14	-
Add : Transferred from employee stock options outstanding for lapsed employee stock options .....	-	0.77
Add : Transferred from surplus in the Statement of Profit and Loss	15.02	-
Less : Transferred to surplus in the Statement of Profit and Loss (u/s 123 of the Companies Act, 2013 and rules thereof) .....	850.00	-
	5,493.21	6,188.05
<b>Surplus in the Statement of Profit and Loss :</b>		
Balance as per the last financial statements .....	2,117.13	1,941.15
Add : Net Profit of HIPL from appointed date till 31st December, 2015 (Refer note 42) .....	41.19	-
Add : Net profit of ACC Limited and its subsidiaries, jointly controlled entities and associates from appointed date till 31st December, 2015 (Refer note 42).....	188.41	-
Less : Adjustment for Depreciation and amortisation expenses (current year Refer note 42 and previous year Refer note 44)	2,591.85	108.91
Add : Profit for the year .....	1,121.13	807.88
Add : Transferred from General Reserve (u/s 123 of the Companies Act, 2013 and rules thereof).....	850.00	-
Less : Appropriations		
Interim equity dividend - ₹ 1.60 per equity share (previous year - ₹ 1.60) per equity share.....	248.30	248.30
Tax on interim equity dividend .....	50.55	50.55
Proposed final equity dividend ₹ 1.20 per equity share (previous year ₹ 1.20 per equity share (Refer note 34).....	238.28	186.23
Tax on proposed final equity dividend .....	37.03	37.91
Tax on proposed final equity dividend by ACC Limited (subsidiary).....	11.48	-
Tax on equity dividend paid by subsidiary and jointly controlled entity.....	21.18	-
Transferred to General Reserve.....	15.02	-
Interim equity dividend paid by HIPL including tax thereon (Refer note 42) .....	199.96	-
	821.80	522.99
Add : Inter-Company elimination of dividend pursuant to amalgamation of HIPL with the Company (Refer note 42)....	131.02	-
Total Appropriations.....	690.78	522.99
	1,035.23	2,117.13
<b>Total .....</b>	<b>19,148.32</b>	<b>9,961.02</b>

## Notes to Consolidated Financial Statements (Contd.)

	Non-current		Current	
	As at	As at	As at	As at
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>5. Long-term borrowings</b>				
<b>Secured</b>				
Interest free loan from State Government <sup>1</sup> ...	23.58	9.45	-	-
Term loan from bank <sup>2</sup> .....	-	0.87	-	-
<b>Unsecured</b>				
Sales tax deferment loan <sup>3</sup> .....	-	13.23	13.47	11.15
Total .....	23.58	23.55	13.47	11.15
Less : Amount disclosed under the head Other current liabilities (Refer note 10) .....	-	-	13.47	11.15
Total .....	23.58	23.55	-	-

- Interest free loans from State Government, secured by bank guarantees and each loan repayable in single instalment, starting from February 2020 to December 2023 of varying amounts from ₹ 3.59 crore to ₹ 8.83 crore.
- Loan carrying floating interest rate @ 11 % p.a., secured against assets of a joint venture, repayable in monthly instalment ranging from ₹ 0.03 crore to ₹ 0.10 crore.
- Sales tax deferment loan is interest free and payable in 10 annual instalments starting from April 2007 to April 2017 of varying amounts from ₹ 1.52 crore to ₹ 13.23 crore.

	As at	As at
	31.12.2016	31.12.2015
	₹ in crore	₹ in crore
<b>6. Deferred tax liabilities (net)</b>		
<b>Deferred tax liabilities, on account of :</b>		
Depreciation and amortisation .....	1,482.49	732.86
Total .....	1,482.49	732.86
<b>Deferred tax assets, on account of :</b>		
Employee benefits.....	82.73	33.91
Provision for slow and non moving spares.....	24.24	12.85
Expenditure debited in Statement of Profit & Loss but allowed for tax purposes in the following years.....	162.53	29.25
Others .....	159.64	91.25
Total .....	429.14	167.26
Deferred tax liabilities (net) .....	1,053.35	565.60
<b>7. Other long-term liabilities</b>		
Liability for capital expenditure.....	2.24	2.81
Others .....	5.71	3.18
Total .....	7.95	5.99

## Notes to Consolidated Financial Statements (Contd.)

	Long-term		Short-term	
	As at	As at	As at	As at
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>8. Provisions</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity and staff benefit Schemes.....	130.00	17.87	23.45	0.44
Long service award and other benefit plans.....	6.75	-	0.88	-
Provision for compensated absences .....	-	-	116.07	82.68
	<u>136.75</u>	<u>17.87</u>	<u>140.40</u>	<u>83.12</u>
<b>Other provisions</b>				
Provision for Income tax, net of advances.....	-	-	1,306.36	777.25
Provision for mines reclamation expenses*.....	41.10	18.30	-	-
Proposed equity dividend.....	-	-	238.28	186.23
Provision for tax on proposed equity dividend.....	-	-	59.97	37.91
	<u>41.10</u>	<u>18.30</u>	<u>1,604.61</u>	<u>1,001.39</u>
Total .....	<u>177.85</u>	<u>36.17</u>	<u>1,745.01</u>	<u>1,084.51</u>

### \* Movement during the year

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Opening balance .....	18.30	16.52
Add: Addition on amalgamation (Refer note 42).....	20.46	-
Add : Provision during the year .....	3.56	2.63
	<u>42.32</u>	<u>19.15</u>
Less : Utilisation during the year.....	1.22	0.85
Closing balance .....	<u>41.10</u>	<u>18.30</u>

Mines reclamation expenses are incurred on an ongoing basis until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

### 9. Short-term borrowings

Secured Cash Credit facility .....	0.29	0.30
Total .....	<u>0.29</u>	<u>0.30</u>

### 10. Other current liabilities

Current maturities of long-term borrowing (Refer note 5) .....	13.47	11.15
Interest accrued but not due on borrowings .....	0.08	0.05
Unclaimed dividends** .....	54.53	21.70
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL** .....	2.54	2.55
Liability for capital expenditure.....	146.66	55.33
Security deposits.....	854.53	305.56
Advance received from customers .....	284.78	51.59
Statutory dues .....	621.20	251.74
Other Payables (including Rebates to customers, Employees dues, etc.) .....	1,673.08	765.21
Total .....	<u>3,650.87</u>	<u>1,464.88</u>

\*\* Amount to be transferred to the Investor education and protection fund shall be determined on the respective due dates.

## Notes to Consolidated Financial Statements (Contd.)

### 11. Tangible and Intangible assets

	Tangible assets							Intangible assets									
	Freehold mining land	Freehold non mining land	Leasehold land	Buildings, roads and water works (a)	Marine structures (b)	Plant and machinery (c)	Railway sidings and locomotives (d)	Furniture and fixtures	Office equipment	Ships	Vehicles	Total	Water drawing rights	Computer software	Goodwill	Total	
<b>Gross carrying value, at cost</b>																	
Opening as on 1st January, 2015.....	346.58	402.94	136.07	1,719.60	95.58	8,077.98	84.15	46.60	134.35	248.93	125.63	11,418.41	6.18	61.65	47.37	115.20	
Additions .....	2.89	48.65	1.88	143.56	2.88	456.60	-	5.08	15.19	1.37	10.12	688.22	-	-	-	-	
Deductions / Transfers.....	2.23	0.14	-	0.64	-	89.81	-	0.17	3.66	0.23	5.81	102.69	-	-	-	-	
As at 31st December, 2015.....	347.24	451.45	137.95	1,862.52	98.46	8,444.77	84.15	51.51	145.88	250.07	129.94	12,003.94	6.18	61.65	47.37	115.20	
<b>Acquired pursuant to Scheme of amalgamation (f) (Refer note 42) .....</b>	92.69	299.09	86.06	1,467.49	-	9,060.09	181.67	46.15	133.41	-	61.97	11,428.62	-	59.14	10,685.80	10,744.94	
Additions .....	15.20	58.82	24.59	764.98	-	2,294.90	101.12	6.99	25.24	-	42.66	3,334.50	-	3.75	-	3.75	
Deductions / Transfers.....	0.01	-	5.43	0.98	-	133.61	-	0.71	9.55	0.04	17.53	167.86	-	-	-	-	
As at 31st December, 2016 .....	455.12	809.36	243.17	4,094.01	98.46	19,666.15	366.94	103.94	294.98	250.03	217.04	26,599.20	6.18	124.54	10,733.17	10,863.89	
<b>Depreciation / amortisation</b>																	
Opening as on 1st January, 2015.....	-	37.02	20.21	368.27	67.37	4,324.65	40.04	29.52	77.25	116.41	76.00	5,156.74	5.83	61.42	-	67.25	
Charge for the year (e) .....	-	4.65	3.15	155.10	6.70	557.90	11.99	4.51	33.44	7.52	8.44	793.40	0.02	0.14	-	0.16	
Deductions / Transfers.....	-	0.14	-	0.29	-	58.92	-	0.16	3.56	0.17	5.34	68.58	-	-	-	-	
As at 31st December, 2015.....	-	41.53	23.36	523.08	74.07	4,823.63	52.03	33.87	107.13	123.76	79.10	5,881.56	5.85	61.56	-	67.41	
<b>Acquired pursuant to Scheme of amalgamation (Refer note 42) .....</b>	-	2.24	46.01	538.93	-	5,296.67	72.64	26.48	102.46	-	28.19	6,113.62	-	58.89	-	58.89	
Charge for the year (e) and (f) .....	-	8.27	6.21	154.51	3.82	969.43	21.30	8.59	29.24	7.62	18.44	1,227.43	0.02	0.41	2,827.48	2,827.91	
Deductions / Transfers.....	-	-	0.25	0.63	-	90.66	-	0.52	9.22	0.04	15.64	116.96	-	-	-	-	
As at 31st December, 2016 .....	-	52.04	75.33	1,215.89	77.89	10,999.07	145.97	68.42	229.61	131.34	110.09	13,105.65	5.87	120.86	2,827.48	2,954.21	
<b>Net carrying value</b>																	
As at 31st December, 2015.....	347.24	409.92	114.59	1,339.44	24.39	3,621.14	32.12	17.64	38.75	126.31	50.84	6,122.38	0.33	0.09	47.37	47.79	
As at 31st December, 2016 .....	455.12	757.32	167.84	2,878.12	20.57	8,667.08	220.97	35.52	65.37	118.69	106.95	13,493.55	0.31	3.68	7,905.69	7,909.68	

#### Notes :

- Premises on ownership basis of ₹ 102.37 crore (previous year - ₹ 102.37 crore) and ₹ 19.41 crore (previous year - ₹ 17.8 crore) being the depreciation thereon and cost of shares in co-operative societies are ₹ 16,750 (previous year - ₹ 12,630).
- ₹ 29.77 crore (previous year - ₹ 28.86 crore) being cost of roads constructed by the Company, the ownership of which vests with the Government / Local Authorities and ₹ 19.53 crore (previous year - ₹ 14.46 crore) being the depreciation thereon.
- Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
  - Includes ₹ 34.91 crore (previous year - ₹ 6.43 crore) being cost of railway wagons given on lease to the railway under 'Own Your Wagon Scheme' and ₹ 22.05 crore (previous year - ₹ 6.43 crore) being the depreciation thereon.
  - Includes ₹ 99.92 crore (previous year - ₹ 99.92 crore) being cost of power lines by the Company, the ownership of which vests with the State Electricity Boards and ₹ 32.17 crore (previous year - ₹ 29.96 crore) being the depreciation thereon.
- Includes ₹ 18.10 crore (previous year - ₹ 18.10 crore) being cost of railway sidings constructed by the Company, the ownership of which vests with the Railway authorities and ₹ 8.12 crore (previous year - ₹ 6.35 crore) being the depreciation thereon.
- Includes :
  - ₹ Nil (previous year ₹ 163.81 crore) being depreciation adjusted in "Surplus in the Statement of Profit and Loss" (Refer note 44).
  - ₹ 2,591.85 crore (previous year ₹ Nil) being amortisation of goodwill arising on amalgamation of HIPL adjusted in "Surplus in the Statement of Profit and Loss". (Refer note 42).
  - ₹ 0.32 crore (previous year - ₹ Nil) capitalised as pre-operative expenses.
- Includes ₹ 7,858.32 crore (previous year - ₹ Nil) being goodwill on consolidation and ₹ 2,827.48 crore (previous year - Nil) being goodwill pursuant to amalgamation of HIPL with the Company (Refer note 42).

