

# AMBUJA CEMENTS LIMITED

*Annual Report 2014*



**I CAN.**

## **OUR VISION**

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

## **OUR MISSION - CREATE VALUE FOR ALL**

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

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

**I CAN.**

## CORPORATE INFORMATION

### CHAIRMAN EMERITUS

Mr. Suresh Neotia

### BOARD OF DIRECTORS

Mr. N. S. Sekhsaria

- Chairman

Mr. Bernard Terver

- Vice Chairman

Mr. Bernard Fontana

Mr. Nasser Munjee

Mr. Rajendra P. Chitale

Mr. Shailesh Haribhakti

Dr. Omkar Goswami

Mr. Haigreve Khaitan

Ms. Usha Sangwan (*w.e.f. 24th April, 2014*)

Mr. B. L. Taparia

Mr. Ajay Kapur

- Managing Director &  
Chief Executive Officer (*w.e.f. 25th April, 2014*)

### CHIEF FINANCIAL OFFICER

Mr. Sanjeev Churiwala

### COMPANY SECRETARY

Mr. Rajiv Gandhi

### EXECUTIVE COMMITTEE

Mr. Ajay Kapur

- Managing Director & CEO

Mr. Sanjeev Churiwala

- Chief Financial Officer

Mr. Vilas Deshmukh

- Chief Manufacturing Officer

Mr. Sanjay Gupta

- Chief Marketing Officer

Mr. Vivek Agnihotri

- Chief Corporate Services Officer

Ms. Meenakshi Narain

- Chief HR Officer

Mr. Henning Sasse

- Head of Techport

Mr. Ranjan Sachdeva

- Chief Central Procurement Officer

### AUDITORS

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

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

### CORPORATE OFFICE

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

### REGISTERED OFFICE

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

## CHAIRMAN'S LETTER

Dear Shareholders,

Last year, I shared the momentous news that Holcim had invited Ambuja to merge with Holcim India – a union that would make ACC Limited a subsidiary of Ambuja. I am happy to inform you that we have completed all formalities and are awaiting FIPB clearance. I am hopeful this will be obtained soon and we can begin a new chapter in our company's history.

For the cement industry, 2014 was a year of consolidation. Most companies continued to struggle with weak demand, excess capacity and falling prices. In the face of these challenges, it gives me great pleasure to announce that the company has performed well, recording top line growth in EBITDA, revenue, and PAT. Our net sales and profit increased by 9% and 16%, to ₹ 9,911 crores and ₹ 1,496 crores respectively, over the previous year. This outcome is certainly the result of our 'Operational Excellence' programs, and the untiring efforts of our people to make Ambuja a better, more efficient company.

The future for the industry looks positive with the new government's focus on development of infrastructure and housing. Moreover, a rise in GDP from these initiatives would provide an additional impetus for the cement industry, given the strong correlation between GDP growth and India's per capita cement consumption, which still ranks below the world average.

Since Ambuja's inception, we have dedicated ourselves to being the 'most sustainable cement company'. This reflects our deep concern for the scarcity of natural resources that faces us – an issue that will only intensify for future generations. Because our industry is particularly resource-intensive, we have committed ourselves to continually reduce our consumption of non-renewable resources and decrease CO<sub>2</sub> emissions.

Many of our initiatives in this area have started to bear fruit. Our work with water conservation has made us the only 'water-positive' cement company in India. We have also made concerted efforts to find alternative fuels. These initiatives have been recognised and awarded by industry bodies like CII and ASSOCHAM. Our wider CSR efforts were recently acknowledged in the Harvard Business Review as successful on a holistic level.

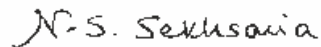
These achievements have only deepened our people's 'I Can' spirit to continue our journey towards sustainability. This year, with the assistance of KPMG, we developed an entirely new index to gauge our impact in the social sphere. This index, called 'True Value', lets us ascertain the social and environmental impact of our activities, now, and in the future. We believe it will help us to continually better ourselves, while protecting the communities and resources around us.

We are also committed to improving the health and safety of our employees, subcontractors, third parties and visitors. Our safety initiative, 'We Care', covers all our stakeholders and is driven through top management commitment and visible leadership across all levels.

Our customers have always been at the heart of our efforts, and we continue to provide excellence to them through innovative products and solutions. We recently launched Ambuja Plus, a premium quality cement product aimed at individual home-builders. Last year, we were able to reach out to thousands of customers across the country by providing end-to-end, value-added technical services, through initiatives like the Ambuja Knowledge Centres, which provide know-how to construction professionals.

Today we stand at the threshold of another year that will hold many challenges. I am sure that the 'I Can' spirit of our people will turn every trial into an opportunity. With our enduring focus on sustainability, safety, efficiency, quality, and with the support of all stakeholders, I am sure the company will scale new heights and set new benchmarks for the industry.

With warm regards,



N. S. Sekhsaria

18 February, 2015

## FINANCIAL HIGHLIGHTS OF 5 YEARS

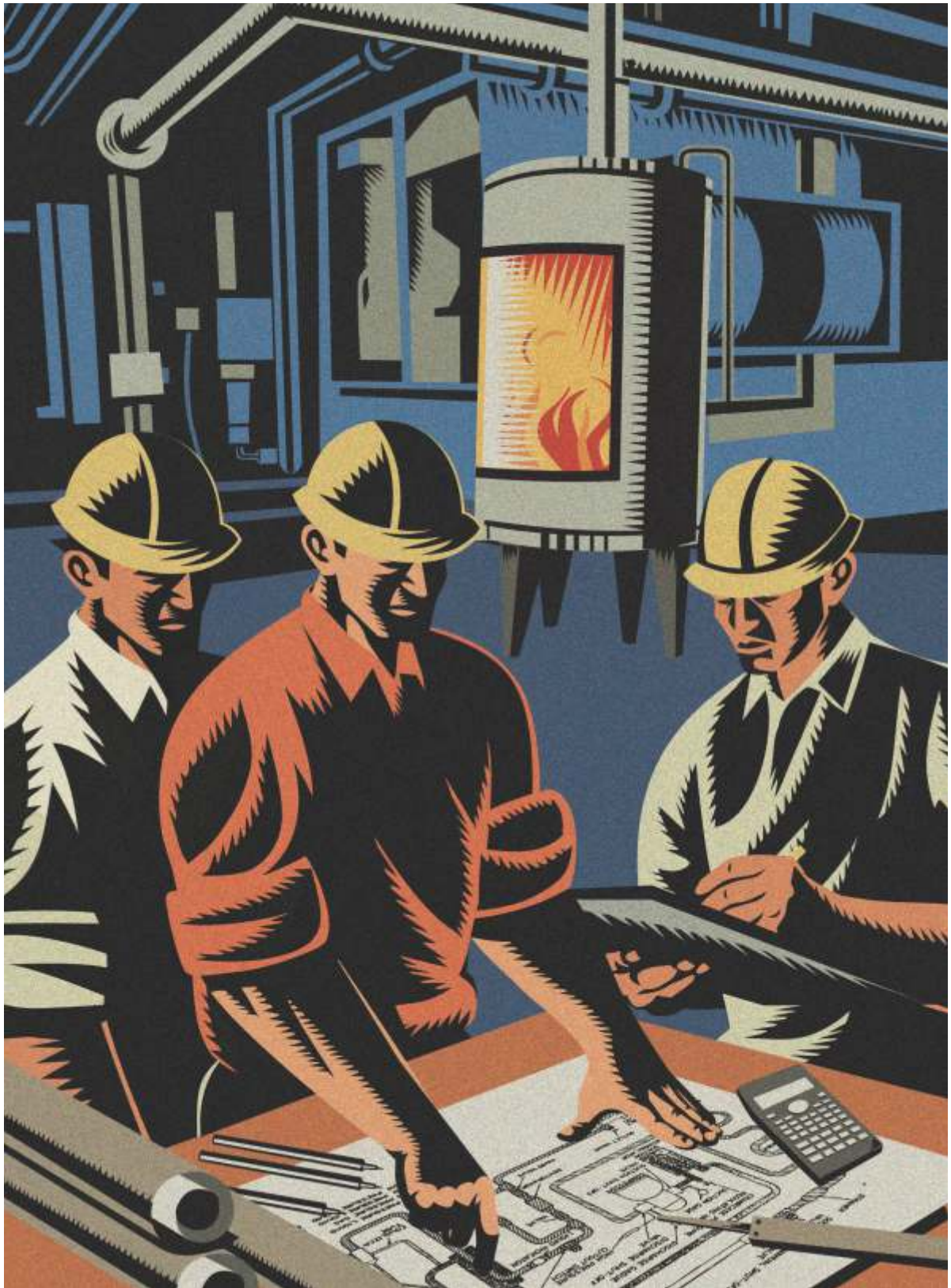
Amount in ₹ crores

	2014	2013	2012	2011	2010
<b>INCOME STATEMENT</b>					
Net Sales	9,911	9,079	9,675	8,504	7,390
Operating EBITDA	1,928	1,667	2,473	1,977	1,951
Profit Before Tax	1,783	1,514	1,902	1,703	1,662
Profit After Tax	1,496	1,295	1,297	1,229	1,264
<b>BALANCE SHEET</b>					
Net Worth	10,103	9,486	8,805	8,069	7,330
Borrowings	19	29	35	43	65
Capital Employed	10,753	10,121	9,414	8,778	7,926
Fixed Assets - Gross Block	11,429	10,826	10,184	9,702	8,779
Fixed Assets - Net Block	6,227	6,063	5,862	6,186	5,628
Current Assets	5,995	5,537	5,276	4,264	3,135
Current Liabilities	3,148	2,843	2,899	2,764	2,394
<b>CASH FLOW STATEMENT</b>					
Net Cash Generated from Operations	1,675	1,287	1,858	1,533	1,876
Cash and Cash Equivalents	4,459	3,961	3,860	2,899	2,289
<b>SIGNIFICANT RATIOS</b>					
Operating EBITDA / Net Sales	19%	18%	26%	23%	26%
Return on Capital Employed (EBIT/Avg. CE)	18%	16%	22%	21%	23%
Debt Equity Ratio (Debt/ [Debt+NW])	0.00	0.00	0.00	0.01	0.01
Price Earning Ratio <sup>#</sup>	23.65	21.79	23.83	19.37	17.28
Book Value Per Share (₹)	65.28	61.43	57.24	52.67	48.01
Basic Earning Per Share (₹)	9.67	8.39	8.43	8.02	8.28
Dividend Per Share (₹)	5.00	3.60	3.60	3.20	2.60
Dividend Payout Ratio	62%	50%	50%	46%	37%
Current Ratio	1.90	1.95	1.82	1.54	1.31
<b>OPERATIONS</b>					
Cement Capacity - Million Tonnes	28.75	27.95	27.95	27.35	25.00
Cement Production - Million Tonnes	21.43	20.96	21.62	20.97	20.13

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

Except for the year 2010, the rest of the year's figures are based on Revised Schedule VI





## HOW DID WE RAISE PRODUCTION AND REDUCE COSTS?

*By running out of the  
key component in cement production.*

**I**t was a shortage that threatened to halt the entire plant's operations. Last November, the Ropar plant faced an acute shortage of dry fly ash - an essential component in the production of Ambuja Cement. Without an adequate supply, the plant's very future would soon be in question.

The engineering team needed to find a viable solution, and fast. The only alternative was to use wet fly ash. However, the wet form chokes the machinery and so it needs to be dried. But the cost involved in the conventional manner of drying wet dry fly ash was impractical - an investment to the tune of 100 crores.

It was this unforeseen circumstance that brought about an unprecedented idea - what if a mix of biomass could offset the problems involved in drying wet fly ash?

Time was not on their side and neither was history. A series of unique experiments followed. With no data to refer to, the engineers had to rely on a mixture of trial-and-error and their extensive knowledge.

The results were sensational. The operations not only stabilised, they were more productive. The plant increased the quantity of dry fly ash from 100 tonnes to 160 tonnes. And all this at a much lower cost.

This success story translated into not only huge savings but reduced dependency on external vendors. The innovation is now ready to be replicated in other Ambuja Cement plants across the country. It was the 'I Can' spirit of our team that converted an overwhelming problem into a path-breaking innovation.





**TO FARMERS,  
HUSK WAS JUST  
AGRICULTURAL WASTE  
THAT NEEDED  
TO BE BURNED.**

*To us, it was a wasted opportunity.*

**W**hat does one do with waste, except dispose of it? At the end of the crop season, the farmers in the Rabriyawas district were burning the unusable part of their farm produce, to save on labour costs. The outer husk of these plants is inedible and hence considered useless.

Like all Ambuja plants, the Rabriyawas factory is located in the vicinity of farm land. This proximity allows our people to closely examine the challenges of the local farmers. The Ambuja Cement Foundation was disturbed to witness crop burning, as it was a proven safety hazard, damaging both the environment and farm land.

But stopping the burning was only part of the challenge; they also needed to resolve the farmers' problem of disposing their waste. After much deliberation the team decided to turn waste into want. What if the leftover husk could be used as a biomass fuel resource in production?

A pilot project was launched, which first involved a comprehensive survey of the area to assess conditions and cropping patterns. The compiled data identified the crops best suited for replacing coal - cumin, mustard, grape seed, and green gram.

However, convincing farmers to part with their crops required a more convincing argument than numerical data. So the ACF created Farmers Clubs to procure and sell biomass to the company at profitable rates. The clubs ensured transparency and organisation in procurement and pricing.

This proved to be a sustainable model without any intermediaries. As the scale of the Farmers Clubs grew exponentially, our team floated an umbrella body – the Farmer's Producer Company Ltd. The farmers gained an extra source of income. And Ambuja gained a cost-saving natural resource. To date, over 18,800 megatonnes of biomass has been supplied to the company. This just goes to show that when the 'I Can' spirit is applied, even waste can turn into a success story.





**WE PROVIDED  
THE IDEAL MIX  
FOR DURABLE HOME  
CONSTRUCTION.**

*Our cement blended  
with our engineer's expertise.*

**A**t Ambuja, our people pride themselves on providing the strongest grade cement. However, any finished structure relies heavily on the correct mixture of mortar and concrete at the construction site.

Every urban high-end project uses the support of Ambuja's concrete labs. But the rural and semi-urban markets lack access to these sophisticated facilities. With limited knowledge and exposure, the home owner is completely dependent on the local contractor.

For too long this was resulting in average-grade construction. The Ambuja team sought to change this equation by bringing the facilities to them.

But how can an entire lab be transported from place to place? Our engineers decided to challenge themselves – and shrink the lab to impossibly small proportions. After months of designing and perfecting, the Instant Mix Proportion (IMP) kit was born.

The portable kit was equipped with on-site measuring tools that could be ferried on a bike. By simply contacting our support team, the Ambuja engineer would visit the construction site and conduct a measuring test. After quantifying the data on a laptop, instant results were derived.

The kit was such a success that word of it spread faster than our engineers could promote it. Till date, over 4000 satisfied customers have used the IMP kit service. While the service was provided free of cost, the benefit to the consumer was invaluable. Our team displayed the essence of 'I Can', by thinking beyond what was expected of them.

## DIRECTORS' REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

Dear Members,

It is our pleasure to present the Annual Report of the company for the year 2014.

### 1. INDIAN ECONOMY: NEED FOR CHANGE MANAGEMENT GROWTH

#### Promoting reforms and policies key to economic revival.

Due to several factors, the Indian economy witnessed sluggish growth in first half of 2014. On the domestic front, policy paralysis of the last couple of years continued right up to the national elections in May 2014; added to that was a virtual stoppage of all infrastructure projects, both in the private and public sectors as well as through public-private partnership. Also, there were continuing inflationary pressures; interest rates remained far too high for financing long term projects. Nevertheless, the current account deficit, while better than a year earlier, was still in danger zone; and entrepreneurial 'animal spirits' — so essential for economic growth — were at their nadir. On the external front, there were uncertainties regarding growth of the Euro Zone, the conflict in Ukraine, increasing militant activities in the Middle East and concerns about the falling growth in China.

Thankfully, the second half of 2014 showed signs of improvement. For one, the Lok Sabha election results which brought the BJP-led National Democratic Alliance into power at the centre with a comfortable majority in the Lok Sabha created its own optimism. After a long time, there was positive talk of growth; of infrastructure development; unblocking of coal mines; allocation of telecom spectrum; deregulation of diesel prices; and of the promises of an ambitious 'Make in India' campaign. For another, the external economic front became more benign. Crude oil prices, which averaged US\$ 108 per barrel even in June 2014, started moving south — steadily reducing to under US\$ 50 per barrel. This, in turn, reduced the oil import bill as well as the cost of imported naphtha,

resulting in both fiscal comfort and lesser pressure on the current account. Moreover, inflation started dropping, creating hope for the easing of interest rates. Thus, by early 2015, there were many more positive drivers for growth, both economic and political, than those that existed in 2014. If anything, there seems to be a sense that a better future awaits the Indian economy in 2015 and, hopefully, with it, your company.

#### CEMENT INDUSTRY: GOVERNMENT SUPPORT ESSENTIAL FOR REVIVAL

Cement and cementitious materials are critical for meeting society's needs of housing and basic infrastructure such as bridges, roads, water treatment facilities, schools, hospitals, airports, ports, factories and many other facilities.

The operating environment for the cement industry was no different from that of the macro economy. In the first half of 2014, the industry suffered due to muted demand and rising cost pressures on account of rising freight (-5%) and raw material costs (-8%). It was also affected by the shortage and ban of essential construction materials like sand, bricks, water and the like, along with very heavy rains in most parts of the country. Infrastructure bottlenecks further added to the woes. Major infrastructure projects got log jammed in policy paralysis, depressing demand.

However, with the beginning of an economic turnaround and riding on the back of moderating inflation amidst gradually improving consumer sentiment, industry showed some recovery in consumption, which was also reflected in improved despatch numbers.

Groundwork to expedite the growth prospects of all end-use segments of cement — housing, infrastructure, commercial — are being worked upon by the Central Government. Concerns on energy and land are being taken care via e-auction of coal blocks and the Land Ordinance signed by the President of India. All these along with the policy push for good governance augur well for the future of the cement industry.

## 2. FINANCIAL RESULTS 2014

### AT A GLANCE (STAND-ALONE RESULTS):

Cement production increased by 2% to reach 21.43 million tonnes, from 20.96 million tonnes while clinker production increased to 14.84 million tonnes, 4% up from 14.27 million tonnes in year 2013.

Domestic cement sales volume recorded increase of 3% at 21.46 million tonnes from 20.94 million tonnes in year 2013. Cement exports decreased to 0.08 million tonnes from 0.10 million tonnes in year 2013. Clinker sales (including exports) were up at 0.61

million tonnes from 0.56 million tonnes in 2013.

Net sales at ₹9,911 crores were 9% up than that of previous year's ₹9,079 crores. Average sales realisation increased by around 7% at ₹4,475 per tonne against approx ₹4,208 per tonne in 2013.

Total (operating) expenses for the year 2014 increased by 7% over that of year 2013.

The company achieved an absolute EBITDA of ₹1928 crores. This is higher by 16% over the corresponding ₹1,667 crores of the year 2013.

Amount in ₹ crores

	Stand-alone		Consolidated	
	Current Year 31.12.2014	Previous Year 31.12.2013	Current Year 31.12.2014	Previous Year 31.12.2013
Sales (Net of excise duty)	9,910.70	9,078.74	9,930.54	9,109.88
Profit before interest and depreciation and exceptional item	2,357.42	2,044.45	2,352.60	2,033.91
Less: Finance Cost	64.48	65.08	65.55	66.75
<b>Gross profit</b>	<b>2,292.94</b>	<b>1,979.37</b>	<b>2,287.05</b>	<b>1,967.16</b>
Less: Depreciation and amortisation expense	509.53	490.07	513.03	493.67
Profit before Exceptional Items and Tax	1,783.41	1,489.30	1,774.02	1,473.49
Less / (Add): Exceptional items	-	(24.82)	-	(24.82)
Profit before tax	1,783.41	1,514.12	1,774.02	1,498.31
Less: Tax expense	287.05	219.55	287.51	219.87
Profit after tax but before minority Interest	1,496.36	1,294.57	1,486.51	1,278.44
Less: Minority interest	-	-	(0.01)	0.13
<b>Profit for the Year</b>	<b>1,496.36</b>	<b>1,294.57</b>	<b>1,486.50</b>	<b>1,278.57</b>
Add: Balance as per the last financial statements	1,230.69	737.01	1,525.77	1,048.09
<b>Profit available for appropriation</b>	<b>2,727.05</b>	<b>2,031.58</b>	<b>3,012.27</b>	<b>2,326.66</b>
<b>Appropriations:</b>				
General Reserve	150.00	150.00	150.00	150.00
Dividend on Equity Shares (including interim)	774.61	556.34	774.61	556.34
Corporate Dividend Tax	146.51	94.55	146.51	94.55
<b>Total</b>	<b>1,071.12</b>	<b>800.89</b>	<b>1,071.12</b>	<b>800.89</b>
Balance carried forward to Balance Sheet	1,655.93	1,230.69	1,941.15	1,525.77



Profit before tax at ₹1,783 crores was up by 18% over corresponding figure of ₹1,514 crores for the year 2013.

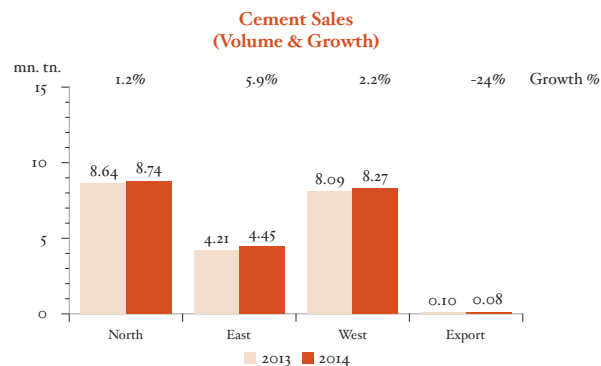
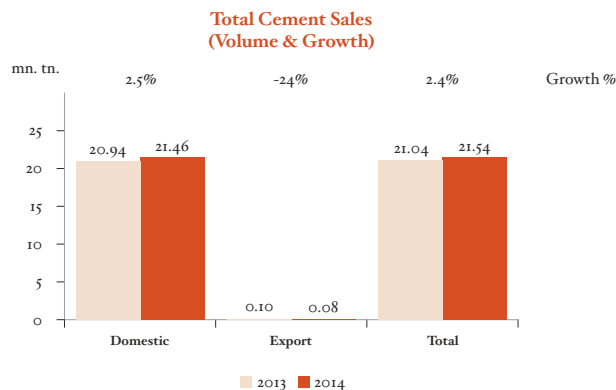
Net Profit at ₹1,496 crores was up by 16% over corresponding figure of ₹1,295 crores for the year 2013.

### 3. DIVIDEND

The company paid an interim dividend of 90% (₹1.80 per share) during the year. The Directors are pleased to recommend a final dividend of 160% (₹3.20 per share). Thus, the aggregate dividend for the year 2014 is 250% (₹5/- per share) and the total payout will be ₹921.12 crores, including dividend distribution tax of ₹146.51 crores. This represents a payout ratio of 62%.

### 4. MARKET DEVELOPMENTS

The company's domestic cement sales in 2014 grew by 2.5% to 21.46 million tonnes versus 20.94 million tonnes in 2013. Total cement sales (including exports) grew by 2.4% to 21.54 million tonnes compared to 21.04 million tonnes in 2013.



### REGION WISE SALES VOLUME / GROWTH:

In the North region, domestic cement sales of the company grew by 1.2% to 8.74 million tonnes in 2014 compared to 8.64 million tonnes in 2013.

In the East region, the company achieved sales of 4.45 million tonnes of cement in the domestic market, registering a growth of 6% over the previous year sales of 4.21 million tonnes.

In the West & South region, the company's domestic cement sales in 2014 grew by 2.2% to 8.27 million tonnes as compared to 8.09 million tonnes achieved in 2013.

Cement exports were reduced to 0.08 million tonnes in 2014 as compared to 0.10 million tonnes in 2013.

### DISTRIBUTION FOOTPRINT

Our product range is marketed through a countrywide network of sales units, area offices and warehouses. This is backed by a distribution network of over 8,700 dealers and 29,000 retailers. Their reach and penetration helps the company to cater to rural and semi-urban markets. This, coupled with the strong brand equity and efficient channel management, helped the company withstand severe price and volume competition. The company's network of ports, bulk cement terminals and captive ships on the west coast has supported a sustainable and strong market position in Mumbai, Surat and Cochin. Similarly, the Mangalore Bulk Cement Terminal, with its commercial operations has helped in expanding the company's footprints in the southern region.

### CREATING VALUE THROUGH OUR SYSTEMS

#### Preserving our most valued resource – knowledge.

To live by its 'I CAN' spirit, Ambuja started with 'Foundations' – a knowledge initiative, called Ambuja Knowledge Centre (AKC) for all from the construction fraternities. AKC aspires to create a holistic resource base on the subject of cement and concrete. It stems from Ambuja's belief in the continuous evolution of architecture, engineering and construction industries, thereby offering its professionals various platforms for information, inspiration and interaction.



### Raising our own high standards.

The company has also embarked upon a Customer Excellence programme (CE) (its erstwhile Marketing and Commercial Excellence) to sharpen its marketing, sales and distribution functions. CE has now become a way of life at Ambuja. Excellence is what we seek and what we strive for in every aspect under Marketing and Sales. Since all along we have had customer centricity in our DNA, it is imperative that we reiterate our commitment and continue to walk the talk! This is also in line with the global strategy of Holcim – the vision of Holcim CE to be the most customer focused company with the highest customer loyalty in our industry thus creating more value for our customers.

## 5. COST DEVELOPMENTS

Upward movement in costs led to increased cost of production. The company's cost optimisation initiatives partly mitigated inflationary pressures and restricted overall cost increases.

### MAJOR COST MOVEMENTS:-

- i) Cost of **major raw materials**, fly ash and gypsum, increased by 2% on per tonne basis. During the

year, royalty on limestone was hiked by 27% from ₹63 to ₹80 per tonne. Overall, the raw material cost per tonne increased by approximately 13% over the previous year.

- ii) **Power and fuel** costs account for approximately 26% of the total operating cost of the company. Coal cost for kiln and captive power plants increased by 4% and 10% respectively, mainly due to higher cost of imported coal. However, substitution of high cost coal by pet coke usage helped restricting the overall cost increase. Besides, there was increased usage of alternate fuels by 5% over the usage for the year 2013. Usage of alternate fuels accounted for 4% of total thermal energy consumption in 2014.

**The cost of grid power** remained stable on a per unit basis. However, cost of captive power increased by 10% in 2014 mainly due to higher coal prices. Captive power generation contributed 67% of the total power requirements.

**Overall**, power and fuel cost increased by 7% on per tonne basis as compared to the year 2013.

- iii) **Freight and forwarding cost** works out to 28% of total operating costs. On per tonne basis, cost increase was restricted to 4% due to positive impact of various logistic optimisation efforts and declining diesel prices during latter part of the year.
- iv) The cost of **packing bags** went up by around 7%, driven by increase in PP granule prices. Declining prices of PP granule in latter part of the year helped restricting overall price increase.

#### **COST MITIGATION MEASURES / EFFICIENCY IMPROVEMENT INITIATIVES:**

- i) Keeping in line with the company's philosophy of Sustainable Operation, focus on production of fly ash based PPC was maintained and several initiatives were taken up to enhance fly ash consumption in PPC with quality.
- ii) The company worked on fuel flexibility to mitigate risk associated with dynamic fuel market and developing the abilities to switch to most economical fuel mix.
- iii) The 'GEO 20' project is a part of the efforts by the company for creating a cost efficient fuel mix. It is in operation now and will be stabilised by Q1 2015. Here, as a result of handling, storing and processing of waste materials, the company will be able to ensure more usage of greener fuels thereby reducing energy cost.
- iv) The revision of load lines for captive ships will lead to handling of higher cargo in environment friendly mode of sea transportation with savings in coastal freight cost.
- v) Replacement of MP turbine with HP turbine at Maratha Cement should help to improve efficiency of captive thermal power plant and lower power generation cost. The company has also replaced most of major drives with VVFDs which will help to get lower power consumption thereby reducing energy cost.
- vi) With the introduction of the SCOPE (Supply Chain Optimisation Project for Excellence), a supply chain excellence initiative, the company is expected to derive operational efficiencies in logistics. This is targeted by improvisation in direct despatches to customers by undertaking fleet optimisation and route optimisation mode (rail/ road/ sea) among others.

## **6. EXPANSION PROJECTS AND NEW INVESTMENTS**

### **MOVING FORWARD RESPONSIBLY**

The company took up several projects to serve its customers in a more efficient, cost-effective, reliable and environment-friendly manner, while bolstering its market position in the industry.

### **CAPACITY EXPANSION DURING THE YEAR**

The new Roller Press commissioning at Rabriyawas will help to increase grinding capacity by 0.8 Mio T and also result in reduction in energy consumption. One additional silo will also be constructed by 2015, which will help in diversifying product portfolio.

### **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 efficient and environment friendly material handling systems, process optimisation and sustainability initiatives.

### **Increasing productivity, one major step at a time.**

- i) A Waste Heat Recovery (WHR) plant at Rabriyawas in Rajasthan with an investment of ₹92 crores is in progress to bring efficiency in fuel utilisation, optimise power costs and meet our renewable power targets.
- ii) We have completed the Geocycle platform projects at four integrated plants which will help increase the co-processing of waste. With

a total investment of over ₹240 crores on these platforms, this showcases our commitment for sustainable and environment friendly operations.

- iii) We have successfully completed the ambitious fast return projects that the company had taken up in 2013 to optimise and enhance efficiency. The company has already started benefitting from these initiatives.

#### UPCOMING CAPACITIES AND INVESTMENTS

- i) Significant cement capacity addition of approximately 4.50 million tonnes with associated clinkerisation capacity of 2.70 million tonnes is expected at the proposed integrated plant at Marwar Mundwa, Nagaur district in Rajasthan with cement capacity of 1.5 MTPA; and with similar capacity grinding units at Osara (M.P.) and Dadri (U.P.). The total project cost is estimated at ₹4,000 crores.

Environmental clearances for the project were acquired but kept in abeyance for Marwar Mundwa by the MoEF. Part of the mining land is already in possession and the rest is under an advanced stage of acquisition. The company is also in the process of tying-up water sources required for construction and operations. Full-fledged construction work is expected to commence in the later part of 2015.

- ii) The new brown-field expansion project of Roller Press with master packer and auto wagon loading is in full swing at Sankrail and will be completed during 2015. This will help increase grinding capacity by 0.8 million tonnes and also result in reduction in energy consumption. New packer and auto loaders will improve despatch capacity.
- iii) To mitigate the increase in logistic cost, the Rabariyawas unit in the State of Rajasthan is constructing a railway line to connect the plant location with the nearest railway junction. It is likely to get operational in the year 2016.

The year 2015 will see capital expenditure worth ₹523 crores. The entire proposed expenditure would be financed by internal accruals.

## 7. OUTLOOK

### TANGIBLE POLICY ACTIONS TO FACILITATE ECONOMIC GROWTH

#### The bigger picture is looking favourable.

To facilitate rapid economic growth, it will be necessary to see big ticket structural reforms, faster approvals on the supply side, with major support of fiscal and monetary policy on the demand side. After nine months plus of the new government in the Centre, tangible policy actions are required to facilitate investment and sustained growth.

Medium to long-term economic growth depends on ensuring macroeconomic stability and on creating an enabling environment for the private sector to invest. Fundamentally, India's medium-term growth prospects looks to be promising, and a medium-term trend rate of growth of about 7% to 8% should be within reach in view of favourable tailwinds, both domestic and external, supported by active policy push in all three areas of good governance, fiscal and monetary management. Despite headwinds of a global slowdown in some parts of the world, India has the ability to grow faster and be a leading growth engine in the near to medium-term.

### GROWTH PROSPECTS FOR THE CEMENT INDUSTRY

#### A positive trickle-down effect.

Investment in infrastructure and housing segments are most likely to propel demand for the cement industry, in which road sector would act as major end user segment. Housing will continue to remain key end-user segment for cement demand and grow at 5-7% over the next few years.

The Government of India is starting to make efforts to provide conducive environment for the industry by bringing out key policy measures on ease of doing business, energy related reforms, fiscal

consolidation and the like which, along with reasonably accommodative monetary policy, ought to open up growth opportunities for the cement industry.

Cement demand growth bears a strong correlation with GDP growth, particularly government revenue expenditure. As GDP growth revives, we believe, growth in government spending (which has been curtailed for some time to arrest fiscal deficit) will also improve, leading to a higher cement demand. We factor ~7% growth in demand for year 2015.

## 8. RISKS AND AREAS OF CONCERN

### Staying one step ahead of risk.

The company has laid down a well-defined risk management mechanism covering the risk mapping and trend analysis, risk exposure, potential impact and risk mitigation process. A detailed exercise is being carried out to identify, evaluate, manage and monitoring of both business and non-business risks. The Board periodically reviews the risks and suggests steps to be taken to control and mitigate the same through a properly defined framework.

In line with the new regulatory requirements, the company has formally framed a Risk Management Policy to identify and assess the key risk areas, monitor and report compliance and effectiveness of the policy and procedure. 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. Based on the detailed review, the following key risks have been identified.

### LAND ACQUISITION

#### New laws bring new hope.

Restrictions on buying land, under a law championed by the previous Government, were among barriers holding up projects worth almost U.S.D. \$300 billion or nearly ₹20 lakh crores in infrastructure, industrial and housing sectors. The present Government, realising the flaws has been working on the subject

and has come up with a new land acquisition Bill to kick-start pending projects. With this Bill not being taken up in the previous session of the Rajya Sabha, the President of India signed an ordinance on land acquisition on 7th January 2015, which aims at easing land acquisition rules to kick-start hundreds of billions of dollars in stalled projects. This land ordinance protects the interests of farmers and lifts curbs on five categories of projects including defence, national security, rural infrastructure and low-cost housing. We hope that the Bill will soon become law, and land can again be acquired for economic growth.

Ambuja Cement has appointed a dedicated function at the corporate level to look into risks relating to the land, which will help in improved land acquisition and management.

### ENERGY

#### Moving beyond coal.

Depleting coal linkages and volatility in the Indian rupee is escalating concerns regarding coal. The company is constantly working on efficiency improvement measures by plugging heat loss at every possible stage of coal consumption, looking at cost-effective fuel mixes and also increasing the usage of alternative fuels and pet coke.

As a long term solution to energy security, the company has invested in project Geocycle, under the banner of 'Geo20'. Waste Heat Recovery (WHR) systems that improve fuel utilisation, by tapping renewable energy sources are top priorities. New AFR pre-processing platforms are running at our plant location to increase the usage of the AFR.

#### Taxation / Administrative Burden

##### Resolving the taxing problems of the cement industry.

Cement, along with steel, forms an important raw material for the infrastructure and real estate sectors. However, steel, being included under the category of 'Goods of Special Importance', attracts a lower tax rate at 4%. Even other raw materials such as clay bricks, fly ash bricks, attract sales taxes ranging from



4% to 6%. Unfortunately, cement attracts a high rate of tax ranging from 12.5% to 15% in the various states, which makes it subject to higher tax in comparison with other building materials.

A solution to this lies in rolling out a uniform tax regime through the implementation of Goods and Services Tax (GST). So far, the Government has taken some positive steps by getting the Cabinet approval. The central implementation of GST will play a critical role in next level of growth and truly realise the country's potential.

### **De-allocation of Coal Blocks**

On 25th August 2014, the Supreme Court had ruled that the allotment of captive coal blocks since 1993, was done with an “ad-hoc and casual” approach “without the application of mind”. The ruling further added that, “common good and public interest suffered heavily in the unfair distribution of the national wealth — coal”. The Supreme Court termed the allocation of these coal blocks as arbitrary and illegal and cancelled 214 of the 218 blocks. Some 40 companies were asked to pay a fine of ₹295 per tonne and surrender their coal blocks.

The Government is now addressing the issue and to this effect, has cleared a Bill on coal block auctions to replace an ordinance that was promulgated to begin auction of coal mines that were cancelled by the Supreme Court. This move will boost investor confidence due to transparency in the process and reduce fuel availability risks. The e-auction of coal mines will be open to private companies while state-run companies would be allocated mines directly. In Phase I, the cancelled blocks will be opened for e-auction to three end users: steel, power and cement.

### **ORDER OF THE COMPETITION COMMISSION OF INDIA**

On 20th June 2012, the Competition Commission of India (CCI) passed an order imposing unprecedented penalties of more than ₹6,300 crores against some cement manufactures of the country, including the company, in the matter of a complaint filed by

the Builders Association of India for the alleged contravention of the Competition Law. Following the penalty imposed on the company of ₹1,164 crores, the company filed an Appeal before the Competition Appellate Tribunal (COMPAT) against the order and for granting a stay against deposit of penalty. The matter is pending before COMPAT and the next hearing is scheduled in February 2015. The management, backed by legal opinion from the external legal counsel, strongly believes that the company has a good case to succeed before COMPAT and accordingly, no provision has been made in the books of accounts. However, the amount of penalty has been considered as contingent liability.