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>12. Non-current investments (valued at cost, unless stated otherwise)</b>		
<b>Trade Investments</b>		
<b>Unquoted Equity Instruments - Investments in associates</b>		
408,001 (-) equity shares of ₹ 10 each in Alcon Cement Company Private Limited (includes goodwill of ₹ 8.07 crore).....	21.92	-
Add: Share of Profit .....	0.88	-
Less: Dividend received.....	2.04	-
	<u>20.76</u>	-
8,100,000 (-) equity shares of ₹ 10 each in Asian Concretes and Cement Company Private Limited (includes goodwill of ₹ 10.87 crore).....	57.31	-
Add: Share of Profit .....	5.17	-
Less: Dividend received.....	4.50	-
	<u>57.98</u>	-
4,401 (-) equity shares of ₹ 10 each in Aakaash Manufacturing Company Private Limited (includes goodwill of ₹ 2.18 crore).....	11.06	-
Add: Share of Profit .....	2.74	-
Less: Dividend received.....	1.10	-
	<u>12.70</u>	-
	<b>91.44</b>	-
<b>Non trade investments</b>		
<b>Quoted Equity Instruments</b>		
23,650,000 (-) equity shares of ₹ 2 each in Shiva Cement Limited ....	23.65	-
Less: Provision for diminution in value of investment....	17.86	-
	<u>5.79</u>	-
<b>Unquoted Equity Instruments</b>		
In fully paid equity shares of ₹ 10 each		
4 * (-) Kanoria Sugar & General Mfg. Company Limited ...	-	-
60 * (-) Gujarat Composites Limited.....	-	-
220 * (-) Rohtas Industries Limited.....	-	-
120 * (-) The Jaipur Udyog Limited.....	-	-
90 * (-) Digvijay Finlease Limited.....	-	-
100 * (-) The Travancore Cement Company Limited .....	-	-
50 * (-) Ashoka Cement Limited .....	-	-
In fully paid equity shares of ₹ 5 each		
100 * (-) The Sone Valley Portland Cement Company Limited	-	-
	<u>-</u>	<u>-</u>
	<b>5.79</b>	-
<b>Other investments</b>		
<b>Government and trust securities</b>		
* National Savings Certificate ₹ 36,500 (previous year - ₹ 36,500) deposited with Government department as security.....	-	-
<b>Equity shares</b>		
1,000,000 (1,000,000) equity shares of ₹ 10 each in Gujarat Goldcoin Ceramics Limited .....	1.00	1.00
Less: Provision for diminution in value of investment....	1.00	1.00
	<u>-</u>	<u>-</u>
Carried forward .....	<b>97.23</b>	-



## Notes to Consolidated Financial Statements (Contd.)

	₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Brought forward.....		97.23	-
<b>Public sector bonds</b>			
333 (296) 5.13% taxable redeemable bonds of ₹ 1,000,000 each of Himachal Pradesh Infrastructure Development Bonds .....	33.30	33.30	29.60
Total .....		130.53	29.60

	Book value as at		Market value as at	
	31.12.2016 ₹ in crore	31.12.2015 ₹ in crore	31.12.2016 ₹ in crore	31.12.2015 ₹ in crore
Aggregate amount of quoted investments.....	23.65	-	28.36	-
Aggregate amount of unquoted investments .....	125.74	30.60	-	-
Less : aggregate provision for diminution in value of investments .....	18.86	1.00	-	-
Total .....	130.53	29.60	28.36	-

\*Denotes amount less than ₹ 50,000

	Non-current		Current	
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
	<b>13. Loans and advances</b>			
<b>Unsecured, considered good</b>				
Capital advances.....	400.13	372.35	-	-
Security and other deposits (Refer note 29 (I) (iv)) ....	674.90	213.53	23.19	0.18
Inter corporate deposits, loans and advances to related parties (Refer note 31 (2)(A to D)) .....	34.74	-	-	-
Deposit given to Housing Development Finance Corporation Limited.....	-	-	200.00	100.00
Income tax advances (net of provisions).....	381.28	79.79	2.21	0.31
MAT credit entitlement .....	117.70	-	-	-
Advances recoverable in cash or kind.....	54.61	47.63	546.64	205.23
	1,663.36	713.30	772.04	305.72
<b>Unsecured, considered doubtful</b>				
Capital advances.....	33.93	4.86	-	-
Inter corporate deposits, loans and advances to related parties (Refer note 31 (2)(A to D)) .....	-	0.61	-	-
Security and other deposits .....	8.33	-	-	-
Advances recoverable in cash or kind.....	7.16	7.16	-	-
	49.42	12.63	-	-
Less : Provision.....	49.42	12.63	-	-
	-	-	-	-
Total .....	1,663.36	713.30	772.04	305.72

## Notes to Consolidated Financial Statements (Contd.)

	Non-current		Current	
	As at	As at	As at	As at
	31.12.2016	31.12.2015	31.12.2016	31.12.2015
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>14. Trade receivable and other assets</b>				
<b>14.1 Trade receivables</b>				
<b>Outstanding for a period exceeding six months from the date they are due for payment</b>				
Secured, considered good .....	-	-	1.60	1.31
Unsecured, considered good .....	-	-	18.81	12.79
Unsecured, considered doubtful .....	-	-	35.29	8.60
	-	-	55.70	22.70
Less : Provision for doubtful receivables.....	-	-	35.29	8.60
	-	-	20.41	14.10
<b>Others</b>				
Secured, considered good .....	-	-	169.23	78.22
Unsecured, considered good .....	-	-	573.89	198.14
Unsecured, considered doubtful .....	-	-	1.69	-
	-	-	744.81	276.36
Less : Provision for doubtful receivables.....	-	-	1.69	-
	-	-	743.12	276.36
Total .....	-	-	763.53	290.46
<b>14.2 Other assets</b>				
<b>Unsecured, considered good</b>				
Incentives receivable under Government incentive Schemes .....	745.43	256.52	8.48	29.63
Non-current bank balance (Refer note 17).....	49.83	25.96	-	-
Interest accrued on fixed deposit.....	0.02	-	17.36	21.01
Interest accrued on investments .....	-	-	2.44	1.11
Assets awaiting disposal (lower of carrying value and net realisable value) .....	-	-	46.59	0.85
Others .....	10.32	-	12.27	1.90
	805.60	282.48	87.14	54.50
<b>Unsecured, considered doubtful</b>				
Incentives receivable under Government incentive Schemes .....	36.43	31.84	14.29	-
Less : Provision.....	36.43	31.84	14.29	-
	-	-	-	-
Total .....	805.60	282.48	87.14	54.50
<b>15. Current investments</b>				
<b>(Valued at lower of cost and fair value, unless stated otherwise)</b>				
Investment in Certificate of Deposits - Fully paid-up (unquoted) of ₹ 100,000 each				
15,000 ICICI Bank.....			147.95	-
20,000 Canara Bank .....			197.15	-
20,000 Corporation Bank.....			197.44	-
10,000 Kotak Mahindra Bank Limited .....			98.54	-
20,000 Andhra Bank.....			197.19	-
			838.27	-
<b>Unquoted</b>				
In units of mutual funds, fully paid-up.....			1,826.28	2,119.23
Total .....			2,664.55	2,119.23

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>16. Inventories</b>		
<b>(At cost, less provision for slow and non moving inventory and net realisable value whichever is lower)</b>		
Raw materials (including in transit - ₹ 4.13 crore; previous year - ₹ 1.14 crore) .....	197.26	62.93
Work-in-progress.....	446.42	203.78
Finished goods.....	250.18	84.84
Stock in trade .....	0.02	-
Stores and spares (including in transit - ₹ 14.56 crore; previous year - ₹ 3.51 crore) ...	510.22	195.34
Coal and fuel (including in transit - ₹ 59.24 crore; previous year - ₹ 0.61 crore).....	726.73	336.93
Packing materials (including in transit - ₹ 0.09 crore; previous year - ₹ 0.26 crore)....	33.73	13.94
<b>Total .....</b>	<b>2,164.56</b>	<b>897.76</b>

	Non-current		Current	
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>17. Cash and bank balances</b>				
<b>Cash and cash equivalents :</b>				
Balances with bank :				
In current accounts.....	-	-	271.55	158.54
Deposit with original maturity upto 3 months .....	-	-	1,074.06	2,634.25
	-	-	1,345.61	2,792.79
Cash on hand.....	-	-	0.09	0.37
Earmarked balances with banks.....	-	-	57.08	24.25
	-	-	1,402.78	2,817.41
<b>Other bank balances :</b>				
Fixed deposit with banks *				
Original maturity more than 3 months and upto 12 months.....	-	-	293.43	35.91
Original maturity more than 12 months .....	49.83	25.96	-	-
	49.83	25.96	293.43	35.91
Less : Amount disclosed under non-current asset (Refer note 14.2) .....	49.83	25.96	-	-
	-	-	293.43	35.91
<b>Total .....</b>	<b>-</b>	<b>-</b>	<b>1,696.21</b>	<b>2,853.32</b>

\* Given as security against bank guarantees and others.

## Notes to Consolidated Financial Statements (Contd.)

	2016 ₹ in crore	2015 ₹ in crore
<b>18. Revenue from operations</b>		
Sale of products		
Finished goods.....	22,787.32	10,691.19
Traded goods.....	92.71	-
Sale of services.....	13.14	-
Total .....	<u>22,893.17</u>	<u>10,691.19</u>
<b>19. Other operating revenues</b>		
Sale of Power.....	13.33	0.26
Provisions no longer required written back.....	27.80	19.32
Sale of scrap (net of excise duty).....	50.28	23.52
Insurance Claims.....	14.72	5.47
Miscellaneous income.....	143.75	44.77
Total .....	<u>249.88</u>	<u>93.34</u>
<b>20. Other income</b>		
Interest income on		
Bank deposits .....	225.32	186.71
Long-term investments.....	1.52	1.52
Income tax refund.....	0.08	-
Others .....	8.52	5.75
	<u>235.44</u>	<u>193.98</u>
Profit on sale of current investments.....	226.43	148.20
Dividend income from joint venture company .....	0.62	-
Others (Refer note 40 (a)).....	55.65	11.04
Total .....	<u>518.14</u>	<u>353.22</u>
<b>21. Cost of raw material consumed (Refer note 39(i))</b>		
Opening stock .....	62.93	63.50
Add: pursuant to Scheme of amalgamation (Refer note 42) .....	132.01	-
Add: purchases.....	2,344.41	800.87
Less: closing stock.....	197.26	62.93
Total .....	<u>2,342.09</u>	<u>801.44</u>
<b>Break-up of raw materials consumed</b>		
Fly ash .....	689.70	345.99
Gypsum .....	472.40	217.20
Others* .....	1,179.99	238.25
Total .....	<u>2,342.09</u>	<u>801.44</u>

\* includes no item which in value individually accounts for 10 percent or more of the total value of raw materials consumed.

## Notes to Consolidated Financial Statements (Contd.)

	2016 ₹ in crore	2015 ₹ in crore
<b>22. Changes in inventories of finished goods,work-in-progress and stock-in-trade</b>		
Closing stock :		
Work-in-progress.....	446.42	203.78
Finished goods.....	250.18	84.84
Stock-in-Trade.....	0.02	-
	<u>696.62</u>	<u>288.62</u>
Opening stock :		
Work-in-progress.....	203.78	225.83
Finished goods.....	84.84	87.22
Stock-in-Trade.....	-	0.97
Pursuant to Scheme of amalgamation (Refer note 42) .....	394.75	-
	<u>683.37</u>	<u>314.02</u>
(Increase) / Decrease.....	<u>(13.25)</u>	<u>25.40</u>
<b>23. Employee benefits expense</b>		
Salaries and wages.....	1,186.74	514.41
Contribution to provident and other funds.....	118.89	36.81
Staff welfare expenses.....	91.58	42.83
Total .....	<u>1,397.21</u>	<u>594.05</u>
<b>24. Freight and forwarding expenses (Refer note 39 (ii))</b>		
On internal material transfer .....	1,035.89	634.48
On finished products.....	4,076.03	1,877.30
Total .....	<u>5,111.92</u>	<u>2,511.78</u>
<b>25. Finance costs</b>		
Interest :		
On Income tax (net of interest income on refund - ₹ 51.80 crore; previous year - ₹ 61.30 crore).....	51.41	53.03
Others .....	89.13	39.44
Total .....	<u>140.54</u>	<u>92.47</u>
<b>26. Depreciation and amortisation expense</b>		
Depreciation on tangible assets.....	1,227.13	629.68
Amortisation on intangible assets .....	236.05	0.08
Total .....	<u>1,463.18</u>	<u>629.76</u>

## Notes to Consolidated Financial Statements (Contd.)

	2016	2015
	₹ in crore	₹ in crore
<b>27. Other expenses</b>		
Royalty and cess .....	451.42	231.92
Stores and spares consumed.....	677.38	303.63
Packing materials consumed .....	672.54	349.81
Repairs and maintenance :		
Building.....	20.64	12.47
Plant and machinery .....	277.41	139.87
Others .....	44.84	15.74
	<u>342.89</u>	<u>168.08</u>
Excise duty :		
Excise duty on captive consumption of clinker .....	27.94	29.97
Excise duty variation on opening / closing stock.....	5.79	(0.33)
	<u>33.73</u>	<u>29.64</u>
Rent (Refer note 38).....	68.03	32.33
Rates and taxes.....	250.21	95.57
Insurance.....	46.49	17.89
Technology and Know-How fee.....	198.87	92.50
Advertisement and publicity .....	157.06	86.76
Discount on sales.....	119.89	44.45
Donation.....	60.31	39.49
Loss on assets sold, discarded and written off (net) .....	5.93	25.84
Miscellaneous expenses .....	1,222.96	430.88
Total .....	<u>4,307.71</u>	<u>1,948.79</u>