## **9. HUMAN RESOURCES**

### **SUSTAINABLE TALENT MANAGEMENT**

Human resources (HR) at Ambuja plays a vital role in realising business objectives by leading organisational change, fostering innovation and effectively mobilising talent to sustain the organisation's competitive edge.

The HR strategy is aimed at integrating HR processes to result in overall organisational effectiveness, which consequently affects the business growth. HR in line with business clarifies the business direction, performance expectations and actively contributes to decide what tactics are required for managing talent to achieve business goals.

### **How do we maintain our competitive edge?**

#### **By honing our talent.**

HR at Ambuja has been driving various Talent Management initiatives. Talent Management plays a vital role in combination with other business processes in not only driving shareholder value but also in managing, developing and retaining superior talent that defines the prime source of competitive advantage.

Structured talent reviews across levels supported by individualised development plans and cross-functional and cross-location assignments have helped develop wholesome leadership skills. All the development efforts are showing good results with

more and more senior positions being filled internally, while maintaining a healthy external talent intake. Thus succession planning has helped create a talent pipeline for key positions and a strong growth avenue for our developing leaders.

### **Carving out leaders from the best talent.**

The core values of the organisation also emphasised the need to develop and build leaders that will take the organisation to the path of high performance. Keeping this in mind along with the other Talent Management initiatives, the STEP (Sustainable Talent for Enhanced Performance) programme was institutionalised in 2012. The prime objective of STEP (Sustainable Talent for Enhanced Performance) is to develop a sustainable pool of leaders equipping them with essential leadership skills and competencies and enhancing their coaching skill capacity to be internal coaches. The first batch of 96 managers who were part of the STEP journey have successfully completed the programme.

Our people strategy, systems and processes are aimed towards making us an employer of choice with sustainable talent and concrete action plans to enhance employee engagement. The employee engagement survey administered this year saw 98%

employee participation with an improvement in the engagement score.

We also continued in our efforts to provide a congenial work environment, innovative recruitment and retention practices, and continuous learning opportunities to employees (management and non-management staff) for their future growth and development. As part of the Workforce Development initiative - a key initiative to build the capability and competence of workmen and to ensure safety, productivity and quality training opportunities have been provided to 70% of our workmen.

These efforts have led to a significant increase in manpower productivity. Efforts have also been made to design progressive and empower HR policies and other welfare measures.

## **10. SUSTAINABILITY AND ENVIRONMENT**

### **Making the Earth a better place.**

We are committed to the path of corporate sustainability, with a legacy of a responsible and ethical organisation. It is driven by our senior management in a sustainability framework comprising of our sustainability committees, with the mandate to assess



sustainability risks and opportunities at corporate and unit levels to monitor and drive sustainability initiatives. Sustainability is a regular item in our board meetings. The company sustainability initiatives are aimed inter-alia at low carbon emissions, water positivity, and use of biomass / industrial wastes as alternative fuels as well as fly ash as blending material.

### **Gaining recognition for staying light on our feet.**

We improved our sustainability performance over the previous years. This has been recognised by independent audits, and the company won the prestigious **CII Sustainability Award 2013** for 'Significant Achievement on the Journey towards Sustainable Development'. This is the fourth time in a row Ambuja Cements has received this award. In addition, for Domain Excellence, our Bhatapara unit was conferred the **CII Sustainability Award** for 'Commendation for Significant Achievement in CSR'. Furthermore, this year we won the **YES BANK - Saevus Natural Capital Awards 2014** as the 'Eco-Corporate of the Year – Manufacturing' for the commendable work towards environmental sustainability.

We have been ranked amongst the top 10 participants of the Carbon Disclosure Leadership Index (CDLI), the highest in the Cement Sector, under the Carbon Disclosure Project (CDP) in their recently released CDP India 200 Report.

The year 2014 saw us achieving sustainability product certification 'Pro-Sustain' for cement production (PPC) from our Darlaghat plant from an independent third party DNV-GL. The product Stewardship Standard of Pro-Sustain certification is aligned with the objective and principle of internationally recognised standard encompassing environmental, social and economic aspects of our operations and product traceability.

### **A new way to equate our self-worth. And our worth to the world.**

To further strengthen our commitment to build competitiveness through sustainability, we launched

the **True Value Project**, a unique initiative that takes into account the value of environmental and social impacts in monetary terms along with financial parameters. This makes Ambuja Cement the first Indian company to carry out such an elaborate exercise of assessment.

We are glad to report that in our journey to **Water Positivity**, we achieved the water positive factor of '4' in 2014 by way of meticulous accounting of our water consumption (debit) and water harvesting or recharges (credit) taking place from rain water harvesting structures at our plants, colony, mines and community. We give back to nature four times what we draw.

### **We are frequently reported. By ourselves.**

**Carbon Conscious Growth** - The company monitors and reports its **Carbon emissions** as per the World Business Council for Sustainable Development's (WBCSD)'s Cement Sustainability Initiative (CSI) protocol. We reduced our Green House Gas (GHG) emissions by around **28% in 2013** from the 1990 level. To further reduce the use of natural resources and consequently our carbon emissions, our focus remained on the fly ash based cement (PPC) as our major product. A 6.5 MW **Waste Heat Recovery (WHR)** based power generation system is under installation at our Rabriyawas plant at Rajasthan which will further lessen our carbon footprint.

**Environment Management** - The company ensured availability of **Continuous Emission Monitoring Systems (CEMS)** at all the kiln stacks with above 95% availability round the year for online monitoring of all vital pollution parameters.

As a part of our consistent effort to ensure sustainable ecology by way of biodiversity conservation, a **Biodiversity Action Plan (BAP)** has been prepared for our Ambujanagar site in Gujarat. A Wildlife Conservation Plan has also been prepared for our Darlaghat plant at Himachal Pradesh. We have completed the installation of water meters in all the plants as per the Holcim Water Protocol.



During the year, one more integrated plant and one grinding unit attained the **Energy Management System** as per ISO 50001 certification – adding up to total two integrated plants and four grinding units to be certified. The company has taken steps to meet its commitments under the PAT scheme and RPO-REC obligations. Further, we are taking all necessary actions to monitor and control our emissions to ensure that we comply with the requirement of New Emission Standards as notified in 2014.

### **Partnering the environment.**

**Collaboration with Global Community** – ACL is one of the active co-chairs of World Business Council for Sustainable Development (WBCSD) CSI India for implementation of the India specific ‘**Low Carbon Technology Road Map for Cement Industry**’.

We have been partnering with WBCSD for the development of **India Water Tool (IWT)** since 2012. The tool will help companies to understand and respond to their growing challenges of managing water effectively and identify water risk areas.

We actively collaborate with Leader for Nature (LFN) Initiative of International Union for Conservation of Nature (IUCN) and the CII’s **India Business and Biodiversity Initiative (IBBI)** on Policy dialogue and capacity building on Biodiversity Conservation.

**Sustainability Awareness & Reporting** - Train the Trainer (ToT) training was imparted during the year covering all the plants. Various training and awareness programmes were conducted on environment and sustainability topics, emission / environment monitoring, biodiversity management and water management to build capacities for environmentally responsible operations.

### **Read all about it: our sustainability efforts.**

We released our **7th Annual Corporate Sustainability Report**, presenting our efforts towards sustainable development for the year 2013, the report also provided the glimpses of ‘True Value Project’. The report is aligned with Global Reporting Initiative (GRI) G3 guidelines for **A+ Level** of

reporting, having been ‘assured’ by an independent certifying agency. We have responded to the Metal and Mining Sector Supplement of the GRI while reporting on our sustainability performance to our stakeholders. As in the previous year, the report has been accorded the ‘**GRI Check**’ to enhance credibility by Global Reporting Initiative (GRI), Netherlands. The company has been issuing **Business Responsibility Report (BRR)** as a part of its Annual Reports since 2012.

## **II. CORPORATE SOCIAL RESPONSIBILITY (CSR)**

At Ambuja, the CSR has been an integral part of the way in which we have been doing business since inception. The founders of the company always believed it imperative for surrounding communities and stakeholders to progress with the company. This vision was translated into the establishment of the Ambuja Cement Foundation (ACF) which is the CSR arm of the company.

The ACF operates in 12 states and 22 locations, reaching out to more than 14 lakh people over 860 villages. ACF programmes are in line with its mission statement – ‘**Energise, involve and enable communities to realise their potential**’.

### **IMPROVING LIVES THROUGH INVOLVEMENT.**

At Ambuja, **stakeholder engagement** is the key to implement CSR programmes and several tools and processes have been established to aid this objective. To integrate business and community needs, Community Engagement Plans (CEP) are prepared in close engagement with the community and then the unit. The Community Advisory Panels consists of community members and members from the company to deliberate upon programmes and decide for the future. The Social Engagement Scorecard assesses the work done in communities. The Site Specific Impact Assessment (SSIA) captures perceptions and feelings of all stakeholders at sites and enables the Foundation to address potential risks. These processes ensure that programmes introduced are relevant and dynamic in nature. Based on assessment of needs, the ACF works in thrust areas namely

- water resource management, agro - based and skill-based livelihoods, and socio-economic development.

#### **WATER RESOURCE MANAGEMENT**

The ACF's work on water resource management has ensured access to quality water in its neighbouring communities. The work was initiated in salinity ingress areas of Kodinar which has now spread to the dry arid territories of Rajasthan and hilly regions of Darlaghat. Programme adaptability according to the topography of the region has increased ground water table, and better water availability in farms. Micro irrigation has ensured optimum utilisation of water and is being widely adopted by farmers. Continued water management programmes undertaken by the ACF have contributed significantly for the company to be four times water positive.

#### **AGRO BASED LIVELIHOOD**

##### **Supporting the backbone of the nation's economy.**

Assured availability of quality water has enabled farmers to grow more than one crop on their fragmented lands impacting the economic status of their families. The farmers have also benefitted from the numerous training programmes conducted by the ACF. For instance, the Foundation manages the Krishi Vigyan Kendra at Ambujanagar, a one-stop-shop for latest and best agriculture technologies in the region, and has reached out to 265 villages through training programmes and fairs. The ACF also works with farmers to promote animal care by organising regular camps. In Darlaghat, the Pashu Swasthya Sevika (PSS) have been trained by the Foundation to ensure animal care.

Based on geographical suitability, programmes like organic farming in the north and Systemic Rice Intensification (SRI) in the east have enhanced agricultural practices. The Better Cotton Initiative (BCI), a global initiative for sustainable cotton production, reaches out to over 17,200 farmers. Implementing BCI practices has guaranteed work ethics on farms, ensured soil health and better profit margins coupled with safe environment practices. In 2014, 70,565 tonnes of cotton was produced by our

farmers, all licensed as 'Better Cotton'.

The ACF has also partnered with farmers through establishment of Producer Companies to provide biomass to the company to be used as Alternate Fuel Resource (AFR). It is hoped that this supply chain will appear as an inclusive business model in the near future.

#### **SKILL TRAINING**

##### **Ensuring talent doesn't go wasted.**

Skill training through the ACF's 16 Skill and Entrepreneurship Development Institute (SEDI) has changed the social and economic dynamics through assured jobs and by addressing the industry demand of skilled personnel. In Kodinar, young girls contribute to their family income after training in bedside attendant course. In Chandrapur, unemployed youth have gained jobs in industries or have gained construction assignments in nearby villages after being trained as masons. In 2014, SEDI also provided supplementary skills training and valid certification to the company's workers. SEDI not only imparts training in 45 different trades but complements these by providing training in computer, English and soft skills. A number of courses at SEDI are government affiliated. Till date, SEDIs have reached out to more than 20,000 youth with a placement rate of 76%.

#### **SOCIO ECONOMIC DEVELOPMENT**

##### **Building stronger communities.**

The ACF ensures holistic development of its communities by focusing on health, education and women development. Clinical health care is met through Mobile Medicare Units, Community Health Clinics, Diagnostic Centres and specialised health camps. The training of village health functionaries (Sakhis) has ensured maternal and child care for women and 24 x 7 health access at their doorstep. The Sakhi has also developed relevant linkages with government to ensure services for her village. ACF trained Sakhis are much sought after as much as the ASHAs of the government cadre. Till date, 337 Sakhis have been trained of which 110 have been absorbed as ASHA workers.

The Sakhi has also become the forerunner to initiate other programmes like tobacco control, nutrition programme and child development for villages.

The ACF has been working rigorously to ensure complete sanitation in its host communities. The programme is being run in a campaign mode and till date 11 villages have received the Nirmal Gram Puraskar. The ACF has facilitated construction of over 12,000 individual and community toilets apart from soak pits and drains.

**HIV and AIDS prevention** programme at Ambuja reaches out to truckers in the plant and communities through counselling sessions, street plays, camps etc. The ACF implements 10 targeted intervention projects in collaboration with state-level AIDS Control Societies and four health care centres at truck halt points neighbouring our sites.

#### **Looking out for the next generation.**

The company promotes **education** in the five integrated plants through Ambuja Vidya Niketan Trust (AVNT). The ACF also conducts programmes in nearby government schools through teacher training programmes. The methodologies introduced in schools have made subjects interesting and easier to understand. ACF-trained Balmitra supports children in understanding mathematics and science. ACF also provides infrastructural support to schools like the establishment of science centres and libraries.

The **Ambuja Manovikas Kendra (AMK)** is a special school for mentally challenged children in Ropar. A range of activities and programmes like therapies, sports and cultural activities, etc. at the AMK help them grow as independent and productive individuals. The children have won awards at the state-level Olympics Championship since the past nine years and at the World Special Olympics. The school also extends its services to children who cannot travel to school through its Home-based Rehabilitation Programme.

**Women's Empowerment** is a part of the ACF's DNA and is interwoven in all its programmes. Assured access to water, developing a cadre of women

to ensure health and education and relevant skills training provide an opportunity to women to showcase their leadership. Access to finance and knowledge of running small businesses has also boosted the confidence of many women. In Kodinar and Chandrapur, women have federated from small self-help groups of 15-20 members, to form a federation consisting of 2,000-3,000 women. The Sorat Mahila Mandal in Kodinar, Gujarat, has opened its retail outlet, and runs a stitching course for its members. The government reached out to the group for its insurance scheme giving it the much needed recognition. The federation extends its support to members in times of emergencies as well. These initiatives have played a critical role in ensuring an elevated status of women. Since the process has been participatory, the changes brought forth are irreversible and have become a permanent feature.

#### **PURSUING CSR AS A PASSION INSTEAD OF A MANDATE.**

CSR has been an integral part at Ambuja Cements much before the passing of Companies Act, 2013. The company has made conscious efforts to involve communities in its development journey with a spending of more than 2% since many years. Continuous and meaningful community engagement since 22 years has made the company the 'neighbour of choice'. 'Ambuja Cements' has received appreciations from the government, as well as other stakeholders, which makes us feel a sense of pride and an encouragement to continue our resolve further and better.

Pursuant to Section 135 of the Companies Act, 2013, and the relevant rules, the Board has constituted the Corporate Social Responsibility (CSR) Committee under the Chairmanship of the Board Chairman, Mr. N. S. Sekhsaria. The other members of the Committee are Mr. Nasser Munjee, Mr. Rajendra Chitale, Mr. Bernard Terver, Mr. B. L. Taparia and Mr. Ajay Kapur. A detailed CSR Policy has also been framed which is placed on the company's website. Other details of the CSR activities as required under Section 135 of the Companies Act, 2013, are given in the CSR Report at Annexure I.

## **12. OCCUPATIONAL HEALTH & SAFETY (OH&S)**

After a disappointing OH&S performance in 2013, we had a very deep introspection and detailed management review. Based on this, we kick-started the 'We Care' initiative to transform our OH&S culture.

Although we did significant work in establishing good OH&S standards and organisation over the last 5-6 years, we found significant gaps in real implementation on ground. We have significant complexity of having 17 operating sites, some 15,000 people of which most are not adequately literate and have a culturally poor OH&S mind set. We thought that the best way to deal with this was to engage our people emotionally and make them very much the building blocks of Ambuja's OH&S transformation journey, while, at the same time, working with subject experts to prioritise and address all issues related to both unsafe conditions and unsafe acts.

'We Care' is a big change management programme. The primary objective of this initiative is to achieve our OH&S ambitions by making it a People's Movement. We believed that this could be possible only when we connected and engaged with 100% people entering our sites; reinforced that OH&S is primarily a line accountability; achieved a right balance between people aspects, engineering solutions and OH&S systems; and created the right organisation and processes to achieve our OH&S ambitions.

In our 'We Care' programme, each plant was divided into total manageable zones; each Zone owner was supported by 7 - 9 Safety Ambassadors. We trained some 250 Zone Owners and 1,600 Safety Ambassadors to implement the programme and directly connected to 100% of our workforce (approximately 15,000 people) through 4-6 hours of sensitisation and idea generation workshops. We introduced a company-wide reward and recognition programme to encourage safe behaviour and exceptional contribution to safety.

### **Safety results show when nothing happens.**

The result was very evident with a significant

improvement in OH&S performance with no onsite fatality for 10 months and very visible change in the safety behaviour of our people at all levels.

For 2015, we have prepared a clear strategy and implementation plan to keep the momentum and drive the next level of Initiatives to further strengthen 'We Care'. This year, we will have a very intensive focus on Workmen Capability building, effective implementation of Fatality Prevention Elements & Contractor Safety Management directives, simplifying procedures to achieve scale and speed and are in the process of preparing a structure to address Occupational Health related issues proactively.

We will again directly connect to all our people entering our sites to update them about the progress, plan for 2015 and listen to them so that we can collectively transform our OH&S culture.

## **13. 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 HIPL from Holderind Investment Limited, Mauritius and subsequently amalgamating HIPL with the company under the Scheme of Amalgamation.

The Scheme of Amalgamation has been approved by the requisite majority of the Members and has also received ascent from the Hon'ble High Courts at Gujarat and Delhi. However, the scheme will be effective upon receipt of approval from the Foreign Investment Promotion Board, Government of India which is yet to be received.

On the Scheme being effective, the company will hold 50.01% equity shares in ACC Limited and consequently ACC Limited and all its subsidiaries will become the subsidiary of the company.

## **14. EMPLOYEE STOCK OPTION SCHEME**

During the year, the company has not granted any fresh stock option to its employees.