	2016	2015
	₹ in crore	₹ in crore
<b>28. Earnings per equity share :</b>		
(i) Profit attributable to equity shareholders for basic and diluted EPS.....	1,121.13	807.88
(ii) Weighted average number of equity shares for basic EPS.....	1,985,645,229	1,551,188,572
Add: Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992 .....	288,377	282,985
Weighted average number of shares for diluted EPS.....	<u>1,985,933,606</u>	<u>1,551,471,557</u>
(iii) Nominal value of equity share (in ₹).....	2.00	2.00
(iv) Earnings per equity share (in ₹).....		
Basic .....	5.65	5.21
Diluted .....	5.65	5.21

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>29. Contingent liabilities and commitments (to the extent not provided for)</b>		
<b>(I) Contingent liabilities and claims against the Company not acknowledged as debts related to *</b>		
(i) Labour.....	26.83	23.47
(ii) Land .....	21.20	17.64
(iii) Royalty on Limestone <sup>1</sup> .....	8.01	143.12
(iv) Sales tax <sup>2</sup> .....	294.00	267.64
(v) Excise and Customs .....	97.24	67.99
(vi) Demand from Competition Commission of India <sup>3</sup> .....	2,464.89	-
(vii) Collector of Stamps <sup>4</sup> .....	287.88	-
(viii) Others .....	306.39	157.41
	<b>3,506.44</b>	<b>677.27</b>

\* In respect of items above, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

1 Royalty on limestone represents additional royalty, consequent to the order passed by Madhya Pradesh State Mining Department, based on the ratio of 1.6 tonnes of limestone to 1.0 tonne of cement produced at its factory in Chhattisgarh, in case of the Company and its factory in Chhattisgarh and Tamilnadu in case of its subsidiary ACC Limited. Subsequent to year end, both the Companies have received favourable Orders from Hon'ble High Court of Chhattisgarh, Bilaspur.

2 Includes a matter relating to 75% exemption from sales tax granted by Government of Rajasthan. However, the eligibility of exemption in excess of 25% was contested by the State Government in a similar matter of another Company. In year 2014, pursuant to the unfavourable decision of the Supreme Court in that similar matter, the sales tax department has initiated proceedings for recovery of differential sales tax and interest thereon on the ground that the Company had given an undertaking to deposit the differential amount of sales tax, in case the Supreme Court's decision goes against the matter referred. Against the total demand of ₹ 247.97 crore (including interest of ₹ 134.45 crore), the Company has deposited an amount of ₹ 143.52 crore (including interest ₹ 30.00 crore) (previous year ₹ 143.52 crore, including interest ₹ 30.00 crore), towards sales tax under protest and filed a Special Leave Petition in the Hon'ble Supreme Court with one of the ground that the tax exemption was availed by virtue of the order passed by the Board for Industrial & Financial Reconstruction during the relevant period. On Company's petition, the Hon'ble Supreme Court has granted an interim stay on the balance interest amount. Based on the advice of external legal counsel, the Company believes that, it has good grounds for a successful appeal. Accordingly, no provision is considered necessary.

3 a) In 2012, the Competition Commission of India (CCI) issued an order imposing penalty on certain cement manufacturers, including the Company and ACC Limited concerning alleged contravention of the provisions of the Competition Act, 2002 and imposed penalty of ₹ 1,163.91 crore on the Company and ₹ 1,147.59 crore on ACC Limited, aggregating to ₹ 2,311.50 crore. On appeal by the Company and ACC Limited, the Competition Appellate Tribunal (COMPAT), initially stayed the penalty and by its final order dated 11th December, 2015, set aside the order of the CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order.

After hearing the matter afresh, the CCI has again, by its order dated 31st August, 2016, imposed penalty of ₹ 1,163.91 crore on the Company and ₹ 1,147.59 crore on ACC Limited, aggregating to ₹ 2,311.50 crore. The Company and ACC Limited have filed appeals against the said Order before the COMPAT. The COMPAT, vide its order dated 21st November, 2016 has stayed the penalty with a condition to deposit 10% of the penalty amount, which has been deposited. Pending final disposal of the appeal, the matter has been disclosed as contingent liability along with interest of ₹ 88.23 crore.

## Notes to Consolidated Financial Statements (Contd.)

- b) In a separate matter, pursuant to a reference filed by the Director, Supplies and Disposals, Government of Haryana, the CCI by its Order dated 19th January, 2017 has imposed penalty of ₹ 29.84 crore on the Company and ₹ 35.32 crore on ACC Limited, aggregating to ₹ 65.16 crore. The Company and ACC Limited are in the process of filing appeals with COMPAT against the said Order.

Based on the advice of external legal counsels, the Company and ACC Limited believe they have good grounds on merit for a successful appeal in both the aforesaid matters. Accordingly, no provision is considered necessary and the same is disclosed as contingent liability.

- 4 The Collector of Stamps, Delhi vide its Order dated 7th August, 2014, directed erstwhile Holcim (India) Private Limited (HIPL), (now merged with the Company), to pay stamp duty (including penalty) of ₹ 287.88 crore (previous year ₹ Nil) on the merger order passed by Hon'ble High Court of Delhi, approving the merger of erstwhile Ambuja Cement India Private Limited with HIPL. HIPL had filed a writ petition and the Hon'ble High Court of Delhi has granted an interim stay. Based on the advice of external legal counsel, the Company believes that it has good grounds for success in writ petition. Accordingly, no provision is considered necessary.

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>(II) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances).....	<b>436.22</b>	327.26

### 30. Material Demand and dispute considered as "remote" by the Company

- a) The Cement manufacturing plants of the Company and ACC Limited, located in Himachal Pradesh were eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured in the said plants. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Companies to such deferment on the ground that the Companies also manufacture an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was in the negative list. A total demand of ₹ 149.31 crore (previous year ₹ 66.94 crore) was raised. Both the Companies have filed writ petitions before Hon'ble High Court of Himachal Pradesh against the demand and believe they have a strong case and the demand shall not sustain under law.
- b) ACC Limited, a subsidiary of the Company, had availed Sales Tax Incentives in respect of its new 1 MTPA Plant at Gagaj (Gagaj II) under the HP State Industrial Policy, 1991. The Company had accrued Sales Tax Incentives aggregating ₹ 56.00 crore. The Sales Tax Authorities had introduced certain restrictive conditions after commissioning of the unit stipulating that incentive is available only for incremental amount over the base revenue and production (of Gagaj I) prior to the commissioning of Gagaj II. The Company contends that such restrictions are not applicable to the unit as Gagaj II is a new unit, as decided by the HP High Court and confirmed by the Supreme Court while determining the eligibility for Transport Subsidy. The Department had recovered ₹ 64.00 crore (tax of ₹ 56.00 crore and interest of ₹ 8.00 crore) and the same is accounted as an amount recoverable. The HP High Court, had, in 2012, dismissed the Company's appeal. The Company believes the Hon'ble High Court's judgment is based on an erroneous understanding of certain facts and legal positions and that it also failed to consider certain key facts. The Company has been advised by legal experts that there is no change in the merits of the Company's case. Based on such advice, the Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court in, which is pending.
- c) ACC Limited, a subsidiary of the Company, was eligible for certain incentives (in the nature of One Time Lump Sum Capital Subsidy and refund of incremental VAT paid) in respect of its investment towards modernization and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid in each financial year. However, no disbursements were made (except an amount of ₹ 7.00 crore representing part of the One Time Lump Sum capital Subsidy Claim of ₹ 15.00 crore) as the authorities have raised various new conditions and restriction, that were extraneous to the approvals and confirmations expressly received by the Company. The Company had filed two writ appeals before the Jharkhand High Court against the restrictions and disputes on the extent of the eligible claims now being sought to be effected / raised by the Government.

The Division Bench of the Jharkhand High Court, while dealing with appeals by both, the Company and the State Government, against a single bench order only partially allowing the Companies claim, in its order dated 14th February, 2015, allowed the Companies Appeal in totality while dismissing the Government's Appeal, thereby confirming that the entire amount claimed by the Company is correct and hence payable



## Notes to Consolidated Financial Statements (Contd.)

immediately. Pursuant to this order, a cumulative amount of ₹ 235.00 crore was accrued in the books upto 31st December, 2015.

The Government of Jharkhand has filed a SLP in the Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due.

The Company also pursued a contempt petition filed in the High Court of Jharkhand against non disbursal of amounts due by the Government. Consequently, as of date, the Company received ₹ 64.00 crore in part disbursement in the previous year from the Government of Jharkhand.

The Company is pursuing the matter of disbursement of further amounts outstanding. The Company is of the view, and also has been advised, that the merits are strongly in its favour and it expects that the SLP shall be rejected upholding the order of the Division bench of the Jharkhand HC by the Apex Court.

- d) ACC Limited, a subsidiary of the Company had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co Ltd., in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. The Company had purchased another captive power plant ('Wadi TG 3', set up by Tata Power Co Ltd in the year 2002-03) in 2004-05. Both these power plants were eligible for tax holiday under the provisions of Section 80IA of the Income Tax Act, 1961. The Income tax department has disputed the Company's claim of deduction under Section 80IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹ 56.66 crore (net of provision), the Company is in appeal before the Income Tax Appellate Tribunal (ITAT) and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 crore, which was set aside by the ITAT, the Department is in appeal against the decision in favour of the Company. The Company believes that the merits of the claims are strong and will be allowed in favour of ACC Limited.
- e) ACC Limited, a subsidiary of the Company is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The Scheme inter alia, includes refund of royalty paid by the Company on extraction or procurement of various raw materials (Minerals). The Department of Industries has disputed the Company's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to the Company, that only the higher of the amount of (i) VAT Refund and (ii) Royalty refund claim amounts, each year, shall be considered. The Company maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. The Company has accrued an amount of ₹ 133.00 crore till 31st December, 2016 on this account. The Company has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted & pending before the Court for hearing on merit. The Company believes that the merits of the claim are strong.
- f) Consequent upon the Supreme Court's judgement in Goa Foundation case, restricting the "deemed renewal" provision of captive mining leases to the first renewal period, ACC Limited, a subsidiary of the Company, had received demand from District Mining Officer for ₹ 881.00 crore being penalty for alleged illegal mining activities carried out by the Company during January 1991 to September 2014. The aforesaid demands were challenged by the Company and Writ Petition with High Court of Jharkhand. The petition has been admitted subject to a token deposit of ₹ 48.00 crore which shall be refundable in case the matter is decided in the favour of ACC Limited. The Company is of the considered view based on legal advice, that this demand does not have merit, and shall not stand the test of judicial scrutiny, considering that the said mining, leases pending State Government's approval, have been automatically extended upto March 31, 2030 by Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 without any recourse being made available to the State Government.

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013)

#### 1. Name of related parties

<b>(A) Names of the related parties where control exists</b>	<b>Nature of Relationship</b>
(i) LafargeHolcim Limited (Formerly known as Holcim Ltd.), Switzerland .....	Ultimate Holding Company
(ii) Holderfin B.V., Netherlands.....	Intermediate Holding Company
(iii) Holderind Investments Limited, Mauritius .....	Holding Company
<b>(B) Others-with whom transactions have taken place during the year</b>	
<b>(I) Names of other related parties</b>	<b>Nature of Relationship</b>
(a) Holcim (India) Private Limited.....	Fellow Subsidiary amalgamated with the Company w.e.f. 12.08.2016 (Refer note 42)
(b) Holcim (Lanka) Limited, Sri Lanka.....	Fellow Subsidiary (Upto 10.08.2016 )
(c) Holcim Group Services Limited, Switzerland .....	Fellow Subsidiary
(d) Holcim Technology Limited, Switzerland .....	Fellow Subsidiary
(e) Holcim Philippines, Inc., Philippines.....	Fellow Subsidiary
(f) Holcim Services (South Asia) Limited .....	Fellow Subsidiary
(g) Holcim Trading FZCO, UAE .....	Fellow Subsidiary
(h) LH Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited) .....	Fellow Subsidiary
(i) PT Holcim Indonesia Tbk., Indonesia .....	Fellow Subsidiary
(j) Holcim Cement (Bangladesh) Limited, Bangladesh	Fellow Subsidiary
(k) Holcim (Romania) S.A., Romania.....	Fellow Subsidiary
(l) LafargeHolcim Energy Solutions S.A.S, France .....	Fellow Subsidiary (w.e.f. 01.07.2015)
(m) Holcim Technology (Singapore) Pte Limited, Singapore.....	Fellow Subsidiary
(n) Thalamar Shipping AG, Switzerland.....	Fellow Subsidiary
(o) Lafarge India Private Limited .....	Fellow Subsidiary ( w.e.f. 10.07.2015 and upto 04.10.2016)
(p) Holcim (Liban) S.A.L, Liban .....	Fellow subsidiary
(q) Geocycle (Deutschland) Gmbh, Deutschland.....	Fellow Subsidiary
(r) Siam City Cement (Lanka) Ltd., Sri Lanka .....	Fellow Subsidiary
(s) Wardha Vaalley Coal Field Private Limited.....	Joint Venture
(t) Counto Microfine Products Private Limited .....	Joint Venture
(u) Alcon Cement Company Private Limited.....	Associate of Subsidiary
(v) Aakaash Manufacturing Company Private Limited	Associate of Subsidiary
(w) Asian Concretes and Cements Private Limited .....	Associate of Subsidiary
(x) MP AMRL (Semaria) Coal Company Limited.....	Joint Venture of Subsidiary
(y) MP AMRL (Bicharpur) Coal Company Limited.....	Joint Venture of Subsidiary
(z) MP AMRL (Marki Barka) Coal Company Limited....	Joint Venture of Subsidiary
(aa) MP AMRL (Morga) Coal Company Limited.....	Joint Venture of Subsidiary
<b>(II) Key Management Personnel</b>	
<b>Name of the related parties</b>	<b>Nature of Relationship</b>
Mr. Ajay Kapur .....	Managing Director & Chief Executive Officer

Pursuant to amalgamation of Holcim (India) Private Limited with the Company, ACC Limited and OneIndia BSC Limited have become the subsidiaries of the Company. In the previous year ACC Limited was a fellow subsidiary and OneIndia BSC Limited was a Joint venture of the Company.

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013) (Contd.)

#### 2. Details of related party transactions

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>A) Transactions with fellow subsidiaries</b>			
1	Purchase of goods		
	LafargeHolcim Energy Solutions S.A.S, France .....	335.38	-
	Lafarge India Private Limited .....	0.72	-
	ACC Limited .....	-	4.80
		<u>336.10</u>	<u>4.80</u>
2	Sale of goods		
	LH Trading Pte Limited, Singapore .....	31.11	4.81
	PT Holcim Indonesia Tbk., Indonesia .....	-	0.52
	Lafarge India Private Limited .....	31.39	18.70
	ACC Limited .....	-	61.42
		<u>62.50</u>	<u>85.45</u>
3	Rendering of services		
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	-	0.05
	Holcim Technology Limited, Switzerland .....	-	0.86
	ACC Limited .....	-	28.16
		<u>-</u>	<u>29.07</u>
4	Receiving of services		
	Holcim Group Services Limited, Switzerland .....	9.76	2.75
	Holcim Technology Limited, Switzerland .....	200.67	92.44
	Holcim Technology (Singapore) Pte Limited, Singapore .....	-	0.02
	Holcim Services (South Asia) Limited .....	86.52	43.17
	LH Trading Pte Limited, Singapore .....	-	2.17
	Thalamar Shipping AG, Switzerland .....	3.71	-
	ACC Limited .....	-	43.67
		<u>300.66</u>	<u>184.22</u>
5	Other recoveries		
	Holcim (Lanka) Limited, Sri Lanka .....	0.38	0.18
	Holcim Services (South Asia) Limited .....	0.73	-
	Holcim Technology Limited, Switzerland .....	0.28	0.79
	LH Trading Pte Limited, Singapore .....	0.12	0.08
	LafargeHolcim Energy Solutions S.A.S .....	0.03	-
	Siam City Cement (Lanka) Ltd., Sri Lanka .....	0.15	-
	ACC Limited .....	-	1.67
		<u>1.69</u>	<u>2.72</u>
6	Other payments		
	LH Trading Pte Limited, Singapore .....	-	4.02
	Holcim (Lanka) Limited, Sri Lanka .....	0.05	0.01
	LafargeHolcim Energy Solutions S.A.S .....	1.50	-
	Geocycle (Deutschland) Gmbh, Deutschland .....	0.01	-
	Holcim Technology Limited, Switzerland .....	0.16	-
	Holcim (Liban) S.A.L, Liban .....	0.11	-
		<u>1.83</u>	<u>4.03</u>

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013) (Contd.)

#### 2. Details of related party transactions (Contd.)

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>A) Transactions with fellow subsidiaries (Contd.)</b>			
7	Amounts receivable at the year end		
	Holcim (Lanka) Limited, Sri Lanka.....	-	0.18
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	0.11	0.05
	PT Holcim Indonesia Tbk., Indonesia .....	0.15	0.06
	Holcim Technology Limited, Switzerland .....	-	0.33
	Lafarge India Private Limited .....	-	11.72
	Holcim Philippines, Inc., Philippines.....	0.02	-
	ACC Limited .....	-	31.13
		<u>0.28</u>	<u>43.47</u>
8	Amounts payable at the year end		
	Holcim Technology Limited, Switzerland .....	43.32	21.08
	Holcim Philippines, Inc., Philippines.....	0.02	0.02
	Holcim Technology (Singapore) Pte Limited, Singapore .....	-	0.02
	Holcim Services (South Asia) Limited .....	13.19	8.67
	Holcim (Romania) S.A., Romania.....	0.03	0.03
	Holcim Trading FZCO, UAE .....	0.18	0.17
	Holcim Group Services Limited, Switzerland .....	0.08	-
	Geocycle (Deutschland) Gmbh, Deutschland.....	0.01	-
	LafargeHolcim Energy Solutions S.A.S, France .....	118.65	-
	ACC Limited .....	-	23.30
		<u>175.48</u>	<u>53.29</u>
9	Interest income		
	ACC Limited .....	-	0.02
10	Dividend Paid		
	Holcim (India) Private Limited.....	-	72.32
<b>B) Transactions with Holding Companies</b>			
1	Dividend paid		
	Holderind Investments Limited, Mauritius .....	177.22	302.23
2	Acquisition of equity shares		
	Holderind Investments Limited, Mauritius (Refer note 42) .....	3,500.27	-
3	Issue of equity shares (including premium)		
	Holderind Investments Limited, Mauritius (Refer note 42) .....	11,084.07	-
4	Amounts receivable at the year end		
	LafargeHolcim Limited.....	1.03	-

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure (As per Accounting Standard 18 specified under Section 133 of the Companies Act, 2013) (Contd.)

#### 2. Details of related party transactions (Contd.)

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>C) Transactions with Associates</b>			
1	Purchase of goods		
	Alcon Cement Company Private Limited (Refer note 50).....	69.33	-
	Aakaash Manufacturing Company Private Limited .....	92.36	-
	Asian Concretes and Cements Private Limited .....	31.11	-
		<u>192.80</u>	<u>-</u>
2	Sale of goods		
	Aakaash Manufacturing Company Private Limited .....	19.70	2.98
	Alcon Cement Company Private Limited (Refer note 50).....	23.17	-
		<u>42.87</u>	<u>2.98</u>
3	Rendering of services		
	Alcon Cement Company Private Limited .....	1.04	-
4	Receiving of services		
	Alcon Cement Company Private Limited .....	-	0.04
	Asian Concretes and Cements Private Limited .....	50.36	-
		<u>50.36</u>	<u>0.04</u>
5	Other recoveries		
	Alcon Cement Company Private Limited .....	12.68	-
	Aakaash Manufacturing Company Private Limited .....	1.89	-
		<u>14.57</u>	<u>-</u>
6	Other payments		
	Alcon Cement Company Private Limited .....	2.70	-
	Aakaash Manufacturing Company Private Limited .....	0.70	-
	Asian Concretes & Cements Private Limited .....	2.07	-
		<u>5.47</u>	<u>-</u>
7	Dividend received		
	Alcon Cement Company Private Limited .....	2.04	-
	Aakaash Manufacturing Company Private Limited .....	1.10	-
	Asian Concretes and Cements Private Limited .....	4.50	-
		<u>7.64</u>	<u>-</u>
8	Amounts receivable at the year end		
	Aakaash Manufacturing Company Private Limited .....	2.96	0.44
	Alcon Cement Company Private Limited .....	6.53	-
		<u>9.49</u>	<u>0.44</u>
9	Amounts payable at the year end		
	Alcon Cement Company Private Limited .....	2.18	-
	Aakaash Manufacturing Company Private Limited .....	21.17	-
	Asian Concretes and Cements Private Limited .....	14.59	-
		<u>37.94</u>	<u>-</u>
<b>D) Transactions with joint ventures</b>			
1	Sale of fixed assets		
	Counto Microfine Products Private Limited .....	0.01	-

## Notes to Consolidated Financial Statements (Contd.)

Sr. No.	Description	2016 ₹ in crore	2015 ₹ in crore
<b>D) Transactions with joint ventures (Contd.)</b>			
2	Rendering of services		
	Counto Microfine Products Private Limited .....	0.95	0.89
3	Dividend Received		
	Counto Microfine Products Private Limited .....	0.62	-
4	Interest income		
	Wardha Vaalley Coal Field Private Limited.....	0.10	0.09
5	Purchase of Goods		
	Counto Microfine Products Private Limited .....	2.03	-
6	Sale of goods		
	Counto Microfine Products Private Limited .....	0.05	-
7	Inter corporate deposits and loans given		
	Wardha Vaalley Coal Field Private Limited.....	0.61	0.21
	MP AMRL (Semaria) Coal Company Limited.....	0.02	-
	MP AMRL (Bicharpur) Coal Company Limited.....	0.18	-
	MP AMRL (Marki Barka) Coal Company Limited.....	0.01	-
	MP AMRL (Morga) Coal Company Limited.....	0.01	-
		<u>0.83</u>	<u>0.21</u>
8	Other payments		
	MP AMRL (Bicharpur) Coal Company Limited.....	5.26	-
	Counto Microfine Products Private Limited .....	0.05	-
		<u>5.31</u>	<u>-</u>
9	Loans / inter corporate deposits given outstanding at the year end		
	Wardha Vaalley Coal Field Private Limited.....	-	0.61
	MP AMRL (Semaria) Coal Company Limited.....	0.73	-
	MP AMRL (Bicharpur) Coal Company Limited.....	8.11	-
	MP AMRL (Marki Barka) Coal Company Limited.....	4.77	-
		<u>13.61</u>	<u>0.61</u>
10	Guarantees given outstanding at the year end		
	Wardha Vaalley Coal Field Private Limited.....	-	7.14
11	Amounts receivable at the year end		
	Wardha Vaalley Coal Field Private Limited.....	0.21	0.13
	Counto Microfine Products Private Limited .....	0.23	0.37
		<u>0.44</u>	<u>0.50</u>
12	Amounts payable at the year end		
	Counto Microfine Products Private Limited .....	0.14	-
<b>E) Transactions with key management personnel*</b>			
1	Remuneration		
	Mr. Ajay Kapur .....	5.56	6.35
2	Amounts payable at the year end		
	Mr. Ajay Kapur .....	-	0.57

\* This does not includes performance incentive to Managing Director & Chief Executive Officer for the year 2016, pending finalisation.

## Notes to Consolidated Financial Statements (Contd.)

### 32. Employee benefits:

#### a) Defined Contribution Plans

Defined Contribution Plans - Amount recognised and included in note 23 "Contributions to Provident and other Funds" of Statement of Profit and Loss ₹ 43.41 crore (previous year - ₹ 27.71 crore).

#### b) Defined benefit plans - as per actuarial valuation

Funded plan include gratuity benefit to employee who has completed five years or more of service on departure, at 15 days salary (on last drawn basic salary) for each completed year of service.

Other non funded plan include death & disability benefit, non-funded gratuity and post employment healthcare benefits to certain employees.