## CUMULATIVE DISCLOSURE

The particulars as on 31st December, 2014 as required to be disclosed pursuant to Clause 12 of the SEBI (Employee Stock Option Scheme) Guidelines, 1999 in respect of past ESOS are as below:

Nature of disclosure	Particulars							
a. Options granted	37776800							
b. The pricing formula	2007 to 2010 The exercise price was determined by averaging the daily closing price of the Company's equity shares during 7 (seven) days on the National Stock Exchange immediately preceding the grant.							
	2004-05 & 2005-06 The exercise price was determined by averaging the daily closing price of the Company's equity shares during 15 (fifteen) days on the National Stock Exchange immediately preceding the grant.							
	2003-2004 The exercise price was determined by averaging two weeks' High and Low price of the Company's equity shares on the National Stock Exchange immediately preceding the grant.							
	1999-2000 to 2002-2003 The exercise price was the average of the daily closing price of equity shares of the Company on the Stock Exchange, Mumbai during the period of 30 (thirty) days immediately preceding the date on which the options were granted.							
c. Options vested	32586650							
d. Options exercised	30242250							
e. The total number of shares arising as a result of exercise of options	Total number of shares arising as a result of exercise of options shall be 59418032 shares of ₹ 2 each							
f. Options lapsed / surrendered	5190150							
g. Variation of terms of option	-							
h. Money realised by exercise of options	₹383.26 crores							
i. Total number of options in force	2344400							
j. Details of options granted/exercised by the Key Managerial Personnel	No. of options granted				No. of options exercised			
	24300				23300			
	Any other employee who received a grant in any one year of 5% or more of options granted during that year				NIL			
k. Employees who were granted options during any one year, equal to or exceeding 1% of the issued capital of the Company at the time of grant	NIL							
l. Diluted earning per share (EPS) pursuant to issue of shares on exercise of options calculated in accordance with Accounting Standard AS-20	₹9.66							
m. Weighted average exercise price of options in ₹ Weighted average fair value of options in ₹	2003-04	2004-05	2005-06	2007	2008	2009	2010	
	310* 67.44*	443* 96.73*	69.60** 19.23**	113** 29.28**	82** 16.95**	96** 26.38**	119** 39.37**	

\*Options related to Equity Shares of the face value of ₹10/-. \*\* Options related to equity shares of the face value of ₹2/-.  
As required under SEBI guidelines on ESOS, the information disclosed in respect of item (m) is for grants made after June 30, 2003.



## 15. DISCLOSURES UNDER THE COMPANIES ACT, 2013

### i) Extract of Annual Return:

The details forming part of the extract of the annual return is enclosed in Annexure II.

### ii) Number of Board Meetings:

The Board of Directors met 5 (five) times in the year 2014. 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, your company allotted 38,85,500 equity shares of the face value of ₹2/- each upon exercise of stock options under various Employee Stock Option Schemes. Consequently the equity share capital has increased from ₹309,17,20,572/- divided into 154,58,60,286 equity shares of ₹2/- each to ₹309,94,91,572/- divided into 154,97,45,786 equity shares of ₹2/- each.

### iv) Composition of Audit Committee:

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

### v) Related Party Transactions:

All the related party transactions are entered on arm's length basis and are in compliance with the applicable provisions of the Act and the Listing Agreement. 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. During the year, the Board reviewed the Technology and Know-how (TKH) Agreement and decided that the rate of TKH Fees be maintained at 1% of the Net Sales of the company for the remaining three years period commencing from 1st January, 2015. This disclosure is being made as a

matter of prudence.

All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for the transactions which are foreseen and 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.

The Related Party Transactions Policy as approved by the Board is uploaded on the company's website at the web link:

[http://www.ambujacement.com/wp-content/uploads/2014/11/Related\\_Party\\_Policy\\_\\_30.10.2014\\_1\\_.pdf](http://www.ambujacement.com/wp-content/uploads/2014/11/Related_Party_Policy__30.10.2014_1_.pdf)

The details of the transactions with Related Party are provided in the accompanying financial statements.

## 16. CORPORATE GOVERNANCE

The company has complied with the corporate governance requirements under the Companies Act, 2013, and as stipulated under the listing agreement with the stock exchanges. A separate section on corporate governance under the Listing Agreement, along with a certificate from the auditors confirming the compliance, is annexed and forms part of the Annual Report.

## 17. BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report for the year ended 31st December 2014, as stipulated under clause 55 of the Listing Agreement is annexed and forms part of the Annual Report.

## 18. INTERNAL CONTROL SYSTEM

A strong internal control culture is pervasive in the company. The company has documented a robust and comprehensive internal control system for all the major processes to ensure reliability of financial reporting, timely feedback on achievement of

operational and strategic goals, compliance with policies, procedures, laws, and regulations, safeguarding of assets and economical and efficient use of resources. The formalised systems of control facilitate effective compliance as per Clause 49 of the Listing Agreement, and article 728 (a) of the Swiss Code of Obligations applicable to the Holcim Group. The company also has well documented Standard Operating Procedures (SOPs) for various processes which is periodically reviewed for changes warranted due to business needs. The Internal Audit department continuously monitors the efficacy of internal controls / compliance with SOPs with the objective of providing to the Audit Committee and the Board of Directors, an independent, objective and reasonable assurance on the adequacy and effectiveness of the organisation's risk management, control and governance processes.

The scope and authority of the Internal Audit activity are well defined in the Internal Audit Charter, approved by the Audit Committee. Internal Audit department develops a risk based annual audit plan with inputs from business risk management, prominent stock holders and previous audit reports. The Internal audit plan is approved by the Audit Committee. During the year, the Audit Committee met regularly to review reports submitted by the Internal Audit department. All significant audit observations and follow-up actions thereon were reported to the Audit Committee. The Audit Committee also met the company's Statutory Auditors to ascertain their views on the financial statements, including the financial reporting system, compliance to accounting policies and procedures, the adequacy and effectiveness of the internal controls and systems followed by the company.

The Internal Audit department also assesses opportunities for improvement in business processes, systems and controls, provides recommendations, designed to add value to the organisation and follows up on the implementation of corrective actions and improvements in business processes after review by the Audit Committee.

## **19. MANAGING THE RISKS OF FRAUD, CORRUPTION AND UNETHICAL BUSINESS PRACTICES**

### **i) Vigil Mechanism / Whistle Blower Policy**

Fraud-free and corruption-free work culture has been core to the company. In view of the potential risk of fraud and corruption due to rapid growth and geographical spread of operations, the company has put an even greater emphasis to address this risk.

To meet this objective, a comprehensive Fraud Risk Management (FRM) Policy akin to vigil mechanism or the whistleblower policy has been laid down. More details about the FRM Policy are given in the Corporate Governance Report, which forms part of this Annual Report.

### **ii) 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, training and awareness workshops were extended to select vendors of the company based on their risk profile and business relationship with the company.

As part of continuous education on ABCD to the employees, a mandatory on-line training through a web-based application tool was undertaken during 2014 by approximately 4,000 employees.

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

## 20. DIRECTORS AND KEY MANAGERIAL PERSONNEL

### I. CESSATION

Mr. Onne van der Weijde, (DIN 00009181) Managing Director decided to return to the parent company Holcim and accordingly resigned from the Board w.e.f. 25th April, 2014. Mr. Onne joined the Board in January 2009 and in May 2010 was appointed as the Managing Director of the company.

The Board placed on record its appreciation for the valuable services rendered by Mr. Onne van der Weijde.

### II. RETIREMENT BY ROTATION

In accordance with the provisions of Section 152(6) and Article 147 of the Articles of Association of the company, (i) Mr. Ajay Kapur (DIN 03096416) and (ii) Mr. B. L. Taparia (DIN 00016551) will retire by rotation at the ensuing Annual General Meeting of the company and being eligible, offer themselves for re-appointment. The Board recommends their re-appointment.

### III. APPOINTMENT

#### Mr. Ajay Kapur (DIN 03096416)

Mr. Ajay Kapur who was holding the position of the Dy. Managing Director & CEO of the company since August, 2013, was appointed as the Managing Director & CEO w.e.f. 25th April, 2014, for a period of five years.

#### Ms. Usha Sangwan (DIN 02609263)

Ms. Usha Sangwan has been appointed as an Additional Director (Non Independent) under Section 161 of the Companies Act, 2013 w.e.f. 24th April, 2014.

Ms. Usha Sangwan is the Managing Director of Life Insurance Corporation of India and holds a Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management. She joined LIC as Direct Recruit Officer in 1981. She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing

Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has been awarded the 'Women Leadership Award' in BFSI sector by Institute of Public Enterprise and 'Brand Slam Leadership Award' by CMO Asia.

As an Additional Director, Ms Sangwan shall hold office up to the date of the ensuing Annual General Meeting. The company has received a notice as per the provisions of Section 160(1) the Companies Act, 2013, from a member proposing her appointment as Director. The Board of Directors recommends her 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.

### IV. APPOINTMENT OF INDEPENDENT DIRECTORS

With coming into the force of the Companies Act, 2013, the Board appointed all the existing Independent Directors viz. Mr. Nasser Munjee, Mr. Rajendra Chitale, Mr. Shailesh Haribhakti, Dr. Omkar Goswami and Mr. Haigrieve Khaitan as Independent Directors under section 149 of the Companies Act, 2013 for a term up to 31st March, 2019. The shareholders at their Extra Ordinary General Meeting held on 11th September 2014, approved their appointment.

The Independent Directors have submitted the Declaration of Independence, as required pursuant to section 149(7) of the Companies Act, 2013, stating that they meet the criteria of independence as provided in sub-section (6). The profile of the Independent Directors forms part of the Corporate Governance Report.

### V. EVALUATION OF THE BOARD'S PERFORMANCE

In compliance with the Companies Act, 2013, and Clause 49 of the Listing Agreement, the performance evaluation of the Board was carried out during the year under review. More details on the same is given in the Corporate Governance Report.



## VI. 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. More details on the same is given in the Corporate Governance Report.

### 21. DIRECTORS' RESPONSIBILITY

Pursuant to Section 217 (2AA) of the Companies Act, 1956 as amended, the Directors confirm that:

- i) In the preparation of the financial statements, the applicable accounting standards have been followed along with proper explanations relating to material departures.
- ii) Appropriate accounting policies have been selected and applied consistently, except for the change in accounting policies stated in notes to the accounts and judgments and estimates made are reasonable and prudent, so as to give a true and fair view of the state of affairs of the company as on 31st December, 2014, and of the statement of profit and loss and cash flow of the company for the period ended 31st December, 2014.
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- iv) The financial statements have been prepared on a going concern basis.

### 22. AUDITORS

#### I. AUDITORS AND THEIR REPORT:-

M/s SRBC & Co. LLP (ICAI Firm Registration No.324982E), the Statutory Auditors of the company, will hold office until the conclusion of the ensuing Annual General Meeting and are eligible for re-appointment as per Section 139 of the Companies Act, 2013.

M/s SRBC & Co. LLP have expressed their willingness to get re-appointed as the Statutory Auditors of the company and has furnished a certificate of their eligibility and consent under Section 141 of the Companies Act, 2013, and the rules framed thereunder. In terms of the Listing Agreement, the Auditors have confirmed vide their letter dated 22nd January, 2015, that they hold a valid certificate issued by the Peer Review Board of the ICAI. The Board, based on the recommendation of the Audit Committee, recommends the appointment of M/s SRBC & Co. LLP as the Statutory Auditors of the company.

The members are requested to appoint M/s SRBC & Co. LLP, Chartered Accountants as Auditors from the conclusion of the ensuing annual general meeting till the conclusion of the next Annual General Meeting in 2016 and to authorise the Board to fix their remuneration for the year 2015.

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 2015 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 224 (1B) of the Companies Act, 1956, and have also certified that they are free from any disqualifications specified under Section 233B (5) read with Section 224 sub-section (3) or sub-section (4) of Section 226 of the Companies Act 1956.

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 2013, was filed on 28th April, 2014 vide SRN No.Q31060932 on the Ministry of Corporate Affairs website.

### 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 2014. The report of the Secretarial Auditor is annexed to this report as Annexure III. The report does not contain any qualification.

#### 23. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The company has transferred a sum of ₹207.88 lakh during the financial year 2014 to the Investor Education and Protection Fund established by the Central Government, in compliance with Section 205C of the Companies Act, 1956. The said amount represents unclaimed dividends which were lying with the company for a period of seven years from their respective due dates of payment. Prior to transferring the aforesaid sum, the company has sent reminders to the shareholders for submitting their claims for unclaimed dividend.

#### 24. 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 here to marked Annexure IV and forms part of this report.

#### 25. PARTICULARS OF EMPLOYEES

The information required under Section 217 (2A) of the Companies Act, 1956 ("the old Act") and corresponding Section 197 of the Companies Act, 2013 ("the new Act") and the rules thereunder forms part of this Report. However, in terms of Section 219(i)(b)(iv) of the old Act and Section 136(i) of the new Act, the Report and Accounts are being sent to the members and others entitled there to, excluding the Statement of Particulars of Employees. The Annexure 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 there of, such member may write to the Company Secretary, whereupon a copy would be sent.

#### 26. SUBSIDIARY COMPANIES

Pursuant to the circular dated 8th February, 2011, issued by the Ministry of Corporate Affairs, Government of India and Section 136 of the Companies Act, 2013, which has exempted companies from attaching the Annual Reports and other particulars of its subsidiary companies along with the Annual Report of the company, the Annual Reports of the subsidiary companies viz. (1) Chemical Limes Mundwa Pvt. Ltd. (2) M.G.T. Cements Pvt. Ltd. (3) Kakinada Cements Ltd. (4) Dang Cement Industries Pvt. Ltd. and (5) Dirk India Pvt. Ltd. are not attached with this Annual Report. However, a statement giving certain information as required vide aforesaid circular is placed along with the Consolidated Accounts.

The financial statements of the subsidiary 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 companies to the shareholders upon their request. The statements are also available on the website of the company [www.ambujacement.com](http://www.ambujacement.com)

#### 27. CONSOLIDATED FINANCIAL STATEMENTS

As stipulated by Clause 32 of the listing agreement with the stock exchanges, 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.

The consolidated net profit of the company and its subsidiaries amounted to ₹1486.50 crores for the corporate financial year ended on 31st December, 2014 as compared to ₹1496.36 crores on a standalone basis.

## 28. 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. The company has also framed a policy on 'Prevention of Sexual Harassment' at the workplace. There were no cases reported during the year under review under the said Policy.

## 29. AWARDS AND ACCOLADES

- ACF Darlaghat bags NABARD's Best Partnership Award.
- Ambuja bags CII-ITC Sustainability Award – 2014.
- Roorkee Grinding Unit has been awarded with the 'CERTIFICATE of MERIT' for 'Energy Conservation in Cement Sector for the year 2013'.
- Ambuja Cement Foundation - Chirawa has won the UNESCO supported Water Digest Water Award 2013-14.
- Ambuja Cement bags Bronze at the Flame Awards 2013 for Rural Marketing Initiative.
- Ambuja Cement bagged the 1st runner up award at the ASSOCHAM CSR Excellence award during the 6th Global Corporate Social Responsibility Summit held in Delhi.
- ACL's Rabriyawas Unit won the 14th Annual Greentech Environment award in the Gold Category.
- Greentech Environmental Excellence Gold Award 2013.
- Ambuja Cements - Rabriyawas Plant won Productivity Excellence Award 2011-12, presented by Rajasthan State Productivity Council.
- Ambuja Cement Foundation - Bathinda won the NABARD 'Partnership Excellence Award' in the category of 'Improving productivity of crops'.

## 30. 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.

## 31. DISCLAIMER

The Ministry of Corporate Affairs vide Circular No. 08/2014 dated 4th April, 2014 clarified that the financial statements and the documents required to be attached thereto, the Auditor's and Directors' report in respect of the financial year under reference shall continue to be governed by the relevant provisions of the Companies Act, 1956, schedules and rules made there under. However, the company has made efforts to provide the information in the Directors' Report and the Corporate Governance Report as per the Companies Act, 2013, to the extent possible as a matter of prudence and good governance.