The following tables summarise the components of net benefit / expense recognised in the Statement of Profit and Loss and the funded status and amounts recognised in the Balance Sheet for the respective plans:

₹ in crore

Particulars	2016		2015	
	Funded	Other Non funded	Funded	Other Non funded
I Expense recognised in the Statement of Profit and Loss				
1 Current service cost.....	20.99	7.95	9.34	0.97
2 Interest cost .....	22.50	8.96	8.84	1.20
3 Employee contrubutions.....	-	(0.32)	-	-
4 Past service cost.....	-	-	-	-
5 Expected return on plan assets .....	(23.97)	-	(9.58)	-
6 Actuarial (gains)/ losses.....	27.99	0.73	(5.06)	0.07
7 Total expenses .....	47.51	17.32	3.53	2.24
8 Total expenses - Capitalised.....	-	-	0.01	-
II Net Asset / (Liability) recognised in the Balance Sheet				
1 Present value of defined benefit obligation	139.34	11.89	118.42	16.91
2 Addition on amalgamation (Refer note 42).....	204.21	112.64	-	-
3 Fair value of plan assets.....	315.38	-	117.02	-
4 Funded status [surplus / (deficit)].....	(28.17)	(124.53)	(1.39)	(16.90)
5 Net asset / (liability).....	(28.17)	(124.53)	(1.39)	(16.90)
III Change in obligation during the year				
1 Present value of defined benefit obligation at the beginning of the year .....	118.42	16.91	116.79	14.87
2 Addition on amalgamation (Refer note 42).....	188.74	101.75	-	-
3 Current service cost.....	20.99	7.95	9.34	0.97
4 Interest cost .....	22.50	8.96	8.84	1.20
5 Actuarial (gains) / losses.....	31.74	0.73	(5.10)	0.07
6 Employee contrubutions.....	-	(0.32)	-	-
7 Benefits payments.....	(38.84)	(11.45)	(11.45)	(0.20)
8 Present value of defined benefit obligation at the end of the year .....	343.55	124.53	118.42	16.91

## Notes to Consolidated Financial Statements (Contd.)

### 32. Employee benefits: (Contd.)

₹ in crore

Particulars	2016		2015	
	Funded	Other Non funded	Funded	Other Non funded
IV Change in assets during the year				
1 Plan assets at the beginning of the year .....	117.02	-	117.93	-
2 Addition on amalgamation (Refer note 42).....	187.61	-	-	-
3 Expected return on plan assets .....	23.97	-	9.58	-
4 Contribution by employer .....	23.07	-	1.00	-
5 Actual benefit paid .....	(40.04)	-	(11.45)	-
6 Actuarial gains / (losses).....	3.75	-	(0.04)	-
7 Plan assets at the end of the year .....	315.38	-	117.02	-
8 Actual return on plan assets.....	27.72	-	9.54	-
V Expected contribution to gratuity fund in the next year .....	31.00	-	9.00	-
VI Effect of one percentage point change in the assumed medical inflation rate :				
1% Increase on aggregate service and interest cost.....	-	0.23	-	0.20
1% Decrease on aggregate service and interest cost.....	-	(0.25)	-	(0.21)
1% Increase on present value of defined benefit obligation .....	-	1.93	-	1.65
1% Decrease on present value of defined benefit obligation .....	-	(1.91)	-	(1.45)
VII Qualifying insurance policy with Life Insurance Corporation of India .....	100%	-	100%	-
	<b>As at 31.12.2016</b>		<b>As at 31.12.2015</b>	
VIII Actuarial assumptions:				
1 Discount rate .....	6.60 % p.a. to 7.05% p.a.		7.90% p.a.	
2 Expected rate of return on plan assets .....	8.50% p.a.		8.50% p.a.	
3 Mortality .....	LIC (2006-08) mortality tables		LIC (2006-08) mortality tables	
4 Turnover rate.....	Age 21-44 - 2%, Age 45 -57 - 1%		Age 21-44 - 2%, Age 45 -57 - 1%	
5 Medical premium inflation.....	12% p.a. in the first 5 years and 8% thereafter		12% p.a. in the first 5 years and 8% thereafter	
6 Salary escalation.....	7% p.a.		7% p.a.	
IX Basis used to determine expected rate of return on assets:				
	To develop the expected long-term return on assets assumption, the Company considered the current level of returns declared on its insurance policy. This resulted in the selection of the 8.50 % assumption for gratuity (funded) plan.			
X The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.				



## Notes to Consolidated Financial Statements (Contd.)

### 32. Employee benefits: (Contd.)

XI Amount for the current and previous four years are as follows :

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore	As at 31.12.2014 ₹ in crore	As at 31.12.2013 ₹ in crore	As at 31.12.2012 ₹ in crore
<b>i) Funded</b>					
Defined benefit obligation.....	343.55	118.42	116.79	97.46	95.09
Plan assets.....	315.38	117.02	117.93	94.73	95.09
Surplus / (deficit) .....	(28.17)	(1.40)	1.14	(2.73)	-
Experience adjustments on plan assets.....	(2.82)	0.04	(0.26)	(0.55)	0.55
Experience adjustments on plan liabilities .....	8.99	6.07	(8.72)	3.64	6.15
<b>ii) Non Funded</b>					
Defined benefit obligation.....	124.52	16.91	14.87	10.30	10.19
Surplus / (deficit) .....	(124.52)	(16.91)	(14.87)	(10.30)	(10.19)
Experience adjustments on plan liabilities .....	(7.27)	(0.10)	0.35	0.61	0.17

c) Amount recognised as expense in respect of compensated absences is ₹ 39.61 crore (previous year - ₹ 12.02 crore).

d) Provident fund managed by a trust set up by the Company

The Company has contributed ₹ 30.72 crore (previous year - ₹ 7.29 crore) towards provident fund liability. Deficit of ₹ 0.73 crore (previous year - ₹ Nil) in the accumulated corpus fund is recognised in the Statement of Profit and Loss.

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
Details of the fund and asset position :		
Plan assets at the year end, at fair value .....	754.80	106.57
Present value of benefit obligation at year end .....	747.05	102.40
Net Liability / (Asset)* .....	(7.75)	(4.17)
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach		
Discount rate .....	7.05%	7.90%
Interest rate guarantee.....	8.65%	8.75%
Expected rate of return of assets .....	9.00%	8.73%

\*Only liability is recognised in the books.

## Notes to Consolidated Financial Statements (Contd.)

### 33. Employee stock option Schemes (ESOS) :

- a) The Company has provided various share based payments to its employees. During the year, following Schemes were in operation :

Particulars	2010
a) Date of grant.....	22.04.2010
b) Date of Board approval .....	04.02.2010
c) Date of Shareholders approval .....	05.04.2010
d) Number of options granted .....	9,998,900
e) Method of settlement (cash / equity) .....	Equity
f) Vesting period from the date of grant.....	1 year
g) Exercise period from the date of vesting .....	4 years

- b) The details of activity under the ESOS are as below :

Particulars	2016		2015	
	Number of shares	Weighted average exercise price (₹)	Number of shares	Weighted average exercise price (₹)
a) Outstanding at the beginning of the year .....	-	-	2,344,400	119.00
b) Forfeited during the year .....	-	-	-	-
c) Exercised during the year .....	-	-	2,151,635	119.00
d) Expired during the year .....	-	-	192,765	119.00
e) Outstanding at the end of the year .....	-	-	-	-
f) Exercisable at the end of the year .....	-	-	-	-
g) Weighted average remaining contractual life (in years) .....	-	-	-	-

The weighted average share price at the date of exercise for stock options was ₹ Nil (previous year ₹ 242.29)

The weighted average share price for the period over which stock option were exercised was ₹ Nil (previous year ₹ 228.84)

### 34. Proposed Dividend :

Particulars	2016 ₹ in crore	2015 ₹ in crore
The final dividend proposed for the year is as follows :		
On Equity Shares of ₹ each		
Amount of dividend proposed .....	238.28	186.23
Dividend per Equity Share (₹) .....	1.20	1.20

### 35. Unhedged foreign currency exposure :

Particulars	As at 31.12.2016		As at 31.12.2015	
	Foreign Currency	₹ in crore	Foreign Currency	₹ in crore
1 Trade payables and other liabilities				
in CHF .....	29,618	0.20	57,567	0.38
in DKK .....	-	-	38,400	0.04
in EURO .....	2,146,084	15.37	573,308	4.14
in GBP .....	21,583	0.18	-	-
in JPY .....	1,324,519	0.08	3,989,886	0.22
in SEK .....	584	-	86,398	0.07
in SGD .....	73	-	3,254	0.02
in USD .....	20,900,201	142.39	291,859	1.93
2 Trade receivables, loans & advances and other assets				
in USD .....	10,490	0.07	68,185	0.45

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
<b>36.</b> Disclosure of trade payables as defined under the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Company regarding the status of the suppliers.		
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal .....	8.28	0.52
Interest .....	0.04	-
b) The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year.		
Principal .....	14.80	3.42
Interest .....	0.13	0.03
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified .....	-	-
d) The amount of interest accrued and remaining unpaid at the end of the year.....	0.04	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 2 .....	-	-
<b>37.</b> ACC Mineral Resources Limited. (AMRL), a wholly-owned subsidiary of ACC Limited, through its joint-venture had secured development and mining rights for four coal blocks allotted to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the order of the Supreme Court ruling that allocation of various coal blocks, including these, was arbitrary and illegal. The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder. Pursuant to a vesting order in this regard, possession of the coal mine has been handed over to the successful bidder, with which the Company is in discussions for transfer of remaining assets. In respect of other three blocks, auctioning dates have not yet been announced.		
<b>38. Operating lease :</b>		
	As at 31.12.2016 ₹ in crore	As at 31.12.2015 ₹ in crore
a) Future Lease Rental payments		
(i) Not later than one year.....	33.94	-
(ii) Later than one year and not later than five years .....	70.04	-
(iii) Later than five years.....	-	-
b) Operating lease payment recognised in Statement of Profit & Loss amounting to ₹ 167.23 crore (previous year - Nil)		
c) General description of the leasing arrangement:		
(i) Leased Assets: Grinding facility, Concrete pumps, Godowns, Transit mixer, Flats, Office premises and other premises.		
(ii) Future lease rentals are determined on the basis of agreed terms.		
(iii) There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases.		
(iv) At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.		

## Notes to Consolidated Financial Statements (Contd.)

39. The Company is eligible for receipt of transport subsidy on inter-state transport of raw materials, clinker and cement in certain units. Accordingly, the Company has accrued an amount and adjusted against the respective expenses as under :

	2016 ₹ in crore	2015 ₹ in crore
(i) Cost of raw materials consumed .....	-	0.34
(ii) Freight and forwarding expenses .....	-	6.80
Total .....	-	7.14

40. (a) Other income includes ₹ 21.04 crore (previous year ₹ Nil) written back towards interest on income tax relating to earlier years.  
(b) Tax expense for earlier years represents write back upon completion of assessments and change in estimate of allowability of certain deductions.

	2016 ₹ in crore	2015 ₹ in crore
<b>41. Capital work-in-progress includes :</b>		
a) Machinery-in-transit.....	7.79	7.66
b) Expenditure during construction for projects as under :		
Opening balance .....	-	9.82
Addition on amalgamation (Refer note 42).....	197.43	-
Addition during the year.....	39.45	2.12
	236.88	11.94
Less : Capitalised during the year.....	218.32	11.94
Balance included in capital work-in-progress .....	18.56	-

### 42. Amalgamation of Holcim (India) Private Limited ('HIPL') with Ambuja Cement Limited ('the Company'):

- a) HIPL was primarily engaged in the cement business, through its downstream investment in cement manufacturing ventures in India. The Board of Directors and members of the Company had approved the Scheme of amalgamation (the Scheme) between the Company and HIPL from the appointed date, 1st April, 2013. The Scheme was sanctioned by the Hon'ble High Courts of Gujarat and Delhi vide their orders dated 7th April, 2014 and 18th March, 2014, respectively.
- b) On 1st August, 2016, Foreign Investment Promotion Board has approved the transaction for acquisition of 24% equity shares of HIPL by the Company and subsequent merger of HIPL through share swap, being the conditions precedent to the Scheme. Pursuant to FIPB approval, the Scheme came into effect on 12th August, 2016 (effective date) when all the conditions precedent to the Scheme were complied with. Accordingly, HIPL has been amalgamated with the Company from the effective date. The Company has followed the purchase method of accounting in accordance with Accounting Standard 14, Accounting for Amalgamations, accordingly all the assets and liabilities of HIPL have been transferred to and vested in the Company at their respective fair values on the appointed date.

Pursuant to above, the Company has :

- i) purchased 24% equity shares of HIPL for a cash consideration of ₹ 3,500.27 crore;
  - ii) cancelled 150,670,120 equity shares of ₹ 2 each, fully paid up, of the Company held by HIPL; and
  - iii) issued 584,417,928 equity shares of ₹ 2 each, fully paid up to the equity shareholder of HIPL for the remaining 76% equity shares (without consideration being received in cash) and credited an amount of ₹ 10,967.20 crore to securities premium Account.
- c) The excess of the consideration viz. fair value of new shares issued and cost of shares in HIPL cancelled over the fair value of net assets taken over and the face value of the shares of the Company cancelled amounting to ₹ 2,827.48 crore has been recognised as Goodwill and is amortised over a period of three years from the appointed date in accordance with Accounting Standard AS 14 Accounting for Amalgamations.

## Notes to Consolidated Financial Statements (Contd.)

- d) Pursuant to the amalgamation, ACC Limited has become the subsidiary of the Company with effect from appointed date 1st April, 2013 for the purpose of consolidation of ACC Limited with the Company and accordingly net balances under "Reserve and Surplus" from the appointed date till 31st December, 2015 has been added line by line in Consolidated Financial Statements. Further, consequent to amalgamation, the following adjustments by way of debit / (credit) have been made in the "Surplus in the Statement of Profit and Loss" under "Reserve and surplus":
- i) ₹ 2,591.85 crore being amortization of goodwill from the appointed date till 31st December, 2015;
  - ii) ₹ (41.19) crore, being the net surplus in the Statement of Profit and Loss of HIPL from the appointed date till 31st December, 2015;
  - iii) ₹ 199.96 crore, being interim dividend and tax thereon paid by HIPL during the year;
  - iv) ₹ (131.02) crore being inter Company elimination of dividend paid by the Company, HIPL and ACC Limited during the year; and
  - v) ₹ (188.41) crore being the net surplus in the Statement of Profit and Loss as per Consolidated Financial statement of ACC limited from the appointed date till 31st December, 2015 (including adjustment towards alignment of accounting policy).
43. During the previous year, the Board of Directors had approved the amalgamation of Dirk India Private Limited, a wholly owned subsidiary, with the Company w.e.f. 1st April, 2015, in terms of the Scheme of amalgamation. During the year, the Board of Directors, in their meeting held on 28th April 2016, decided not to pursue the Scheme and not to file it with the Hon'ble High Courts for their approval. There is no material implication of this decision on the financial statements of the Company.
44. During the previous year, pursuant to the enactment of the Companies Act 2013 ('the Act'), the Company has, effective 1st January, 2015, reviewed and revised the estimated useful lives of fixed assets, as per the life indicated in the Act. Accordingly, as per the transitional provisions of the Act, the Company has adjusted ₹ 108.91 crore (net of tax of ₹ 54.90 crore) in opening balance of "Surplus in the Statement of Profit and Loss" as on 1st January, 2015, in respect of assets, whose useful life is exhausted as at 1st January, 2015. Further, as a result of this change, depreciation for the year ended 31st December, 2015 was higher by ₹ 108.56 crore.

## Notes to Consolidated Financial Statements (Contd.)

45. Additional information as required by Paragraph 2 of the General Instructions for the Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013.

Name of the entity	Net Assets i.e. total assets minus total Liabilities				Share in profit / (loss)			
	As % of consolidated net assets		Amount ₹ in crore		As % of consolidated profit / (loss)		Amount ₹ in crore	
	2016	2015	2016	2015	2016	2015	2016	2015
Parent.....	77.46%	100.06%	15,140.21	10,277.44	73.07%	100.16%	819.09	809.16
<b>Subsidiaries Indian :</b>								
ACC Limited.....	45.26%	-	8,846.52	-	57.22%	-	641.47	-
Kakinada Cements Limited (Liquidated during the current year).....	-	-	-	-	-	0.00%	-	(0.03)
M.G.T. Cements Private Limited.....	0.00%	0.00%	0.01	0.01	0.00%	0.00%	(0.01)	(0.02)
Chemical Limes Mundwa Private Limited..	0.00%	0.01%	0.97	1.17	-0.02%	-0.02%	(0.20)	(0.13)
Dirk India Private Limited.....	-0.15%	-0.28%	(28.52)	(28.92)	0.04%	-0.15%	0.42	(1.25)
OneIndia BSC Private Limited (Refer note 47).....	0.03%	0.01%	6.12	1.41	0.30%	-0.14%	3.32	(1.10)
<b>Subsidiaries foreign :</b>								
Dang Cement Industries Private Limited...	0.04%	0.08%	8.42	8.49	-0.01%	-0.01%	(0.07)	(0.05)
<b>Subsidiaries of Subsidiary Indian :</b>								
Bulk Cement Corporation (India) Limited	0.06%	-	10.78	-	0.19%	-	2.18	-
ACC Mineral Resources Limited.....	-0.19%	-	(37.51)	-	-3.52%	-	(39.50)	-
Lucky Minmat Limited.....	-0.18%	-	(35.74)	-	-0.38%	-	(4.25)	-
National Limestone Company Private Limited.....	-0.05%	-	(9.37)	-	-0.16%	-	(1.75)	-
Singhania Minerals Private Limited.....	-0.01%	-	(2.19)	-	-0.05%	-	(0.58)	-
<b>Minority interest in all subsidiaries.....</b>	<b>-22.40%</b>	<b>0.01%</b>	<b>(4,377.77)</b>	<b>(0.72)</b>	<b>-27.35%</b>	<b>-</b>	<b>(306.67)</b>	<b>-</b>
<b>Joint Venture Indian :</b>								
Counto Microfine Products Private Limited	0.08%	0.13%	14.70	12.93	0.22%	0.18%	2.51	1.46
Wardha Vaalley Coal Field Private Limited	0.00%	0.00%	(0.51)	(0.41)	-0.01%	-0.02%	(0.11)	(0.16)
<b>Joint Venture of Subsidiary Indian :</b>								
MP AMRL(Bicharpur) Coal Company Limited.....	-0.02%	-	(3.09)	-	-0.01%	-	(0.07)	-
MP AMRL(Marki Barka) Coal Company Limited.....	0.00%	-	(0.63)	-	-	-	-	-
MP AMRL(Morga) Coal Company Limited..	0.00%	-	(0.17)	-	-	-	-	-
MP AMRL(Semaria) Coal Company Limited	0.00%	-	(0.35)	-	0.00%	-	(0.02)	-
<b>Associates of subsidiary Indian (Investment as per the equity method) :</b>								
Alcon Cement Company Private Limited...	-0.04%	-	(7.56)	-	-0.07%	-	(0.74)	-
Asian Concretes and Cements Private Limited.....	0.08%	-	15.36	-	0.32%	-	3.62	-
Aakaash Manufacturing Company Private Limited.....	0.03%	-	5.77	-	0.22%	-	2.49	-
<b>Total.....</b>	<b>100.00%</b>	<b>100.00%</b>	<b>19,545.45</b>	<b>10,271.40</b>	<b>100.00%</b>	<b>100.00%</b>	<b>1,121.13</b>	<b>807.88</b>

Net assets and share in profits / (loss) reported in the above table have been considered from the respective audited financial statements of above entities.

## Notes to Consolidated Financial Statements (Contd.)

### 46. Interest in Joint Venture - Aggregate amounts of interest in Joint Venture Companies are as under :

	2016 ₹ in crore	2015 ₹ in crore
<b>LIABILITIES</b>		
Long-term borrowings.....	-	0.87
Deferred tax liabilities (net) .....	1.22	0.70
Long-term provisions .....	0.08	0.05
Short-term borrowings .....	32.11	0.53
Trade payables.....	1.55	1.59
Other current liabilities.....	0.66	1.87
Short-term provisions.....	0.76	0.03
<b>ASSETS</b>		
Fixed assets .....	17.67	12.29
Deferred tax assets (net).....	0.05	-
Long-term loans and advances.....	3.26	1.04
Other non-current assets .....	0.35	0.05
Current investment .....	0.66	-
Inventories .....	1.05	1.24
Trade receivables.....	2.81	2.68
Cash and bank balances.....	0.45	1.05
Short-term loans and advances.....	1.46	1.22
Other current assets.....	20.55	-
<b>Total revenue.....</b>	<b>13.28</b>	<b>12.80</b>
<b>Total expenses.....</b>	<b>(10.98)</b>	<b>(12.60)</b>
<b>Profit .....</b>	<b>2.30</b>	<b>0.20</b>
47. During the previous year, the Company had subscribed for ₹ 2.50 crore in equity shares of OneIndia BSC Private Limited (OIBPL). OIBPL was a joint venture Company till previous year, and has now become a subsidiary in the current year, consequent to amalgamation pursuant to which ACC Limited, became a subsidiary of the Company during the year.		
48. The Company has only one business segment "Cement and cement related products" as primary segment. The export turnover is not significant in the context of total turnover of the Company and further the risk and returns are not significantly different from that of India. As such there is only one geographical segment.		
49. Provision of ₹ 38.59 crore made in respect of advances and other current assets relating to a subsidiary Company considering inordinate delay in realising investments made in cancelled coal blocks.		
50. ACC Limited a subsidiary of the Company, has arrangements with its associate Company whereby it sells clinker and purchase Cement manufactured out of such clinker. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under VAT laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale of such clinker of ₹ 20.35 crore (previous year ₹ Nil) has not been recognised as a part of the Turnover but has been adjusted against cost of purchase of cement so converted.		
51. The Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS) would be applicable to the Company from financial year commencing on 1st January, 2017. Accordingly, the financial statements have been prepared in compliance with Companies (Accounting Standards) Rules, 2006.		
52. Figures below ₹ 50,000 have not been disclosed.		
53. Previous year's figures have been regrouped / reclassified wherever necessary, to conform to current year's classification. Further, the current year figures are not comparable with those of the previous year due to amalgamation of HIPL (Refer note 42).		

Signatures to Notes 1 to 53

As per our attached report of even date

For and on behalf of the Board

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration No. 324982E/E300003

**Suresh Joshi**  
Chief Financial Officer  
**Rajiv Gandhi**  
Company Secretary

**N.S. Sekhsaria**  
Chairman & Principal Founder  
**Martin Kriegner**  
Director

**Rajendra P. Chitale**  
Chairman - Audit Committee  
**B.L. Taparia**  
Director

per **Ravi Bansal**  
Partner  
Membership No. 49365

**Omkar Goswami**  
Director  
**Shailesh Haribhakti**  
Director

**Christof Hassig**  
Director  
**Haigreve Khaitan**  
Director

Mumbai, 20th February, 2017

**Ajay Kapur**  
Managing Director & Chief Executive Officer

# AMBUJA CEMENTS LIMITED

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715  
Corp. Office: Elegant Business Park, MIDC Cross Road "B", Off Andheri Kurla Road, Andheri (East), Mumbai 400 059,  
CIN: L26942GJ1981PLC004717 Email: shares@ambujacement.com Website: www.ambujacement.com

## Notice

NOTICE is hereby given that the THIRTY FOURTH ANNUAL GENERAL MEETING of the Members of the Company will be held on Friday, 31<sup>st</sup> March, 2017 at 10.30 a.m. at the Registered Office of the Company at P.O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715, to transact the following business:-

### Ordinary Business

1. To receive, consider and adopt:
  - (a) the Audited Standalone Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> December, 2016, together with the Reports of the Directors and the Auditors thereon; and
  - (b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended 31<sup>st</sup> December, 2016 and the Report of the Auditors thereon.
2. To declare Dividend on equity shares for the Financial Year ended 31<sup>st</sup> December, 2016.
3. To appoint a Director in place of Mr. B.L. Taparia (DIN: 00016551), who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Ajay Kapur (DIN: 03096416), who retires by rotation and being eligible, offers himself for re-appointment.
5. **Appointment of Statutory Auditors**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 (the Act), and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and pursuant to recommendation of the Audit Committee and the Board of Directors, M/s Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Membership No. 117366W/W-100018) be and

are hereby appointed as Statutory Auditors of the Company in place of M/s SRBC & Co. LLP, Chartered Accountants, Mumbai (Membership No. 324982E) whose tenure expires at the ensuing Annual General Meeting, at such remuneration plus reimbursement of out-of-pocket, travelling and living expenses etc., as may be mutually agreed between the Board of Directors of the Company and the said Auditors."

"RESOLVED further that M/s Deloitte Haskins & Sells, Chartered Accountants, if appointed as the Statutory Auditors of the Company, shall hold office for a period of five years, from the conclusion of this Thirty Fourth Annual General Meeting till the conclusion of Thirty Ninth Annual General Meeting of the Company (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting)."

"RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all such acts, deeds, matters and things as may be considered necessary, desirable or expedient to give effect to this Resolution."

### Special Business

6. **Ratification of remuneration to the Cost Auditors**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as an Ordinary Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, M/s. P.M. Nanabhoy & Co., Cost Accountants appointed as the Cost Auditors of the Company by the Board of Directors for the conduct of the audit of the cost records of the Company for the financial year 2017 at a remuneration of ₹ 7,00,000/- (Rupees Seven Lakhs Only) plus reimbursement of the travelling and other out-of-pocket expenses incurred by them in



connection with the aforesaid audit be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company (including its Committee thereof), be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**7. Alteration of Article 149 (2) of the Articles of Association of the Company.**

To consider and if thought fit, to pass, with or without modification(s), the following Resolution as a Special Resolution:-

"RESOLVED THAT pursuant to the provisions of Section 14 and other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the necessary registration approvals, consents, permissions and sanctions required, if any, by the Registrar of Companies, and any other appropriate authority and subject to such terms, conditions, amendments or modifications as may be required or suggested by any such appropriate authorities, which terms, conditions, amendments or modifications, the Board of Directors (hereinafter referred to as "the Board", and shall include any of its Committees) is authorised to accept as it may deem fit, the Article 149(2) of the Articles of Association of the Company be altered and substituted by the following new Article:

Article 149(2)

"The Managing Director shall be a professional person and he shall not be liable to retire by rotation."

"RESOLVED FURTHER THAT the Board of Directors and/ or Company Secretary of the Company be and are hereby authorised to do all acts, deeds, things and take all such steps as may be necessary, proper expedient or incidental for the purpose of giving effect to this aforesaid resolution."