## 32. ACKNOWLEDGEMENTS

Your 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

Mumbai, 18 February, 2015

## CSR Report

1	A 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 the CSR policy and projects or programs.	<p>CSR activities at Ambuja are carried out through:-</p> <ol style="list-style-type: none"> <li>1. Ambuja Cement Foundation (ACF)</li> <li>2. Ambuja Vidya Niketan Trust (AVNT)</li> <li>3. Collaboration with other Companies undertaking projects/programs in CSR activities.</li> <li>4. Contribution / donation made to such other Organization / Institutions as may be permitted under the applicable laws from time-to-time.</li> <li>5. Directly by the Company for fulfilling its responsibilities towards various stakeholders.</li> </ol> <p>The Company has framed a CSR Policy in compliance with the provisions of the Companies Act, 2013 and the same is placed on the Companies website and the web link for the same is <a href="http://www.ambujacement.com/wp-content/uploads/2013/10/CSR-Policy.pdf">www.ambujacement.com/wp-content/uploads/2013/10/CSR-Policy.pdf</a></p> <p>The details of the CSR activities undertaken at Ambuja can be accessed at <a href="http://www.ambujacement.com/sustainable-development/sustainability/">http://www.ambujacement.com/sustainable-development/sustainability/</a></p>
2.	The Composition of the CSR Committee.	<ol style="list-style-type: none"> <li>(1) Mr. N. S. Sekhsaria (Chairman) (Non-Independent)</li> <li>(2) Mr. Nasser Munjee (Independent)</li> <li>(3) Mr. Rajendra Chitale (Independent)</li> <li>(4) Mr. Bernard Terver</li> <li>(5) Mr. B. L. Taparia</li> <li>(6) Mr. Ajay Kapur</li> <li>(7) Mrs. Pearl Tiwari - Head - ACF (Permanent Invitee)</li> </ol>
3	Average net profit of the company for last three financial years (Amount in crores)	₹ 1696 Crores
4	Prescribed CSR Expenditure (two per cent. of the amount as in item 3 above) (Amount in crores)	₹ 34 Crores
5	<p>Details of CSR spent during the financial year.</p> <ol style="list-style-type: none"> <li>(1) Total amount to be spent for the F.Y.</li> <li>(2) Amount unspent , if any;</li> <li>(3) Manner in which the amount spent during the financial year :</li> </ol>	<p style="text-align: center;">₹ 38.40 Crores</p> <p>The Company has spent ₹ 38.40 Crores against the mandated ₹ 34 Crores i.e. an excess of ₹ 4.40 Crores during the Financial year 2014.</p> <p>The manner in which the amount is spent is detailed in the Annexure A.</p>

## CSR ACTIVITIES AT AMBUJA

(₹ in Crores)

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
S. No	CSR project or activity identified	Projects or programs (1) Local area or other (2) Specify the state and district where projects or programs was undertaken	Sector in which the project is covered	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs (1) Direct Expenditure on projects or programs (2) Overhead	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Integrated Rural Development around all Manufacturing sites of Ambuja Cements Ltd	<b>All Manufacturing Sites of Ambuja Cements Limited</b> 1. <b>Andhra Pradesh</b> , Nadikudi- District Guntur 2. <b>Chhattisgarh</b> , Bhatapara- District Baloda Bazar 3. <b>Gujarat</b> i) Kodinar ii) Gandhinagar District iii) Sanand- Dist. Ahmedabad iv) Choryashi- District Surat 4. <b>Himachal Pradesh</b> i) Darlaghat – Dist. Solan ii) Nalagarh- Dist. Solan 5. <b>Kerala</b> 6. <b>Madhya Pradesh</b> i) Amarwara– District Chhindwara ii) Osara- District Mandsaur 7. <b>Maharashtra</b> i) Korpana- District Chandrapur ii) Panvel- District Raigad 8. <b>Punjab</b> i) Bathinda ii) Ropar 9. <b>Rajasthan</b> i) Chirawa- District Jhunjhunu ii) Marwar Mundwa- District Nagur iii) Rabriyawas- District Pali 10. <b>Uttarakhand, Roorkee</b> District Haridwar 11. <b>West Bengal</b> i) Farakka- District Murshibad ii) Sankrail- District Howrah	1. Water Resource Management (Including Drinking Water) 2. Livelihood a) Agro Based Livelihood b) Skill Based Livelihood 3. Animal Husbandry 4. Health & Sanitation 5. Education Development 6. Women Empowerment 7. Non-Conventional Energy 8. Afforestation 9. Sports Development 10. Rural Infrastructure Development 11. Over Heads	7.60 6.11 4.42 0.15 2.62 2.60 0.58 0.05 0.04 0.27 9.84 4.46	7.53 7.64 4.14 0.08 2.67 3.36 0.66 0.02 0.02 0.27 8.09 3.92	Expenditure up to December 2014 ₹ 38.40 Cr.	1. Spent through the CSR arm of the Ambuja namely Ambuja Cement Foundation : ₹ 35.83 Crore 2. Spent through AVNT : ₹ 1.06 Cr 3. Amount Directly spent by Ambuja : ₹ 1.51 Cr
			Total	38.74	38.40	38.40	

The CSR committee confirms that the implementation and monitoring of the CSR Policy is in compliance with the CSR objectives and Policy of the Company.

Sd/- Ajay Kapur Managing Director & CEO	Sd/- N.S. Sekhsaria Chairman-CSR Committee
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**Form No. MGT-9**  
**Extract of Annual Return**

as on the financial year ended on 31<sup>st</sup> December, 2014

[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>	Sharepro Service (India) Pvt. Limited 13/AB, Samhita Warehousing Complex, Near Sakinaka Tel. Exchange, Andheri Kurla Road, Sakinaka, Andheri (E) Mumbai 400072. <b>Telephone:</b> 67720300, 67720400 <b>Fax Number:</b> 28591568 28508927 <b>Email id:</b> sharepro@shareproservices.com

**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	NIC Code of the Product	% to total turnover of the company.
1.	Cement	3242	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. C/o. Kross Border Trust Services Ltd., St. Louis Business Centre, CNR Desroches & St. Louis Streets, Port Luis Mauritius 111111.	Foreign Company	Holding	40.63	2(46)
2.	Holcim (India) Private Limited Suite 304, 3 <sup>rd</sup> Floor, DLF South Court, Plot A-1, Saket District Centre, Saket, Delhi 110017.	U26943DL2002PTC116851	Holding	9.72	2(46)
3.	Kakinada Cements Limited Elegant Business Park, Behind Kotak Mahindra Bank, MIDC Cross Road 'B', Off. Andheri Kurla Road, Andheri (East), Mumbai 400059.	U26942GJ1997PLC062008	Subsidiary	100	2(87)
4.	M.G.T Cements Private Limited Elegant Business Park, Behind Kotak Mahindra Bank, MIDC Cross Road 'B', Off. Andheri Kurla Road, Andheri (East), Mumbai 400059.	U26943GJ1990PTC061530	Subsidiary	99.99	2(87)
5.	Chemical Limes Mundwa Private Limited Elegant Business Park, Behind Kotak Mahindra Bank, MIDC Cross Road 'B', Off. Andheri Kurla Road, Andheri (East), Mumbai 400059.	U14107GJ2007PTC061529	Subsidiary	99.99	2(87)
6.	Dang Cement Industries Private Limited, House No. 70, Nalma Marg, Handigaon, Ward No. 5, Kathmandu, Nepal.	Foreign Company	Subsidiary	91.63	2(87)
7.	Dirk India Private Limited Plot no. 10, India House, Gitanjali Colony, Indira Nagar, Mumbai Agra Road, Nashik 422009.	U40102MH2000PTC126812	Subsidiary	100	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)

#### 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>									
<b>1. Indian</b>									
a. Individual/ HUF	-	-	-	-	-	-	-	-	-
b. Central Govt.	-	-	-	-	-	-	-	-	-
c. State Govt.	-	-	-	-	-	-	-	-	-
d. Bodies Corp.	-	-	-	-	-	-	-	-	-
e. Bank/ FI	-	-	-	-	-	-	-	-	-
f. Any Other	-	-	-	-	-	-	-	-	-
<b>Sub-Total- A(1)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>2. Foreign</b>									
a. NRI-Individuals	-	-	-	-	-	-	-	-	-
b. Other Individuals	-	-	-	-	-	-	-	-	-
c. Body Corporate	780308553	-	780308553	50.48	780308553	-	780308553	50.35	-
d. Bank/ FI	-	-	-	-	-	-	-	-	-
e. Any Others	-	-	-	-	-	-	-	-	-
<b>Sub Total- A (2)</b>	<b>780308553</b>	<b>-</b>	<b>780308553</b>	<b>50.48</b>	<b>780308553</b>	<b>-</b>	<b>780308553</b>	<b>50.35</b>	<b>-</b>
<b>Total Share Holder of Promoters (1+2)</b>	<b>780308553</b>	<b>-</b>	<b>780308553</b>	<b>50.48</b>	<b>780308553</b>	<b>-</b>	<b>780308553</b>	<b>50.35</b>	<b>-</b>
<b>B. Public Shareholding</b>									
<b>1. Institution</b>									
a. Mutual Funds	8844241	98145	8942386	50.48	11842465	98145	11940610	0.77	-
b. Bank/ FI	592760	26257	619017	0.04	2041979	26257	2068236	0.13	-
c. Cent. Govt.	-	-	-	-	-	-	-	-	-
d. State Govt.	-	-	-	-	-	-	-	-	-
e. Venture Capital	-	-	-	-	-	-	-	-	-
f. Insurance Co.	135611411	9750	135621161	8.77	137861219	9750	137870969	8.90	-
g. FIs	471471419	64275	471535694	30.50	457872275	64275	457936550	29.55	-
h. Foreign Portfolio Corporate	-	-	-	-	7910062	-	7910062	0.51	-
i. Foreign Venture Capital Fund	-	-	-	-	-	-	-	-	-
j. Others	-	-	-	-	-	-	-	-	-
<b>Sub-Total-B (1)</b>	<b>616519831</b>	<b>198427</b>	<b>616718258</b>	<b>39.89</b>	<b>617528000</b>	<b>198427</b>	<b>617726427</b>	<b>39.86</b>	<b>-</b>
<b>2. Non- Institution</b>									
a. Body Corp.	5063781	547702	5611483	0.36	5589559	504902	6094461	0.40	-
b. Individual									
i. Individual shareholders holding nominal share capital upto ₹ 1 lakh	75660813	17406053	93066866	6.01	72816762	16766785	89583547	5.78	-
ii. Individual shareholders holding nominal share capital in excess of ₹ 1Lakh	9395544	325710	9721254	0.63	8995001	325710	9320711	0.60	-

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	
c. Others									
(i) NRI (Rep)	6364947	6446999	12811946	0.83	5893033	6153446	12046479	0.78	-
(ii) NRI (Non-Rep)	1677400	313931	1991331	0.13	1742047	331415	2073462	0.13	-
(iii) Foreign National	65683	-	65683	-	60183	-	60183	-	-
(iv) OCB	3750	9120	12870	-	3750	9120	12870	-	-
(v) Trust	868215	-	868215	0.06	1432138	0	1432138	0.09	-
(vi) In Transit	-	-	-	-	-	-	-	-	-
<b>Sub-Total-B (2)</b>	<b>99100133</b>	<b>25049515</b>	<b>124149648</b>	<b>8.03</b>	<b>96532473</b>	<b>24091378</b>	<b>120623851</b>	<b>7.78</b>	-
<b>Net Total (1+2)</b>	<b>715619964</b>	<b>25247942</b>	<b>740867906</b>	<b>47.92</b>	<b>714060473</b>	<b>24289805</b>	<b>738350278</b>	<b>47.64</b>	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>									
Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
Public	24671827	12000	24683827	1.60	31086955	0	31086955	2.01	-
<b>Grand Total (A+B+C)</b>	<b>1520600344</b>	<b>25259942</b>	<b>1545860286</b>	<b>100.00</b>	<b>1525443981</b>	<b>24301805</b>	<b>1549745786</b>	<b>100.00</b>	-

Note: There is no change in the number of shares held by the promoter companies. However, the percentage of the shareholding has changed during the year due to ESOP allotments.

ii. Shareholding of Promoters:

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	HOLDERIND INVESTMENTS LIMITED	629638433	40.73	-	629638433	40.63	-	-
2	HOLCIM (INDIA) PRIVATE LIMITED	150670120	9.75	-	150670120	9.72	-	-
	<b>Total</b>	<b>780308553</b>	<b>50.48</b>	-	<b>780308553</b>	<b>50.35</b>	-	-

iii. Change in Promoters' Shareholding ( please specify, if there is no change)

There is no change in the shareholding of the Promoter Group.

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

Sr. No.	Top Ten Shareholders	Shareholding at the beginning of the year- 1 <sup>st</sup> January, 2014		Shareholding at the end of the year – 31 <sup>st</sup> December, 2014	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Life Insurance Corporation Of India	92665449	5.99	100206061	6.47
2.	Oppenheimer Developing Markets Fund	60468289	3.91	44125515	2.85
3.	Aberdeen Global Indian Equity (Mauritius)	53848913	3.48	49849182	3.22
4.	Genesis Indian Investment Company Limited	38162809	2.47	24559008	1.58
5.	JP Morgan Sicav Investment Company (Mauritius)	16500529	1.07	12379543	0.80
6.	General Insurance Corporation Of India	14538872	0.94	13869001	0.89
7.	Aranda Investments (Mauritius) Pte Ltd	13699199	0.88	-	-
8.	Vanguard Emerging Markets Stock Index Fund	11494880	0.74	11348180	0.73
9.	JP Morgan India Fund	11339708	0.73	-	-
10.	Genesis Asset Managers, LLP A/C The Genesis	11063584	0.71	13054996	0.84
11.	Abu Dhabi Investment Authority - Gulab	-	-	10783763	0.69
12.	The New India Assurance Company Limited	-	-	10542811	0.68



v. 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, 2014		Shareholding at the end of the year- 31 <sup>st</sup> December, 2014	
	Name of the Director/KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	Mr. N.S. Sekhsaria	1000	-	1000	-
2.	Mr. B.L.Taparia	4,42,250	-	3,27,284	-
3.	Mr. Ajay Kapur	185500	-	185500	-
4.	Mr. Sanjeev Churiwala	50	-	50	-
5.	Mr. Rajiv Gandhi	1000	-	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 01.01.2014</b>				
1) Principal Amount	5.86	34.62	Nil	40.48
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	5.86	34.62	Nil	40.48
<b>Change in Indebtedness during the financial year</b>				
+ Addition				
-Reduction		-11.33		-11.33
Net change		-11.33		-11.33
<b>Indebtedness at the end of the financial year-31.12.2014</b>				
1) Principal Amount	5.86	23.29	-	29.15
2) Interest due but not paid	-	-	-	-
3) Interest accrued but not due	-	-	-	-
<b>Total of (1+2+3)</b>	5.86	23.29	-	29.15

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
		Mr. Onne van der Weijde (upto 24.04.2014)	Mr. Ajay Kapur	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	123.49	340.80	464.29
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	4.55	57.52	62.07
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission - As % of Profit - Others, specify	-	-	-
5.	Others, please specify Provident Fund & other Funds	37.02	56.78	93.80

Sr. No	Particulars of Remuneration	Name of MD/WTD/Manager		Total Amount (₹ In Lacs)
		Mr. Onne van der Weijde (upto 24.04.2014)	Mr. Ajay Kapur	
	Performance Bonus	-	97.05	97.05
	<b>Total (A)</b>	165.06	552.15	717.21
	Ceiling as per the Act	5% of the net profits of the Company		

B. Remuneration of other directors:

I. Independent Directors :-

Particulars of Remuneration	Name of Directors					Total Amount (₹ In Lacs)
	Mr. Munjee	Mr. Chitale	Mr. Haribhakti	Dr. Goswami	Mr. Khaitan	
Fee for attending board committee meetings	5.20	7.60	4.70	3.70	2.60	23.80
Commission	28.00	34.00	28.00	28.00	28.00	146.00
Others	Nil	Nil	Nil	Nil	Nil	
<b>Total (1)</b>	33.20	41.60	32.70	31.70	30.60	169.80

II. Other Non-Executive Directors :-

Other Non-Executive Directors	Mr. Sekhsaria	Mr. Fontana	Mr. Paul	Mr. Terver	Mr. B.L. Taparia	Ms. Sangwan	Total Amount (₹ In Lacs)
Fee for attending board committee meetings	2.40	0.90	0.60	5.30	5.00	1.20	15.40
Commission	37.00	16.00	4.05	28.00	Nil	11.05	96.10
Others	Nil	Nil	Nil	Nil	132.00	Nil	132.00
<b>Total (2)</b>	39.40	16.90	4.65	33.30	137.00	12.25	243.50
<b>Total B = (1+2)</b>							413.30
Ceiling as per the Act	1% of the Net profits of the Company						

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

Sr. No	Particulars of Remuneration	Name of the KMP		Total Amount (₹ In Lacs)
		Mr. Sanjeev Churiwala	Mr. Rajiv Gandhi	
1.	Gross Salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act	125.66	36.54	162.20
	(b) Value of perquisites u/s 17(2) Income Tax Act, 1961	58.96	14.66	73.62
	(c) Profits in lieu of salary under Section 17(3) Income Tax Act, 1961			
2.	Stock Option	Nil	0.74	0.74
3.	Sweat Equity			
4.	Commission - As % of Profit - Others, specify	Nil	Nil	Nil
5.	Others, please specify Contribution to Provident Fund	20.23	6.61	26.84
	Performance Bonus	23.74	6.30	30.04
	<b>Total (C)</b>	228.59	64.85	293.44

VII. PENALTIES/ PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act): None

## 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 FINANCIAL YEAR ENDED 31<sup>ST</sup> DECEMBER, 2014**

To  
The Board of Directors  
**Ambuja Cements Limited**  
Mumbai

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 financial year ended 31<sup>st</sup> December, 2014, 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 financial year ended on 31<sup>st</sup> December, 2014, according to the provisions of:
  - (i) The Companies Act, 1956 (the Old Act) and the rules made thereunder for the period upto 31<sup>st</sup> March, 2014;
  - (ii) The Companies Act, 2013 (the Act) and the rules made thereunder for specified sections notified and came into effect from 12<sup>th</sup> September, 2013 and sections and Rules notified and came into effect from 1<sup>st</sup> April, 2014;
  - (iii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
  - (iv) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
  - (v) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and Overseas Direct Investment;
  - (vi) 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, 1992;
    - ii. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
    - iii. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
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 under the financial year under report:-
  - i. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - ii. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - iii. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - iv. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
  - v. 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;
3. Provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of External Commercial Borrowings were not attracted to the Company under the financial year under report.
4. We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws and Regulations to the Company. The list of major

head/groups of Acts, Laws and Regulations as applicable to the Company is given in **Annexure II**.

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 1956; and
- (ii) The Listing Agreements entered into by the Company with Stock Exchange(s);

During the financial year under report, the Company has complied with the provisions of the Act, Old 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 review 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.

Majority decision is carried through while the dissenting members' views, if any, are 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, the Company has undertaken event / action having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. referred to above viz.

- (i) Merger of Holcim Investments Private Limited with the Company. However, pending approval of Foreign Investments Promotion Board, the said Scheme has not come into effect.

**For RATHI & ASSOCIATES  
COMPANY SECRETARIES**

**HIMANSHU S. KAMDAR  
PARTNER  
FCS No.: 5171  
COP No.: 3030**

**Mumbai  
Dated: 16<sup>th</sup> February, 2015**

## ANNEXURE - I

### List of documents verified

1. Memorandum & Articles of Association of the Company.
2. Annual Report for the financial year ended 31<sup>st</sup> December, 2013.
3. Minutes of the meetings of the Board of Directors, Audit Committee, Nomination & Remuneration Committee, Share Transfer Committee, Stakeholders' Relationship Committee and CSR Committee along with Attendance Register held during the financial year under report.
4. Minutes of General Body Meetings held during the financial year under report.
5. Statutory Registers viz.
  - Register of Directors & KMP
  - Register of Directors' Shareholding
  - Register of Employee Stock Options
  - Register of loans, guarantees and security and acquisition made by the Company
  - Register of Renewed and Duplicate Share Certificate
6. Agenda papers submitted to all the directors / members for the Board Meetings and Committee Meetings.
7. Declarations received from the Directors of the Company pursuant to the provisions of Section 299 of the Companies Act, 1956 and 184 of the Companies Act, 2013.
8. Intimations received from directors under the prohibition of Insider Trading Code.
9. e-Forms filed by the Company, from time-to-time, under applicable provisions of the Companies Act, 1956 and Companies Act, 2013 and attachments thereof during the financial year under report.
10. Intimations / documents / reports / returns filed with the Stock Exchanges pursuant to the provisions of Listing Agreement during the financial year under report.
11. Filings made with Reserve Bank of India under the Foreign Direct Investment Guidelines and for Overseas Direct Investments made by the Company.
12. Documents related to payments of dividend made to its shareholders during the financial year under report.
13. Opinion issued by M/s. Amarchand Mangaldas, Solicitors on applicability of provisions of Section 188 of Companies Act, 2013 related to Related Party Transactions.
14. Orders issued by High Courts of Delhi and Gujarat for merger of Holcim India Private Limited with the Company.
15. Approval dated 17<sup>th</sup> November 2014 received from Registrar of Companies, Gujarat for alteration of Object Clause of the Company approved by the members of the Company in Extra ordinary General meeting held on 11<sup>th</sup> September 2014.
16. Documents related to issue of shares under ESOP Scheme filed with Stock Exchanges and Listing approvals received thereon.
17. Approvals received from Central Government:
  - Under Section 297 of the Companies Act, 1956 vide Letter bearing No. RD/(NWR)/Sec. 297/372/2013/635A dated 25<sup>th</sup> March, 2014 for availing Advisory Corporate services from Shri B. L. Taparia, Director upto ₹ 11 lacs per month.
  - Under Section 309(4) of the Companies Act, 1956 vide Letter bearing No. SRN B96930235/4/2014 – CL – VII dated 26<sup>th</sup> August, 2014 for increase in remuneration to ₹ 11 lacs per month of Shri B. L. Taparia, Non Whole-time Director for a period from 01/01/2014 to 31/03/2104.

## ANNEXURE - II

### **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 – 400 059

#### **Plants:**

1. Ambuja Nagar, Taluka Kodinar, Dist. Gir Somnath, Gujarat
2. Darlaghat, Dist. Solan, 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. Howrah, 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 its 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.



**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**

**(a) Energy Conservation Measures taken:**

**(1) Optimisation of Process & Equipments at Various Locations:**

- i. Coal mill up gradation with Dynamic Separator (Gaj Ambuja)
- ii. Solid waste pre-processing and feeding system (Ambujanagar, Maratha, Rabriyawas, Bhatapara)
- iii. Completed the retrofitting of Medium Pressure to High Pressure Turbine (Maratha)
- iv. Up gradation of Coal Handling plant (Maratha)
- v. Modification of Coal mill duct (Rauri)
- vi. Raw mill cyclone and mill fan modification (Suli, Bhatapara)
- vii. Fans modifications (Maratha, Suli)
- viii. Automation /Optimization of Water Supply at Plant & Colony (Suli)

**(2) Installation of Speed Control Devices:**

- i. Installation of speed control devices like VVf drives, MV Drives in fans of various equipments. (Ambujanagar, Bhatapara, Maratha, Rabriyawas, Ropar, Farakka, Suli)
- ii. Installation of Dynamic Separator for coal mill (Bhatapara I)

**(3) Energy Conservation Measures for Plant & Township lighting:**

- i. Installation of SPRS (Slip Power Recovery System) (Suli)
- ii. Boiler fans modifications (Maratha)
- iii. Installation of Light Emitting Diode (LED) (Dadri, Farakka, Maratha, Sankrail, Rabriyawas, Ropar)
- iv. Installation of lightning transformer (Dadri) and Lighting provided with timer (Rauri)
- v. Installation of energy meters (Dadri)
- vi. Rerouting of coal firing lines for kiln (Rabriyawas)
- vii. Reducing idle time of various equipments (Maratha)
- viii. Conversion of CFG (Controlled Flow Grate) compartment III to RFT (Reduced Fall Through) (Rabriyawas)

**(4) Installation of Energy Efficient Equipments:**

- i. Installation of Medium Momentum Burner (Ambuja, Gaj I) & Pillard Burner (Rauri)
- ii. Installation of Energy saver unit in high mast tower (Bhatapara II)
- iii. Installation of turbo blower for kiln firing and Pre Calciner firing (Bhatapara II)
- iv. Installation of Roller Press in Cement Mill-1 (Rabriyawas)
- v. Conversion of Cement Mill-1 ESP (Electrostatic Separator Precipitators) to Bag filter (Rabriyawas)

**(b) Additional investments and proposals, being implemented for reduction of consumption of energy:**

**(1) Optimization of Process & Equipments at various locations:**

- i. Separate Fly Ash Grinding and Blending System (Gaj Ambuja)

- ii. Installation of Expert Optimiser for Gaj-1
- iii. Up-gradation of Packers for capacity enhancement (Rabriyawas)
- iv. Installation of high level control system (Expert Optimizer) for Kiln line I & Raw Mill (Bhatapara)
- v. Clinker Cooler static grate modification (Bhatapara I) and Cooler Up gradation (Bhatapara II)
- vi. Up gradation of Raw mill fan (Bhatapara I)

**(2) Installation of Speed Control Devices:**

- i. Installation of VVf (Variable Voltage Variable Frequency) Drives in various equipments (Maratha, Rabriyawas, Dadri, Roorkee)

**(3) Energy Conservation Measures for Plant & Township lighting:**

- i. Installation of Light Emitting Diode (LED) and optimisation of lightning voltage. (Maratha, Rabriyawas, Dadri)
- ii. Conversion of Cement Mill-2 ESP (Electrostatic Separator Precipitators) to Bag filter (Rabriyawas)
- iii. On line tap changing of lighting transformer (Farakka)
- iv. Capacitor enhancement to improve power factor of HT section (Farakka)
- v. Installation of automatic MD (Maximum Demand) controller (Farakka)

**(4) Installation of Energy Efficient Equipments:**

- i. Installation of High Efficiency fans (Ambujanagar, Rabriyawas, Ropar)
- ii. Installation of air cooled Screw Compressors (Rabriyawas)

**B) TECHNOLOGY ABSORPTION**

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

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

- a. Raw mix optimisation with sand stone (Bhatapara)
- b. Trial OPC with combination of slag & Fly ash (Sankrail)
- c. Usage of fly ash activator for strength enhancement (Ambujanagar, Maratha, Rabriyawas)
- d. Use of Phospho Gypsum as an additive for raw mix optimization (Bhatapara)
- e. Wet fly ash drying in Boilers with biomass (Ropar)

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

- a. Optimise raw mix and hence improve cement quality and also life of mines
- b. Improve usage of industry waster like Fly ash and Slag
- c. Production Cost optimisation

**3) Future plan of action:**

- a. Optimise Raw Mix to improve cement quality and hence improve the mines life (Ambujanagar, Bhatapara, Maratha, Rabriyawas, Darlaghat)
- b. Plant Trial for fly ash Activator (Bhatapara, Sankrail)
- c. Vibro Ripper/Terminator in mines for blasting (Bhatapara)

#### 4) Expenditure on R&D

	Current Year 31.12.2014 (₹ Crores)	Previous Year 31.12.2013 (₹ Crores)
Capital Expenditure	0.24	1.01
Recurring Expenditure	5.20	0.00
Total Expenditure	5.44	1.01
Total R & D expenditure as a percentage of total turnover	0.05 %	0.01%

## II. TECHNOLOGY ABSORPTION, ADAPTION & INNOVATION

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

- Separate Fly Ash Grinding and Blending System (Ambujanagar)
  - Solid Waste Preparation and Handling system (Ambujanagar, Bhatapara, Maratha, Rabriyawas)
  - Flammadur A-77, Fire prevention coating use in cables for fire protection to Electrical Cables (Maratha)
  - Medium Momentum Burner (Gambuja and Gaj)
  - High efficiency solenoid valves installed in Cooler dust dense phase system improving maintenance practices (Maratha)
  - Installation of Flame Proof Light at Coal Handling Plant (Maratha)
  - Installation of Coriolis in Kiln fuel firing system for better controlling of fuel firing (Suli)
  - Installation of Master Packer for provision of Rail and Road loading (Bhatapara)
  - Installation of RFID (Radio Frequency Identification) for better coordination of vehicle movements (Ambujanagar, Maratha, Bhatapara, Rabriyawas, Ropar, Roorkee, Surat)
  - Installation of Laboratory Information Management System (Roorkee)
  - Mini Silo for Bulk cement Transportation and storage (Sankrail, Oanvel)
- 2) Benefits derived as a result of the above efforts in the year 2014
- Improved operational efficiencies, equipment reliability, productivity and quality.
  - Reduction in manufacturing cost, increase safety and protection of environment.
- 3) Information regarding Technology Imported during last 5 years
- DALOG System for Raw Mill gear box monitoring and protection ( at Various locations)
  - Installation of Continuous emission monitoring system (at Various locations)
  - Variable speed travel cage and oxy acetylene cutting machine (Ambujanagar, Maratha)
  - Microscope for clinker quality improvement (Ambujanagar)
  - Mechanical Kiln Monitoring (MKM) system (Ambujanagar, Bhatapara)
  - Multicore and Vertical Blender for PPC Blending for efficient blending of OPC and ground fly ash to produce PPC (Ambujanagar)

- Medium Momentum Burners for Ambuja and Gaj (Ambujanagar)
- Installation of PGNAA on cross belt analyser for quality control (Rauri, Bhatapara, Maratha)
- Ultrasonic detector for False Air Detection and usage of Thermal Imaging Camera for determining hot spots (Rauri)
- Simulator based training Center for In house training for PLC & Plant operation for Automation engineers & operators (Rauri)
- Automated bulk loading system (Sankrail)
- Hybrid ESP for of Cement Mills for reduction of emission (Bhatapara)
- Kima Sound level sensor for Cement Mill (Bhatapara)
- Installation of Pfister system for Kiln Feed system and Coal firing system (Bhatapara)
- Technical Information system for better online information (Bhatapara)
- Installation of VRPM for Cement Mill No 2 to improve productivity (Bhatapara)
- Replacement of existing conventional burner pipe with third generation Multi Channel Burner (Novafam from Fives Pillard). (Bhatapara)
- Fuzzy Logic High level control. (Bhatapara line-1, Roorkee)
- Particle size analyzer. (at Various locations)
- Modification in packing plants like bag printing machine, increase in spouts etc. (Surat, Rabriyawas, Maratha, Farakka)
- Installation of Coriolis fine coal feeding system. (Rabriyawas, Ambujanagar)
- Replacement of reverse air bag house to jet pulse filters, MF HRB -12 for clinker crushing to hammer crusher New Duoflex Burner. (Rabriyawas, Suli)
- Installation of 500 TPD Synthetic Gypsum Manufacturing plant, VVF drives on various equipments. (Rabriyawas)
- Rotascale for PC firing. (Maratha)
- Installation of Kiln shell scanner, Kiln feed actuator, x-ray analyser. (Ambujanagar)

### C) FOREIGN EXCHANGE EARNINGS AND OUTGO

- (a) Activities relating to exports; initiatives taken to increase exports; development of new export markets for products & services; and export plans:

In view of good growth in domestic demand and fall in international demand the Company's exports reduced to 1.48 Lacs tonnes of cement as against 2.01 lacs tonnes in the previous year. In terms of value, the export during the year amounted to ₹ 45.26 Crores (FOB) as against ₹ 59.98 crores(FOB) in the previous year.

Total foreign exchange used and earned:

Category	Current Year (₹ in crores)	Previous Year (₹ in crores)
Used	902.43	824.27
Earned	50.80	59.50

# 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 the 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, reporting mechanism & accountability and decision making process to be followed.
- (ii) Committees of Directors - 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 services are managed with clearly demarcated responsibilities and authorities at different levels.
  - (a) Executive Committee - The Executive Committee comprises of the Managing Director & CEO, the Business Heads and a few Corporate Functional Heads. 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.
  - (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.
  - (c) Business Heads –Upto 31<sup>st</sup> December, 2014, the Company's business operations have been divided into three regions, viz. (i) North, (ii) West & South and (iii) East. Each region was headed by a Business Head, who was responsible for the day-to-day business and related functions within their respective regions. The Business Heads were reporting to the M.D. & CEO.

Effective 1<sup>st</sup> January, 2015, a new Organization Structure has been put in place. In the new structure functional verticals has replaced the existing geography based regional structure to facilitate faster resolution of strategic issues. In the new structure, the role of the Business Heads has ceased to exist.
  - (d) Unit Heads - Unit Head is responsible for operation and maintenance of the plant as well as for all the other functions at the respective plant locations, including all local issues and compliances as may be applicable. In the new structure, the Unit Heads will report to the Chief Manufacturing Officer.

## 2. Board of Directors

### 2.1 Composition:

The Company has a very balanced and diverse Board of Directors, which primarily takes care of the business

needs and stakeholders' interest. The Non-executive Directors including Independent Directors on the Board are 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 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 composition of the Board also complies with the provisions of the Companies Act, 2013 and the Listing Agreement. As at the end of corporate financial year 2014, the total Board strength comprises of the following:

Non-Independent Directors – Non-Executive (Including Chairman)	5
Independent Directors	5
Non-Independent & Executive - M.D. & CEO	1
Total Strength	11

None of the Directors have any inter-se relation among themselves and any employees of the Company.

Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the retirement policy laid down by the Board from time-to-time. The Managing Director(s) and all the Non-executive Directors (except Independent Directors) are liable to retire by rotation unless otherwise specifically approved by the shareholders.

## 2.2 Profile of Directors

The brief profile of each Director is given below:

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

Mr. Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. In a career spanning over 32 years, he introduced new standards in manufacturing, management, marketing efficiency and corporate social responsibility to an industry he has helped transform.

A first generation industrialist, Mr. Sekhsaria, did his Bachelor's in Chemical Engineering with honours and distinction from the University of Bombay. As a founder promoter of Ambuja Cement, he was the Chief Executive & Managing Director of the Company since its inception in April 1983 till January 2006. Mr. Sekhsaria relinquished the post of Managing Director and was appointed as Non-executive Vice Chairman when the management control was transferred to Holcim. In September 2009, he was appointed as 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 has been instrumental in creating and developing a result-oriented management team. His extraordinary business model for the Company was centred on continually fine-tuning efficiencies and upgrading facilities to meet increased competition and the ever growing challenges in the Cement Industry.

Mr. Sekhsaria also re-defined the 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 as a founder promoter, the Company grew from 0.7 million tonne capacity to 15 million tonnes, from one location foot print to a pan-India Company which set the bench mark for the Cement Industry across every significant business parameters. The market capitalisation of the Company also increased from the original ₹ 18 crores in the year 1985 to about ₹ 14,000 crores. These achievements from a first generation industrialist in such a short span speaks volume of vision, business acumen and leadership qualities of Mr. Sekhsaria.

### (ii) Mr. Bernard Fontana (Non-Executive Promoter Director representing Holcim Ltd., Non-Independent)

Mr. Fontana, a French national, holds a degree in Engineering from the Ecole Polytechnique and the Ecole Nationale Supérieure des Techniques Avancées in Paris. He began his career with Groupe SNPE in France where he held various positions including the head of its US operations and the member of the Group Executive Committee. In the year 2004, he joined ArcelorMittal where he was given the responsibility for HR, IT and Business Development at Flat Carbon division. From 2006 to 2010, he was a member of the Management Committee of ArcelorMittal with responsibility for the Automotive Worldwide Business Unit and then Group HR. In the year 2010, he was appointed the CEO of Aperam, a company spun off from ArcelorMittal. He was appointed as the CEO of Holcim Ltd. from 1<sup>st</sup> February, 2012.

He joined the Board in February, 2012.

### (iii) Mr. Bernard Terver (Non-Executive Promoter Director representing Holcim Ltd., Non-Independent)

Mr. Terver is a French national, born in 1952, concluded his studies at the Ecole Polytechnique, Paris in 1976. After beginning his career in the steel industry, in 1977 he moved to cement producer CEDEST, which was taken over by Holcim France in 1994. In 1999, Bernard Terver became CEO of Holcim Colombia and

in 2003, he was appointed as Area Manager for Andes nations, Central America and the Caribbean. Since October, 2008 he has been CEO of Holcim US and effective November 2010, CEO of Aggregate Industries US. Bernard Terver was appointed Area Manager and member of senior management of Holcim Ltd., w.e.f. 1<sup>st</sup> April, 2010. Effective 1<sup>st</sup> September, 2012, he has been appointed as member of the Executive Committee and effective January 01, 2014 he has been made in charge of the Indian subcontinent (India, Srilanka and Bangladesh), Africa and Middle East.

He joined the Board in December, 2013.

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

Mr. Munjee holds a Bachelor's and a Master's degree from the London School of Economics (LSE), U.K. His journey in creating financial institutions began with HDFC, whom he has been assisting since 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 Ltd., Cummins India Ltd., Tata Motors, Tata Chemicals, Britannia Industries, Jaguar Land Rover and GoAir. In 1997, Mr. Munjee played a pivotal role in setting up IDFC. Mr. Munjee has 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 he 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).

He joined the Board in August, 2001.

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

Mr. Chitale, an eminent Chartered Accountant, is the Managing Partner of M/s. Chitale & Associates, a leading boutique international structuring, tax and legal advisory firm and of M. P. Chitale & Co., a reputed accounting firm. He has served as a member of the Insurance Advisory Committee of the Insurance and Regulatory 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.

He joined the Board in July, 2002.

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

Mr. Haribhakti is a Chartered and Cost Accountant, and a Certified Internal Auditor, Financial Planner & Fraud Examiner. He is the President of Rotary Club of Bombay for the year 2014-2015. During a career span of four decades, he has successfully established and led many innovative services. His current passions involves Outsourcing of Knowledge Processes, Engaged Investing, and efficiency & effectiveness enhancement in Social, Commercial and Governmental organisations. He strongly believes in 'shared value' creation, good public and corporate governance and promoting a green environment. He actively promotes these causes, and contributes towards their evolution by participating in the process of framing regulations and standards. He is on the Board of Directors of several listed and private companies. He has been awarded "The Best Non-Executive Independent Director – 2007" award by The Asian Centre for Corporate Governance.

He joined the Board in May, 2006.

**(vii) 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 advisor to several Government committees and international organizations like the World Bank, the OECD, the IMF and the ADB. He has 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 Corporate.

He joined the Board in July, 2006.

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

Mr. Khaitan is a law graduate and is a Partner of reputed law firm, Khaitan & Co. He started his career in litigation and over the years has been involved in many 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 Foreign 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 PLC Which lawyer. IFLR 1000 has recommended him as one of the leading lawyers in India. He has been ranked as the "Band 1 Lawyer" for Corporate/M & A transactions. Asialaw Leading Lawyers 2013 India M & A Atlas Awards 2013 regards him as one of the "Leading Lawyers for M & A Transactions". He is on the Board of some of the large public listed companies.

He joined the Board in July, 2012.

**(ix) Ms. Usha Sangwan (Non-Executive, Non-Independent Director, w.e.f. 24-04-2014)**

Ms. Sangwan, the current Managing Director of Life Insurance Corporation of India, holds a Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management. She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications and has over 30 years of experience. Her expertise lies in analytics, strategy, execution, people skill, use of technology particularly in marketing and servicing and setting up of systems.