By Order of the Board of Directors

**Rajiv Gandhi**

Company Secretary

Place : Mumbai

Date : 20<sup>th</sup> February, 2017 (Membership No. A11263)

**Notes:**

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), in respect of Item nos. 5, 6 and 7 set out in the Notice is annexed hereto and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER. PROXIES IN ORDER TO BE VALID MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE COMMENCEMENT OF MEETING.**  
**A PERSON CAN ACT AS PROXY FOR ONLY 50 MEMBERS AND HOLDING IN AGGREGATE NOT MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS. MEMBER HOLDING MORE THAN 10 PERCENT OF THE TOTAL SHARE CAPITAL OF THE COMPANY CARRYING VOTING RIGHTS MAY APPOINT A SINGLE PERSON AS PROXY AND SUCH PERSON SHALL NOT ACT AS PROXY FOR ANY OTHER MEMBER.**
3. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting (AGM) are requested to send a duly certified copy of their Board Resolution authorising their representatives to attend and vote at the AGM.
4. In case of joint holders attending the Meeting, only such joint holder who is higher in the order of names will be entitled to vote.
5. Members / Proxies / Authorised Representatives should bring the enclosed Attendance Slip, duly filled in, for attending the Meeting. Copies of the Annual Report or Attendance Slips will not be made available at the AGM venue.
6. The Register of Members and the Share Transfer Books of the Company shall remain closed from Monday, 20<sup>th</sup> March, 2017 to Friday, 24<sup>th</sup> March, 2017 (both days inclusive) for payment of final dividend.
7. The final dividend, as recommended by the Board, if approved at the AGM, in respect of equity shares held in electronic form will be payable to the beneficial owners of shares as on 19<sup>th</sup> March, 2017 as per the downloads furnished to the Company by Depositories for this purpose. In case of shares held in physical form, dividend will be paid to the shareholders, whose names shall appear on the Register of Members as on 24<sup>th</sup> March, 2017.

8. a) Members holding the shares in electronic mode may please note that their dividend would be paid through National Electronic Clearing System (NECS) or Electronic Clearing Services (ECS) at the available RBI locations. The dividend would be credited to their bank account as per the mandate given by the members to their DPs. In the absence of availability of NECS/ECS facility, the dividend would be paid through warrants and the Bank details as furnished by the respective Depositories to the Company will be printed on their dividend warrants as per the applicable Regulations.
- b) Members are requested to send their Bank Account particulars (viz. Account No., Name & Branch of the Bank and the MICR Code) to their Depository Participants (DPs) in case the shares are held in electronic mode or to the Registrar and Share Transfer Agents in case the shares are held in physical mode for printing on dividend warrant to ensure that there is no fraudulent encashment of the warrants.
9. **GREEN INITIATIVE:-** SEBI & the Ministry of Corporate Affairs encourages paperless communication as a contribution to greener environment.
- Members holding shares in physical mode are requested to register their e-mail ID's with M/s. Link Intime India Pvt. Ltd., the Registrars & Share Transfer Agents of the Company and Members holding shares in demat mode are requested to register their e-mail ID's with their respective DPs in case the same is still not registered.
- If there is any change in the e-mail ID already registered with the Company, members are requested to immediately notify such change to the Registrars & Share Transfer Agents of the Company in respect of shares held in physical form and to their respective depository participants in respect of shares held in electronic form.
- Members who wish to register their email ID can download the 'Green Initiative' form from the Company's website viz. [www.ambujacement.com/Upload/Content\\_Files/Images/e-communication-registration-Form.pdf](http://www.ambujacement.com/Upload/Content_Files/Images/e-communication-registration-Form.pdf).
10. The details of the Directors seeking re-appointment under item nos. 3 and 4 of this Notice, is annexed hereto in terms of Regulation 36(3) of the SEBI(Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings.
11. In terms of Section 101 and 136 of the Companies Act, 2013 read with the relevant Rules made thereunder, the copy of the Annual Report including Financial statements, Board's report etc. and this Notice are being sent by electronic mode, to those members who have registered their email ids with their respective depository participants or with the share transfer agents of the Company, unless any member has requested for a physical copy of the same. In case you wish to get a physical copy of the Annual Report, you may send your request to [shares@ambujacement.com](mailto:shares@ambujacement.com) mentioning your Folio/DP ID & Client ID.
12. Members may also note that the Notice of this Annual General Meeting and the Annual Report for the year 2016 will also be available on the Company's website [www.ambujacement.com](http://www.ambujacement.com) for their download.
- All the documents referred to in the accompanying Notice are available for inspection at the Registered Office of the Company on all working days (except Saturdays, Sundays and Public holidays) between 10.00 a.m and 1.00 p.m. up to the date of Annual General Meeting.
13. Pursuant to Section 72 of the Companies Act, 2013, members holding shares in physical form are advised to file nomination in the prescribed Form SH-13 with the Company's share transfer agent. In respect of shares held in electronic/demat form, the members may please contact their respective depository participant.
14. Members are requested to send all communications relating to shares and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:
- LINK INTIME INDIA PVT. LTD. (Unit: Ambuja Cements Ltd. C-101, 247 Park, L B S Marg, Vikhroli (West), Mumbai – 400 083. Tel. No. (022) 4918 6000 Fax No. (022) 4918 6060.

If the shares are held in electronic form, then change of address and change in the Bank Accounts etc. should be furnished to their respective Depository Participants (DPs).

#### 15. Unclaimed/Unpaid Dividend:

Members are informed that the final dividend amount for the year ended 31<sup>st</sup> December, 2009 and the interim dividend amount for the year ended 31<sup>st</sup> December, 2010, remaining unclaimed shall become due for transfer on 3<sup>rd</sup> May 2017 and 20<sup>th</sup> August, 2017 respectively to the Investor Education and Protection Fund established by the Central Government in terms of Section 124 of the Companies Act, 2013 on expiry of 7 years from the date of its declaration.

Members are requested to note that no claim shall lie against the Company in respect of any amount of dividend remaining unclaimed / unpaid for a period of 7 years from the dates they became first due for payment. Any member, who has not claimed final dividend in respect of the financial year ended 31<sup>st</sup> December, 2009 onwards is requested to approach the Company/the Registrar and Share Transfer Agents of the Company for claiming the same as early as possible but not later than 31<sup>st</sup> March, 2017 for final dividend of F.Y. 2009 and 30<sup>th</sup> June, 2017 for interim dividend of F.Y. 2010. The Company has already sent reminders to all such members at their registered addresses in this regard.

#### 16. Compulsory transfer of Equity Shares to Investor Education and Protection Fund (IEPF) Suspense Account:

Pursuant to the provisions of Section 124 and 125 of the Companies Act and the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016, ("Rules") all shares on which dividend has not been paid or claimed for seven consecutive years or more shall be transferred to an IEPF suspense account after complying with the procedure laid down under the "Rules".

There is lack of clarity on certain issues relating to this transfer of shares provided for under the "Rules" for which representations have been made to the Ministry of Corporate Affairs (MCA). The MCA vide General Circular no. 15-2016 has clarified that the revised "Rules" shall be notified in due course.

The Company has initiated the process for transfer of shares underlying the unclaimed dividend pending clarification from the MCA in compliance with the aforesaid "Rules".

Members are requested to take note of the aforesaid newly notified sections of the Companies Act, 2013 and claim their unclaimed dividends immediately to avoid transfer of the underlying shares to the IEPF.

The shares transferred to the IEPF can be claimed back by the concerned shareholders from IEPF Authority after complying with the procedure prescribed under the "Rules".

#### 17. Voting:-

All persons whose names are recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date namely 24<sup>th</sup> March, 2017 only shall be entitled to vote at the General Meeting by availing the facility of remote e-voting or by voting at the General Meeting.

##### (I) Voting Through Electronic Means

1. Pursuant to Section 108 of the Companies Act 2013, Rule 20 of the Companies (Management & Administration) Rules, 2014, Secretarial Standard 2 on General Meeting and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company has provided e-voting facility to the members using the Central Depository Services Ltd. (CDSL) platform. All business to be transacted at the Annual General Meeting can be transacted through the electronic voting system. The members may cast their votes using an electronic voting system from a place other than the venue of the Meeting ("remote e-voting").
2. A member can opt for only one mode of voting i.e. either in person or through proxy at the meeting or through e-voting or by ballot. If a member casts votes by all the three modes, then the vote casted through e-voting shall prevail and the vote casted through other means shall be treated as invalid.
3. The members who have cast their vote by remote e-voting may also attend the Meeting but shall not be entitled to cast their vote again.

4. The Company has appointed Mr. Surendra Kanstiya and Associates, Practicing Company Secretary, to act as the Scrutiniser to scrutinise the poll and remote e-voting process in a fair and transparent manner and he has communicated his willingness to be appointed and will be available for the same purpose.
5. The Results shall be declared within 48 hours after the Annual General Meeting of the Company. The results declared along with the Scrutiniser's Report shall be placed on the company's website [www.ambujacement.com](http://www.ambujacement.com) and on the website of CDSL [www.evotingindia.com](http://www.evotingindia.com) and the same shall also be communicated to BSE Limited and NSE, where the shares of the Company are listed.
6. Any person who becomes a member of the Company after dispatch of the Notice of the meeting and holding shares as on the cut-off date i.e. 24<sup>th</sup> March, 2017 may obtain the User ID and password in the manner as mentioned below.

The instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Monday, 27<sup>th</sup> March, 2017 at 10.00 a.m. and ends on Thursday, 30<sup>th</sup> March, 2017 at 5.00 p.m. During this period shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date (record date) of <Record Date> may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- (ii) The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
- (iii) Click on Shareholders.
- (iv) Now Enter your User ID
  - a. For CDSL: 16 digits beneficiary ID,
  - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
  - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
- (v) Next enter the Image Verification as displayed and Click on Login.

- (vi) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
- (vii) If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
<b>PAN</b>	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>• Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the PAN field.</li> </ul>
<b>Dividend Bank Details OR Date of Birth (DOB)</b>	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>• If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (iv).</li> </ul>

- (viii) After entering these details appropriately, click on "SUBMIT" tab.
- (ix) Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to

vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (x) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (xi) Click on the EVSN for the relevant <Company Name> on which you choose to vote.
- (xii) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xiii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiv) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xvi) You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- (xvii) If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- (xviii) Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store, Apple and Windows phone. Please follow the instructions as prompted by the mobile app while voting on your mobile.

(xix) Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

(xx) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).

## (II) Voting Through Ballot:-

The Company is providing the facility of ballot form in terms of the Companies (Management & Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, 2015 to those shareholders, who do not have access to e-voting facility to send their assent or dissent in writing in respect of the resolutions as set out in this Notice. The Ballot form and the instruction are enclosed along with the Annual Report. The last date for receiving the ballot form will be 23<sup>rd</sup> March, 2017 at 5.00 p.m. Ballot forms received after this date shall not be considered.

### (III) Voting at AGM:-

The members who have not casted their votes either electronically or through Ballot Form, can exercise their voting rights at the AGM.

18. Members holding shares in more than one folio in the same name(s) are requested to send the details of their folios along with share certificates so as to enable the Company to consolidate their holding into one folio.
19. The Register of Directors' and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013, the Register of Contracts or Arrangements in which the Directors are interested under Section 189 of the Companies Act, 2013 will be available for inspection at the AGM.
20. The Securities and Exchange Board of India has mandated submission of

Permanent Account Number (PAN) by every participant in securities market for transaction of transfer, transmission/transposition and deletion of name of deceased holder. Members holding shares in demat form are, therefore, requested to submit PAN details to the Depository Participants with whom they have demat accounts. Members holding shares in physical form can submit their PAN details to the Registrar & Share Transfer Agents, M/s. Link Intime India Pvt. Ltd.

21. Members desiring any information relating to the accounts are requested to write to the Company well in advance so as to enable the management to keep the information ready.
22. Route Map showing directions to reach to the venue of the 34<sup>th</sup> AGM is given at the end of this Notice as per the requirement of the Secretarial Standards-2 on "General Meetings."

## EXPLANATORY STATEMENT

### (Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Item Nos. 5 to 7 of the accompanying Notice dated 20<sup>th</sup> February, 2017.

#### In respect of item No. 5

This Explanatory Statement is provided though strictly not required as per Section 102 of the Act.

M/s S.R. Batliboi & Associates, Chartered Accountants were appointed as the Statutory Auditors of the Company by the Members at their Annual General Meeting held in October, 2003 and thereafter each year till the year 2011. Subsequently in April, 2011 M/s S.R. Batliboi & Co. and in April, 2013 M/s SRBC & Co. LLP, (the present Auditors) both being the network firms of M/s S.R. Batliboi & Associates were appointed as the Statutory Auditors of the Company. The present Auditors were last re-appointed by the Members at their Thirty Third Annual General Meeting held on April 14, 2016 to hold the Office from the conclusion of the Thirty Third Annual General Meeting till the conclusion of this Thirty Fourth Annual General Meeting.

As per the provisions of the Companies Act, 2013 ("the Act"), no listed company shall appoint an

audit firm (including its affiliate firms) as auditors for more than two terms of five consecutive years. The Act also provided for additional transition period of three years from the commencement of the Act i.e. 1<sup>st</sup> April, 2014. M/s SRBC & Co. LLP (along with its network Firms) have completed period of ten years and will also be completing the additional transition period of three years at the conclusion of the forthcoming Annual General Meeting.