Ms. Sangwan is on the Board of Axis Bank Ltd., LIC HFL Care Homes, LIC (Singapore) Pte. Ltd. and LIC (Lanka) Ltd., Member of Governing Council of National Insurance Academy, Pune. She has been awarded the "Women Leadership Award" in BFSI sector by Institute of Public Enterprise and "Brand Slam Leadership Award" by CMO Asia. She has also been awarded "Women Leadership Role Model" by Top Rankers Management Consultants and has won the "Corporate Leadership Award for 2014" by Colour TV.

She joined the Board in April, 2014.

**(x) 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 40 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 Whole-time Director in the year 1999 and he served as that 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.

He re-joined the Board in September, 2012.

**(xi) 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 from SIMSR, Mumbai. 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 shares a close, symbiotic relationship with the cement industry for over two decades. This has lent him a keen and multi-faceted adaptability to the industry's ever-changing dynamics, customer behavior and needs. He is known for his hands-on and performance-oriented work culture. Towards that, he has initiated several operational excellence programs during his tenure as CEO and later on as MD.

Mr. Kapur also evolved a sharp focus on sustainability. Today, 93% of the total production of Ambuja is fly ash blended. Use of fly ash helps to conserve natural limestone as well as reduce the fly ash waste within the system. Since 2011, Ambuja has been recognized for its sustainability initiatives and won several accolades from CII and more recently, bagged the prestigious Pro-Sustain Certification from DNV. The company is also one of the leaders in the elite Carbon Disclosure Leadership Index 2014. He is a co-chair of the CSI forum of the WBCSD, and a member of the Board of Governors of National Council for Cement and Building Materials.



Mr. Kapur also drives a strong focus on safety within the company. Through the overarching OH&S initiative, 'We Care', Mr. Kapur has successfully improved the safety standards of the company and of everyone associated with it.

He joined the Board in July, 2013.

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

Meetings:

The Board generally meets 5 times during the year. 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. During the year ended on 31<sup>st</sup> December, 2014, the Board of Directors had 5 meetings. These were held on 6<sup>th</sup> February, 2014, 24<sup>th</sup> April, 2014, 24<sup>th</sup> July, 2014, 30<sup>th</sup> October, 2014 and 10<sup>th</sup> December, 2014. The last Annual General Meeting (AGM) was held on 10<sup>th</sup> April, 2014. The attendance record of the Directors at the Board Meetings during the year ended on 31<sup>st</sup> December, 2014, 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	Chairman Non Executive, Non-Independent	4 of 5	Yes
2.	Mr. Bernard Fontana	Non-Executive, Non-Independent	3 of 5	No
3.	Mr. Bernard Terver	Vice-Chairman Non-Executive, Non-Independent	5 of 5	Yes
4.	Mr. Nasser Munjee	Non-Executive, Independent	4 of 5	Yes
5.	Mr. Rajendra Chitale	Non-Executive, Independent	5 of 5	Yes
6.	Mr. Shailesh Haribhakti	Non-Executive, Independent	5 of 5	Yes
7.	Dr. Omkar Goswami	Non-Executive, Independent	4 of 5	No
8.	Mr. Haigreve Khaitan	Non-Executive, Independent	5 of 5	No
9.	Ms. Usha Sangwan (w.e.f. 24.04.2014)	Non-Executive, Non-Independent	3 of 4	N.A.
10.	Mr. B.L. Taparia	Non-Executive, Non-Independent	5 of 5	Yes
11.	Mr. Ajay Kapur (MD & CEO w.e.f. 25.04.2014)	Managing Director & CEO	5 of 5	Yes
12.	Mr. Paul Hugentobler (upto 06.02.2014)	Non-Executive, Non-Independent	1 of 1	N.A.
13.	Mr. Onne van der Weijde (upto 24.04.2014)	Managing Director	2 of 2	Yes

Separate Meeting of Independent Directors:

As stipulated by the Code of Independent Directors under the Companies Act, 2013 and the Listing Agreement, a separate meeting of the Independent Directors of the Company was held on 9<sup>th</sup> December, 2014 to review the performance of Non-independent Directors (including the Chairman) and the Board as whole. 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. All the agenda items are backed by necessary supporting information and documents (except for the critical price sensitive information, which is circulated at the meeting) to enable the Board to take informed decisions. Agenda also includes minutes of the meetings of all the Board Committees and 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 generally circulated seven days prior to the Board Meeting. In addition, for any business exigencies, the resolutions are passed by circulation and later placed in the ensuing Board Meeting for ratification / approval.

Invitees & Proceedings:

Apart from the Board members, the Company Secretary and the CFO are invited to attend all the Board Meetings. Other senior management executives are called 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, CFO and other senior executives make presentations on capex proposals & progress, operational health & safety

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 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.

## 2.4 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. 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, 2014, 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	2	Nil	Nil
2	Mr. Bernard Fontana	1	Nil	Nil
3	Mr. Bernard Terver	1	1	1
4.	Mr. Nasser Munjee	9	5	Nil
5.	Mr. Rajendra P. Chitale	7	1	5
6.	Mr. Shailesh V. Haribhakti	9	5	4
7.	Dr. Omkar Goswami	8	1	7
8.	Mr. Haigreve Khaitan	9	1	4
9.	Ms. Usha Sangwan (w.e.f. 24.04.2014)	3	Nil	Nil
10.	Mr. B.L. Taparua	2	Nil	1
11.	Mr. Ajay Kapur	Nil	Nil	Nil

<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.

## 2.5 Induction & Training of Board Members:

On appointment, the concerned Director is issued a Letter of Appointment setting out in detail, the terms of appointment, duties, responsibilities and expected time commitments. Each newly appointed Independent Director is taken through a formal induction program including the presentation from the Managing Director & CEO 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 induction for Independent Directors include interactive sessions with Executive Committee Members, Business and Functional Heads, visit to the manufacturing site etc. On the matters of specialized nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

## 2.6 Evaluation of the Board's Performance:

During the year, the Board adopted a formal mechanism for evaluating its performance and as well as that of its Committees and individual Directors, including the Chairman of the Board. The exercise was carried out through a structured evaluation process covering various aspects of the Boards functioning such as composition of the Board & committees, experience & competencies, performance of specific duties & obligations, governance issues etc. Separate exercise was carried out to evaluate the performance of individual Directors including the Board Chairman who were evaluated on parameters such as attendance, contribution at the meetings and otherwise, independent judgement, safeguarding of minority shareholders interest etc.

The evaluation of the Independent Directors was carried out by the entire Board and that of the Chairman and the Non-Independent Directors were carried out by the Independent Directors.

The Directors were satisfied with the evaluation results, which reflected the overall engagement of the Board and its Committees with the Company.

## 2.7 Code of Conduct:

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 covers amongst other things the Company's commitment to honest & ethical personal conduct, fair competition, corporate social responsibility, sustainable environment, health & safety, transparency and compliance of laws & regulations etc. The Company believes in "Zero Tolerance" to bribery and corruption in any form and 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.

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

## 2.8 Prevention of Insider Trading Code:

As per SEBI (Prevention of Insider Trading) Regulation, 1992, the Company has adopted a Code of Conduct for Prevention of Insider Trading. All the Directors, employees at Senior Management and other employees 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. 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. Mr. Rajiv Gandhi, Company Secretary acts as secretary to the committee.

### 3.1 Composition and Meetings:-

The Audit Committee had 6 meetings during the year 2014. The attendance of each committee member was as under:-

Sr. No.	Name of the Directors	No. of Meetings Held / Attended
1.	Mr. Rajendra Chitale, (Chairman) – Independent	6 of 6
2.	Mr. Nasser Munjee – Independent	5 of 6
3.	Mr. Omkar Goswami – Independent	5 of 6
4.	Mr. Bernard Terver – Non-Independent (w.e.f. 07.02.2014)	4 of 5
5.	Mr. Paul Hugentobler – Non-Independent (upto 06.02.2014)	1 of 1

Mr. Paul Hugentobler was a member of the Committee upto 6<sup>th</sup> February, 2014. Mr. Bernard Terver was elected as a member to the Committee w.e.f. 7<sup>th</sup> February, 2014. Mr. Rajiv Gandhi, Company Secretary acts as a secretary to the Committee.

Mr. Rajendra Chitale, Chairman of the Audit Committee was present at the last Annual General Meeting to answer the shareholders queries.

### 3.2 Invitees / Participants:-

1. The M.D. & CEO and Mr. B.L. Taparia 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 come 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 Business Heads and the CFO also attends all the Committee meetings to provide inputs on issues relating to internal audit findings, internal controls, accounts, taxation, risk management etc.
6. The Committee also invites the representatives of Holcim group's internal audit department to attend the Audit Committee meetings for getting their valuable support and guidance on the international best practices in internal audit and strengthening of internal controls.

### **3.3 Private Meetings:-**

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

### **3.4 Terms of Reference:-**

The terms of reference of the Audit Committee are as per the guidelines set out in the listing agreement with the stock exchanges read with section 177 of the Companies Act, 2013. These broadly includes (i) Develop 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, (v) interaction with statutory, internal and cost auditors, (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) Disclosures in financial statement including related party transactions,
- (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 Fraud Risk Management 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) Subject to review by the Board of Directors, review on quarterly basis, Related Party Transactions entered into by the Company pursuant to each omnibus approval given.

### **3.5 Other Matters:-**

- i. The Audit Committee has framed its Charter for the purpose of effective compliance of clause 49 of the listing agreement. 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. 4 below.

## **4. 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.

The Committee consists of the members as stated below. During the year 2014, the Committee held 3 meetings which were attended by the members as under:-

Sr. No.	Name of the Directors	Category	No. of Meetings Held / Attended
1.	Mr. Haigreve Khaitan (Chairman)	Independent	2 of 3
2.	Mr. Shailesh Haribhakti,	Independent	3 of 3
3.	Dr. Omkar Goswami	Independent	1 of 3
4.	Mr. Bernard Terver (w.e.f. 07.02.2014)	Non-Independent	2 of 2
5.	Mr. B.L. Taparia	Non-Independent	3 of 3
6.	Mr. Paul Hugentobler (upto 06.02.2014)	Non-Independent	1 of 1
7.	Mr. Onne van der Weijde (upto 24.04.2014)	Non-Independent	2 of 2

Mr. Bernard Terver was appointed as a member of the Committee w.e.f. 7<sup>th</sup> February, 2014. Mr. Paul Hugentobler and Mr. Onne van der Weijde were member of the Committee upto 6<sup>th</sup> February, 2014 and 24<sup>th</sup> April, 2014 respectively. The M.D. & CEO, 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.

The terms of reference of the Committee are to:

- periodically review the Legal Compliance Audit report of various Units / Department submitted by the Corporate Legal Department;
- suggest taking necessary corrective actions for non compliance, if any;
- specifically review and confirm that all the requirements of Competition Law and Anti Bribery and Corruption Directives are fully complied with;
- review the significant amendments in the laws, rules & regulations;
- review the significant legal cases filed by and against the Company;
- review the judgements of various court cases not involving the Company as a litigant but having material impact on the Company's operations;
- periodically review the Code of Business Conduct & Ethics and Code of Conduct for prevention of Insider Trading.

The Legal and Corporate 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.

## 5. Nomination and Remuneration Committee (formerly Compensation and Remuneration Committee)

### 5.1 Composition and Attendance at the Meeting

The Nomination & Remuneration Committee comprises of the members as stated below. The Committee during the year ended on 31<sup>st</sup> December, 2014 had 6 meetings. The attendance of the members was as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Held / Attended
1.	Mr. Nasser Munjee (Chairman)	Independent Director	6 of 6
2.	Mr. N.S. Sekhsaria	Non-Independent Director	5 of 6
3.	Mr. Shailesh Haribhakti	Independent Director	6 of 6
4.	Mr. Paul Hugentobler (upto 06.02.2014)	Non-Independent Director	1 of 1
5.	Mr. Bernard Terver (w.e.f. 24.04.2014)	Non-Independent Director	4 of 4

Mr. Nasser Munjee is the Chairman of this Committee w.e.f. 22<sup>nd</sup> April, 2014. Mr. Ajay Kapur is Permanent Invitee to this Committee. Mr Bernard Terver is a member of the Committee w.e.f. 24<sup>th</sup> April, 2014. Mr. Paul Hugentobler was a member of the Committee upto 6<sup>th</sup> February, 2014. Mr. Onne van der Weijde was a member of the Committee upto 24<sup>th</sup> April, 2014.

## 5.2 Terms of Reference of the Nomination & Remuneration Committee:

The Committee is empowered -

- (i) Formulate criteria for determining qualifications, positive attributes and independence of Directors and evaluating the performance of the Board of Directors.
- (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 Personnels.
- (iii) Support Board in evaluation of performance of all the Directors & in annual self-assessment of the Board's overall performance.
- (iv) Conduct Annual performance review of MD and CEO and Senior Management Employees;
- (v) Administration of Employee Stock Option Scheme (ESOS);
- (vi) Formulate a policy relating to remuneration for the Directors, Committee and also the Senior Management Employees.

## 5.3 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 Rule, 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 prorata 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 CEO & Managing Director 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;
- v. 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.

#### 5.4 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, except Share Transfer Committee, for which no sitting fees is paid. The CSR Committee members at their first meeting for this Financial Year has 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 2014 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 2014 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. In view of the higher degree of engagement and increased responsibility, the Chairman of the Board and the Chairman of the Audit Committee, the Company has provided additional commission of ₹21 Lacs and ₹6 Lacs respectively to them.

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, 2014 are given below:-

(₹ in Lacs)					
Sr. No.	Name of the Director	Remuneration	Sitting Fees	Commission	No. of Shares held
1.	Mr. N. S. Sekhsaria	Nil	2.40	37.00	1,000
2.	Mr. Bernard Fontana	Nil	0.90	16.00	Nil
3.	Mr. Paul Hugentobler (upto 06.02.2014)	Nil	0.60	4.05	Nil
4.	Mr. Bernard Terver	Nil	5.30	28.00	Nil
5.	Mr. Nasser Munjee	Nil	5.20	28.00	Nil
6.	Mr. Rajendra P. Chitale	Nil	7.60	34.00	Nil

(₹ in Lacs)

Sr. No.	Name of the Director	Remuneration	Sitting Fees	Commission	No. of Shares held
7.	Mr. Shailesh Haribhakti	Nil	4.70	28.00	Nil
8.	Dr. Omkar Goswami	Nil	3.70	28.00	Nil
9.	Mr. Haigreve Khaitan	Nil	2.60	28.00	Nil
10.	Mr. B. L. Taparia@	132.00	5.00	Nil	3,27,284
11.	Ms. Usha Sangwan (w.e.f. 24.04.2014)	Nil	1.20	11.05	Nil
12.	Mr. Ajay Kapur, MD & CEO# (w.e.f 25.04.2014)	552.15	Nil	Nil	1,85,500
13.	Mr. Onne van der Weijde, MD (upto 24.04.2014)	165.06	Nil	Nil	Nil
TOTAL		849.21	39.20	242.10	5,13,784

@ Mr. B.L. Taparia's remuneration is in the form of Advisory Service Fees in terms of contract entered into with the Company and duly approved by the Shareholders and the Central Government.

# Appointment of MD & CEO is governed by a service contract for a period of 5 years and the notice period of 3 months.

Note:- Remuneration of the MD includes basic salary, performance bonus, allowances, contribution to provident, superannuation and gratuity funds and perquisites (including monetary value of taxable perquisites) etc.

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

During the year under review, the nomenclature of the Share Allotment and Investor Grievance Committee was changed to "Stakeholders' Relationship Committee", in line with the provisions of Section 178 of the Companies Act, 2013 w.e.f. 24<sup>th</sup> April, 2014. This Committee is responsible for the 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 and allotment of privately placed preference shares, debentures and bonds, if any.

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, 2014, this Committee had 11 meetings which were attended by the members as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Held / Attended
1.	Mr. Rajendra Chitale (Chairman)	Independent Director	8 of 11
2.	Mr. B.L. Taparia	Non - Independent Director	8 of 11
3.	Mr. Onne van der Weijde (Upto 24.04.2014)	Managing Director	Nil of 2
4.	Mr. Ajay Kapur	Managing Director & CEO	10 of 11

Mr. Rajiv Gandhi, 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	37	37	Nil
Demat Queries	Nil	Nil	Nil	Nil
Miscellaneous Complaints	Nil	Nil	Nil	Nil
TOTAL	Nil	37	37	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 10,000 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.

## 7. CSR Committee:

The Company has constituted a CSR Committee as required under Section 135 of the Companies Act, 2013. 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, 2014, this Committee had 3 meetings which were attended by the members as under:-

Sr. No.	Name of the Director	Category	No. of Meetings Held / Attended
1.	Mr. N. S. Sekhsaria (Chairman)	Non-Independent	3 of 3
2.	Mr. Nasser Munjee	Independent	3 of 3
3.	Mr. B.L. Taparia	Non-Independent	2 of 3
4.	Mr. Onne van der Weijde (Upto 24.04.2014)	Managing Director	1 of 2
5.	Mr. Bernard Terver (w.e.f. 24.04.2014)	Non-Independent	1 of 1
6.	Mr. Rajendra Chitale (w.e.f. 24.04.2014)	Independent	1 of 1

Mr. Ajay Kapur has been appointed as a member on the Committee w.e.f. 8<sup>th</sup> December, 2014.

The Terms of Reference of the Committee are as follows:-

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

## 8. Risk Management Committee:

The revised Clause 49 mandates constitution of the Risk Management Committee. The Committee is required to lay down the procedures to inform to the Board about the risk assessment and minimization procedures and the Board shall be responsible for framing, implementing and monitoring the risk management plan of the Company.

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. The Risk Management Committee met once in the Financial Year.

The Risk Management Committee comprises of the following members:

Sr. No	Name of the Director	Category	No. of Meetings Held / Attended
1.	Mr. Rajendra Chitale	(Chairman) Independent	1 of 1
2.	Mr. Nasser Munjee	Independent	1 of 1
3.	Mr. Bernard Terver	Non-Independent	1 of 1
4.	Mr. Shailesh Haribhakti	Independent	1 of 1
5.	Mr. Ajay Kapur	Managing Director & CEO	1 of 1

## 9. Other Committees of Directors

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

### (A) 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. In view of the same, a separate CAPEX Committee of Directors was formed w.e.f 1<sup>st</sup> May, 2010. The Committee comprises of Mr. Bernard Terver, 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 Roles and Responsibilities of the Committee are as follows:

- a) To approve and recommend to the Board, all CAPEX proposals for green field plants, new kilns or power plants;
- b) To critically evaluate all the aspect of techno commercial feasibility and financial viability of these projects.