Accordingly, the term of the present Auditors, M/s SRBC & Co. LLP (taken together with its network firms) expires at the conclusion of the forthcoming Annual General Meeting. The Audit Committee and the Board of Directors have placed on record their appreciation for the professional services rendered by M/s SRBC & Co. LLP and its network Firms during their association with the Company as its auditors.

For the purpose of appointment of new Auditors, the Audit Committee along with the Management invited proposals from the reputed firms of Chartered Accountants and had detailed discussion with representatives of those firms. The Committee considered various parameters such as reputation of the firm, knowledge and experience of the partners,

understanding of Cement business, technical assessment of the Audit skills and the Audit fees and based on these detailed analysis, recommended M/s Deloitte Haskins & Sells, Chartered Accountant, Membership No. 117366W/W-100018, Mumbai as the Company's new Statutory Auditor. The Board of Directors based on the recommendation of the Audit Committee proposes the appointment of the M/s Deloitte Haskins & Sells, Chartered Accountant, Membership No. 117366W/W-100018, Mumbai as the Statutory Auditors of the Company to the Members for their approval.

If approved by the Members, the appointment of Deloitte Haskins & Sells, Chartered Accountants as a Statutory Auditor will be for a period of five years commencing from the conclusion of Thirty Fourth Annual General Meeting till the conclusion of the Thirty Ninth Annual General Meeting (subject to ratification of the appointment by Members at every Annual General Meeting held after this Annual General Meeting).

M/s. Deloitte Haskins & Sells, Chartered Accountants have confirmed that their appointment, if made, would be within the limits specified under Section 141(3)(g) of the Act and that they are not disqualified to be appointed as statutory auditor in terms of the provisions of the proviso to Section 139(1), Section 141(2) and Section 141(3) of the Act and the provisions of the Companies (Audit and Auditors) Rules, 2014.

The Board of Directors recommend the Resolution at Item No. 5 of the Notice for your approval.

None of the Directors, Key Managerial Personnel and other relatives are concerned or interested in the Resolution at Item No. 5 of the Notice.

#### **In respect of item No. 6**

In accordance with the provisions of Section 148 of the Companies Act, 2013 (the Act) and the Companies (Audit and Auditors) Rules, 2014 (the Rules), the Company is required to appoint a cost auditor to audit the cost records of the Company.

On the recommendation of the Audit Committee, the Board of Directors of the Company has approved the appointment of M/s. P.M. Nanabhoy & Co., Cost Accountants as the Cost Auditor of the Company

for the financial year 2017 at a remuneration of ₹ 7,00,000/- per annum plus reimbursement of all out of pocket expenses incurred, if any, in connection with the cost audit. The remuneration of the cost auditor is required to be ratified subsequently in accordance to the provisions of the Act and Rule 14 of the Rules.

Accordingly, the Directors recommend the Resolution at item no. 6 of this notice for your approval.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 6 of the Notice.

#### **In respect of item No. 7**

Article 149(1) of the Articles of Association of the Company provides for the appointment of the Managing Director for the fixed term not exceeding five years. At the same time Article 149 (2) of the Articles provides that the Managing Director shall be liable to retire by rotation.

Section 196 of the Companies Act, 2013 also provides for the appointment of the Managing Director for the fixed term not exceeding five years.

Since the Managing Director is appointed for the fixed term and his appointment is contractual in nature, it is now proposed to alter the existing Article 149(2) of the Articles of Association to include the office of the Managing Director as not liable to retire by rotation.

The Board of Directors recommend the Resolution at Item No. 7 of the Notice for your approval.

None of the Directors, except Mr. Ajay Kapur, Managing Director & CEO, other Key Managerial Personnel of the Company or their relatives, are in any way concerned or interested in the said Resolution.

By Order of the Board of Directors

**Rajiv Gandhi**

Place : Mumbai

Company Secretary

Date : 20<sup>th</sup> February, 2017 (Membership No. A11263)

ANNEXURE TO ITEM NOS. 3, & 4 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting  
[Pursuant to Regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 and Secretarial Standard 2 on General Meetings]

<b>Name of the Director</b>	<b>Mr. B.L.Taparia</b>	<b>Mr. Ajay Kapur</b>
<b>Date of Birth</b>	5 <sup>th</sup> July, 1950	11 <sup>th</sup> November, 1965
<b>Nationality</b>	Indian	Indian
<b>Date of Appointment on the Board</b>	1 <sup>st</sup> September, 2012	25 <sup>th</sup> July, 2013
<b>Qualifications</b>	B.Com, L.L.B, F.C.S.	Bachelors in Economics, MBA in Marketing. Advanced Management Programme, Wharton Business School
<b>Expertise in specific functional area</b>	Vast and rich experience in Corporate Law and other Legal fields, Accounts, Finance and Corporate Management	Health & Safety, Business Strategy, Manufacturing Excellence, Marketing & Sales, Corporate Communications, Logistics & Supply Chain, Human Resources Management and Sustainability
<b>Number of shares held in the Company</b>	3,07,284 shares	1,85,500 shares
<b>List of the directorships held in other companies*</b>	Everest Industries Ltd.	Creative Propack Ltd. Holcim Services (South Asia) Ltd.
<b>Number of Board Meetings attended during the year</b>	6 of 6	6 of 6
<b>Chairman/ Member in the Committees of the Boards of companies in which he is Director*</b>	Chairman None Member Audit Committee – Everest Industries Ltd.	Chairman None Member Audit Committee – Creative Propack Ltd.
<b>Relationships between Directors inter-se</b>	None	None
<b>Remuneration details</b>	Refer Corporate Governance Report	Refer Corporate Governance Report

\* Directorship includes Directorship of other Indian Public Companies and Committee memberships includes only Audit Committee and Stakeholders' Relationship Committee of Public Limited Company (whether Listed or not).



## Route Map - AGM

### 1. From Diu - Airport to Ambujanagar

The approximate distance from Diu Airport to Ambujanagar is 45-50 KM by road. Ample Taxis are available at the Airport. Time taken is approximately 1 hour.

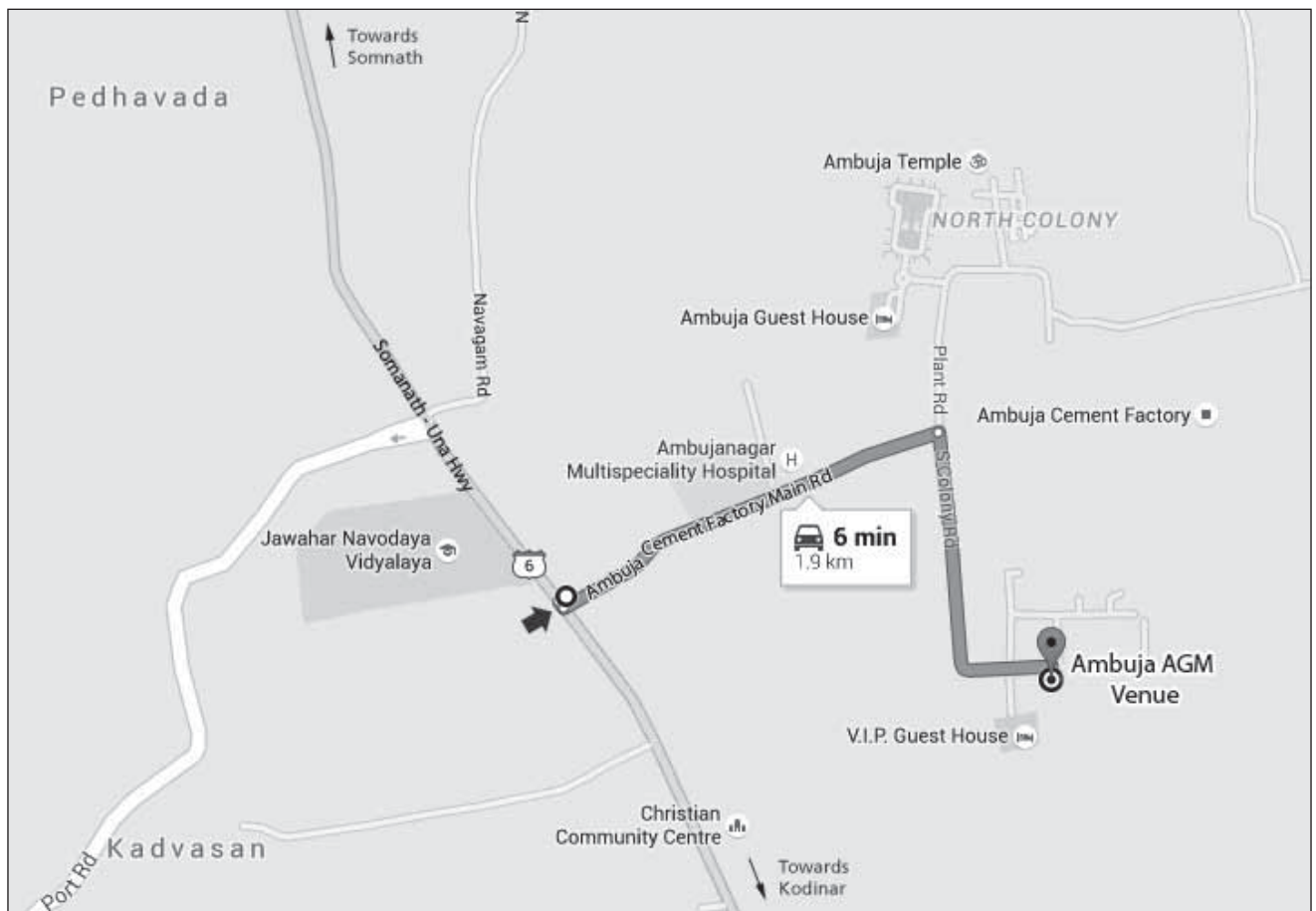
### 2. Veraval Railway station to Ambujanagar

The approximate distance from Veraval to Ambujanagar is about 45/50 KM by road. Local Taxis are available at the Railway Station. State transport buses are also available. Time taken is approximately 1 hour.

### 3. Kodinar to Ambujanagar

The distance from Kodinar to Ambujanagar is about 8 KM by road. Ample public transport is available from Kodinar to Ambujanagar. Time taken is approximately 15/20 Minutes.

### 4. Road Map from Highway entry point - Ambujanagar to Meeting Venue





# AMBUJA CEMENTS LIMITED

CIN L26942GJ1981PLC004717

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715

Corporate Office: Elegant Business Park, MIDC Cross Road "B", Off Andheri Kurla Road, Andheri (East), Mumbai - 400 059

Tel. 022-4066 7000, E mail - shares@ambujacement.com, Website: www.ambujacement.com

## ATTENDANCE SLIP

(To be presented at the entrance)

**Annual General Meeting of the Company held on Friday, the 31<sup>st</sup> March, 2017 at 10.30 a.m.**

at P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715

Folio No.....DP ID No..... Client ID No .....

Name of the Member .....Signature .....

Name of the Proxyholder .....Signature .....

1. Only Member/Proxyholder can attend the Meeting
2. Member/Proxyholder should bring his/her copy of the Annual Report for reference at the Meeting

-TEAR HERE -



# AMBUJA CEMENTS LIMITED

CIN L26942GJ1981PLC004717

Registered Office: P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715

Corporate Office: Elegant Business Park, MIDC Cross Road "B", Off Andheri Kurla Road, Andheri (East), Mumbai - 400 059

Tel. 022-4066 7000, E mail - shares@ambujacement.com, Website: www.ambujacement.com

## PROXY FORM

(Pursuant to Section 105(6) of the Companies Act, 2013 and Rule 19(3) of the Companies (Management and Administration) Rules, 2014)

Name of the Member(s) : .....

Registered address : .....

E-mail Id : .....

Folio No. / Client ID No. : ..... DP ID No.....

I/We, being the member(s) of ..... shares of Ambuja Cements Limited, hereby appoint

1. Name :	.....
Address :	.....
E-mail ID :	..... Signature : .....

or failing him

2. Name :	.....
Address :	.....
E-mail ID :	..... Signature : .....

or failing him

3. Name :	.....
Address :	.....
E-mail ID :	..... Signature : .....

TEAR HERE

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the Annual General Meeting of the Company to be held on Friday, the 31st March, 2017 at 10.30 a.m. at P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715 and at any adjournment thereof in respect of such resolutions as are indicated below :

Resolution No. (  )

1		5	
2		6	
3		7	
4			

Signed this ..... day of ..... 2017

Affix  
Revenue  
Stamp

Signature of Shareholder ..... Signature of Proxyholder.....

**NOTES:**

- 1 This Form in order to be effective should be duly completed and deposited at the Registered Office of the Company at P. O. Ambujanagar, Taluka: Kodinar, District: Gir Somnath, Gujarat - 362 715 not less than 48 hours before the commencement of the Meeting.
- 2 Those Members who have multiple folios with different joint holders may use copies of this Attendance Slip/Proxy.



# **Ambuja Cement**

Head office:

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

Tel.: 022 6616 7000 / 4066 7000.

[www.ambujacement.com](http://www.ambujacement.com)