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

#### **(B) 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. Three committee meetings were held during the year 2014. The committee comprises of Mr. Rajendra Chitale, Chairman, Mr. Shailesh Haribhakti, Mr. B.L. Taparia and Mr. Ajay Kapur as the Members.

#### **(C) Share Transfer Committee**

Share Transfer Committee regularly approves transfer & transmission of shares / debentures / bonds, issue of duplicate / re-materialized shares and consolidation & splitting of certificates etc. The committee comprises of Mr. Shailesh Haribhakti as the Chairman, Mr. Rajendra P. Chitale, Mr. B.L. Taparia and Mr. Ajay Kapur as the Members.

### **10. Whistle Blower 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 Audit Committee is committed to ensure fraud-free work environment and to this end the Committee has laid down a Fraud Risk Management Policy (akin to the Whistle Blower Policy) providing a platform to all the employee, vendors and customers to report any suspected or confirmed incident of fraud/misconduct 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

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 FRM 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.

This policy is applicable to all the directors, employees, vendors and customers of the Company and contains features similar to the Whistle Blower Policy. The policy is also posted on the website of the Company.

The main objectives of the policy are as under:

- (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.

For the effective implementation of the policy, the Audit Committee has constituted a Fraud Risk Management Committee (FRMC) 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 (w.e.f. 31<sup>st</sup> October, 2014 )

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

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

## 11. 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 are as under:-

Year	Day, Date and Time	Venue	Whether Special Resolution passed
2011	29 <sup>th</sup> AGM held on Tuesday, 27 <sup>th</sup> March, 2012 at 10.00 am	Registered Office	Yes
2012	30 <sup>th</sup> AGM held on Thursday, 4 <sup>th</sup> April, 2013 at 10.00 am.	Registered Office	Yes
2013	31 <sup>st</sup> AGM held on Thursday, 10 <sup>th</sup> April, 2014 at 10.00 am	Registered Office	Yes

### (ii) Extra Ordinary General Meetings:

In addition to Annual General Meeting, the Company holds General Meetings of the shareholders as and when need arises. During the year, one (1) Extra Ordinary General Meeting was held on 11<sup>th</sup> September, 2014 at the Registered Office of the Company.

In compliance with the law, all the members were given an option to vote through electronic means on all the resolutions of the Notice using the CDSL platform. The Company had also provided for ballot form (in lieu of e-voting) to shareholders who do not have access to e-voting. The approval of the equity shareholders at the above meeting was sought by conducting Polls as per the provisions of the Companies Act, 2013. The Board of Directors have appointed Mr. Surendra Kanstiya, Company Secretary in whole time practice as the scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

The following resolution was passed with the requisite majority as stipulated under the Companies Act, 2013:-

1. Appointment of Mr. Ajay Kapur as MD & CEO as Ordinary Resolution.
2. Appointment of Mr. Nasser Munjee, Mr. Rajendra Chitale, Mr. Shailesh Haribhakti, Dr. Omkar Goswami and Mr. Haigreave Khaitan as Independent Director under the Companies Act, 2013 as Ordinary Resolution(s).
3. Increase in Advisory Service Fee to Mr. B. L. Taparia as Special Resolution.

### (iii) Postal Ballot:

The Company successfully completed the process of obtaining approval of its Members on the following resolution through Postal Ballots during the year 2014:

Alteration to the Object Clause of Memorandum of Association of the Company

The Company has altered the Main Objects Clause of the Memorandum of Association by insertion of new clause 3 and 4 after clause 2 as set out as per the Companies Act, 2013 and Section 13, 110(1) (a) read with Companies (Management and Administration) Rules, 2014.

Voting Pattern and Procedure for Postal Ballot:

- i) The Board of Directors of the Company, vide a circular resolution dated 24<sup>th</sup> July 2014, had appointed Mr. Surendra Kanstiya as the Scrutinizer for conducting the postal ballot voting process.
- ii) The Company had completed the dispatch of the Postal Ballot Notice dated 1<sup>st</sup> August, 2014 together with the Explanatory Statement on 9<sup>th</sup> August, 2014, along with forms and postage prepaid business reply envelopes to all the shareholders whose name(s) appeared on the Register of Members/list of beneficiaries as on 31<sup>st</sup> July, 2014.
- iii) The voting under the postal ballot was kept open from 11<sup>th</sup> August, 2014 to 9<sup>th</sup> September, 2014 (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 his safe custody in sealed and tamper proof ballot boxes before commencing the scrutiny of such postal ballot forms.
- vi) All postal ballot forms received/receivable up to the close of working hours on 9<sup>th</sup> September, 2014 the last date and time fixed by the Company for receipt of the forms, had been considered for his scrutiny.
- vii) Envelopes containing postal ballot forms received after close of business hours on 9<sup>th</sup> September, 2014 had not been considered for his scrutiny.
- viii) On 11<sup>th</sup> September, 2014, Mr. B.L. Taparia, Director announced the following results of the postal ballot as per the Scrutinizer's Report:

Particulars	Total No. of Valid Votes	Votes Assenting the Resolution	% of Votes Cast	Votes Dissenting the Resolution	% of Votes Cast
Votes cast through physical Postal Ballots	830145452	829985241	99.98	160211	0.02
Votes cast through Electronic Mode	317807119	317791439	99.99	15680	0.01
Total	1147952571	1147776680	99.99	175891	0.01

## 12. Disclosures

- 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 ₹ 43,86,861/- 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 are 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.
- Transactions with related parties, as per requirements of Accounting Standard 18, are disclosed in notes to accounts annexed to the financial statements.
- 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 Company's interest. Suitable disclosure as required by the Accounting Standard (AS 18) has been made in the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing Financial Statements.
- 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.
- 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.
- 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. 8 of this report.
- During the year ended 31<sup>st</sup> December, 2014, the Company does not have any material listed/unlisted subsidiary companies as defined in Clause 49 of the Listing Agreement. However, the Company is in the process of framing a policy for determining "material subsidiary" and the same shall be disclosed on the Company's website.
- The Independent Directors have confirmed that they meet the criteria of 'Independence' as stipulated under Clause 49 of the Listing Agreement.

## 13. CEO / CFO Certification

The MD & CEO and Chief Financial Officer (CFO) have issued certificate pursuant to the provisions of Clause 49 of the listing agreement 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.

## 14. Non-Mandatory Requirements under Clause 49 of Listing Agreement

The status of compliance with non-mandatory recommendations of the Clause 49 of the Listing Agreement with Stock Exchanges is provided below:

- 14.1 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.
- 14.2 Shareholders' Rights: As the quarterly and half yearly financial performance are published in the news papers and are also posted on the Company's website, the same are not being sent to the shareholders.
- 14.3 Audit Qualifications: The Company's financial statement for the year 2014 does not contain any audit qualification.
- 14.4 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.
- 14.5 Reporting of Internal Auditor: The Internal Auditor reports to the Audit Committee.



## 15. Means of Communication

The quarterly, half-yearly and yearly financial results of the Company are sent to the Stock Exchanges immediately after these are approved by the Board. These are widely published in The Financial Express, Business Standard and other newspapers.

These results are simultaneously posted on the website of the Company at [www.ambujacement.com](http://www.ambujacement.com) and also uploaded on the website of National Stock Exchange of India Ltd. and the Bombay Stock Exchange of India Ltd.

The official press releases and presentation made to Institutional Investors / Analysts, if any, are also available on the Company's website.

## 16. General Shareholders' Information

### 16.1 Annual General Meeting:

Day & Date	:	Wednesday, 8 <sup>th</sup> April, 2015
Time	:	10.30 a.m.
Venue	:	P.O. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat - 362 715. (Registered Office of the Company)

### 16.2 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, 2015
Second quarterly / Half yearly results	:	July, 2015
Third quarterly results	:	October, 2015
Annual results for the year ending on 31 <sup>st</sup> December, 2015	:	February, 2016
Annual General Meeting for the year ending on 31 <sup>st</sup> December, 2015	:	April, 2016

### 16.3 Book Closure:

The Register of Members and the Share Transfer Books of the Company shall remain closed from Wednesday, the 4<sup>th</sup> March, 2015 till Wednesday, the 11<sup>th</sup> March, 2015 till (both days inclusive) for payment of final dividend.

### 16.4 Dividend Payment Date:

Dividend shall be paid to all the eligible shareholders from 13<sup>th</sup> April, 2015 onwards.

### 16.5 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 250% (₹ 5/- per share) including 90% (₹1.80 per share) paid as interim dividend. As a future policy for payment of dividend, Company shall endeavour to follow a pay-out ratio of more than 35% in the ordinary circumstances.

### 16.6 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)
2009	60	60	120	365.59
2010	60	70	130	397.22
2011	70	90	160	490.68
2012	70	110	180	554.80
2013	70	110	180	556.34

### 16.7 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) Bombay Stock Exchange Ltd. Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai - 400 001.	500425
(ii) National Stock Exchange of India Ltd. Exchange Plaza, 5th 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

### 16.8 Listing Fees:

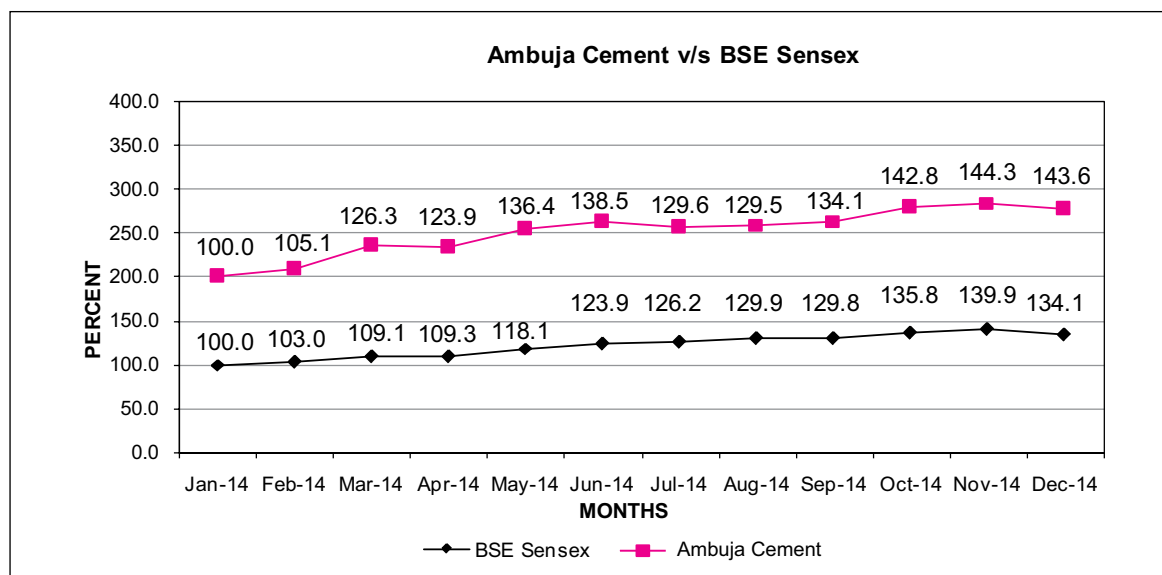
The Company has paid listing fees up to 31<sup>st</sup> March, 2015 to the Bombay Stock Exchange (BSE) and National Stock Exchange of India Ltd. (NSE) where Company's shares are listed.

### 16.9 Market Price Data:

The high / low market price of the shares during the year 2014 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-14	184.70	154.90	184.90	154.80
February-14	169.10	150.50	169.00	150.10
March-14	202.75	163.50	203.50	163.00
April-14	220.05	196.25	221.00	196.20
May-14	241.00	192.35	228.95	192.10
June-14	243.85	215.30	235.40	214.60
July-14	227.80	202.65	227.90	202.35
August-14	218.40	201.55	218.45	202.50
September-14	221.20	205.20	221.15	205.00
October-14	228.45	203.90	229.00	203.85
November-14	232.50	218.00	232.55	217.65
December-14	239.75	215.00	239.70	215.35

### 16.10 Performance in comparison to broad based indices:



### 16.11 Share Transfer Agents:

Sharepro Services (India) Pvt. Ltd.,  
13AB Samhita Warehousing Complex, 2nd Floor, Near Saki Naka Telephone Exchange,  
Andheri Kurla Road, Saki Naka, Andheri (East), Mumbai - 400 072  
Tel. No.: (022) 67720300/67720400, Fax No.: (022) 28591568 / 28508927  
E-mail - sharepro@shareproservices.com

### 16.12 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.

### 16.13 Distribution of Shareholding:

The shareholding distribution of the equity shares as on 31<sup>st</sup> December, 2014 is given below:-

No. of Equity Shares	No. of Shareholders	No. of Shares	Percentage of Shareholding
Less than 50	101528	2413521	0.16
51 to 100	26956	2370764	0.15
101 to 500	26108	6758448	0.44
501 to 1000	7571	5994066	0.39
1001 to 5000	14757	39249199	2.53
5001 to 10000	2900	20953987	1.35
10001 to 50000	1725	32141181	2.08
50001 to 100000	121	8597254	0.55
100001 to 500000	191	43430793	2.80
500001 & above	147	1387836573	89.55
TOTAL	182005	1549745786	100.00

### 16.14 Shareholding Pattern:

The shareholding of different categories of the shareholders as on 31<sup>st</sup> December, 2014 is given below:-

	Category	No. of Shares	Percentage %
	Foreign Promoters	780308553	50.35
	Foreign Investors (Including FII's)	465846612	30.06
	Mutual Funds Banks & Institution	151879815	9.80
	OCB NRIs	14192994	0.92
	Body Corporates	6094461	0.39
	GDR Holders	31086955	2.01
	Others	100336396	6.47
	TOTAL	1549745786	100.00

### 16.15 Dematerialisation of Shares:

About 98.43 % of total equity share capital is held in dematerialised form with NSDL and CDSL as on 31<sup>st</sup> December, 2014.

### 16.16 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.

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

- (i) 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, 31086955 GDRs are outstanding as on 31<sup>st</sup> December, 2014 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.
- (ii) The Company has granted stock options from time-to-time in the past. At the same time, the Company had also issued warrants which can be converted into equity shares. The outstanding position of these convertible instruments as on 31<sup>st</sup> December, 2014 and their likely impact on the equity share capital is as under:-

Sr. No.	Issue Particulars	Conversion rate (₹ per share)	Likely impact on full conversion	
			Share Capital (₹ in Crores)	Share Premium (₹ in Crores)
<b>A. Employee Stock Options</b>				
(i)	2344400 Outstanding options granted under ESOS 2010, one stock option convertible into 1 equity share upto 21 <sup>st</sup> April, 2015	119.00	0.47	27.43
<b>SUB-TOTAL (A)</b>			<b>0.47</b>	<b>27.43</b>
<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>SUB-TOTAL (B)</b>			<b>0.07</b>	<b>0.17</b>
<b>GRAND TOTAL (A+B)</b>			<b>0.54</b>	<b>27.60</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 ₹ 310.49 crores.

#### 16.18 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.

##### 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.

### **Bulk Cement Terminals**

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

### **16.19 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: Pursuant to Clause 47(f) of the Listing Agreement, the following e-mail ID has been designated for communicating investors' grievances:-  
[shares@ambujacement.com](mailto:shares@ambujacement.com)

### **16.20 Registered Office:**

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

### **16.21 Mandatory requirement of PAN:**

SEBI vide its circular dated 7<sup>th</sup> January, 2010 has made it mandatory to furnish PAN copy in the following cases:

- (i) Deletion of name of deceased shareholder(s), where the shares are held in the name of two or more shareholders;
- (ii) Transmission of shares to the legal heir(s), where deceased shareholder was the sole holder.
- (iii) Transposition of shares – in case of change in the order of names in which physical shares are held jointly in the names of two or more shareholders.

**16.22** As per Clause 5A of the Listing Agreement, the Company has sent reminders to 16935 Shareholders, who are holding shares in physical form and whose certificates have been returned undelivered and are currently lying with the Registrar and Transfer Agents of the Company. Members, holding Company's shares in physical form, are requested to tally their holding with the certificates in their possession and revert in case of any discrepancy in holdings. In case there is no response after three reminders, the unclaimed shares shall be transferred to one folio in the name of "Unclaimed Suspense Account" and the voting rights on such shares shall remain frozen till the rightful owner claims the shares. The share certificates will be released only after due diligence if the request to claim these share certificate is made by the Shareholder.

## **17. Subsidiary Companies**

There is no material non listed Indian subsidiary Company requiring appointment of Independent Director of the Company on the Board of Directors of the subsidiary Company. The requirements of the Clause 49 of the Listing Agreement with regard to subsidiary companies have been complied with.

## 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, 2014, as stipulated in clause 49 of 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 above mentioned Listing Agreement.

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

per Ravi Bansal  
Partner  
Membership No.: 49365

Place of Signature : Mumbai  
Date : 18<sup>th</sup> February, 2015

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### 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.

Ajay Kapur  
Managing Director & CEO

Mumbai, February 18<sup>th</sup>, 2015

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

The Board of Directors  
Ambuja Cements Ltd.

We have reviewed the financial statements and the cash flow statement of Ambuja Cements Ltd. for the year ended 31<sup>st</sup> December, 2014 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,

Sanjeev Churiwala  
Chief Financial Officer

Ajay Kapur  
Managing Director & CEO

Mumbai, February 18<sup>th</sup>, 2015



# Business Responsibility Report for the year 2014

## In terms of clause 55 of the Listing Agreement

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 Clause no 55 has been inserted in the Listing Agreement requiring 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 Government perspective, in the format given under the Listing Agreement.

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: 01.01.2014 to 31.12.2014
7. Sector(s) that the Company is engaged in (industrial activity code-wise): NIC Code : 3242
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: 22
10. Markets served by the Company –

LOCAL	STATE	NATIONAL	INTERNATIONAL
✓	✓	✓	✓

### SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up Capital (INR): 309.95 Crores
2. Total Turnover (INR): 9910.70 Crores
3. Total profit after taxes (INR): 1496.36 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.

During the Financial Year 2014, the Company has spent ₹ 38.40 Crores during the Financial Year on CSR activities. This amounts to 2.56 % of Profit After Taxes (PAT).

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

Particulars:	Amount Spent (₹ in Crs.)
a. Education Development :	3.36
b. Water Resource Development:	7.53
c. Health & Sanitation Development :	2.67
d. Women Empowerment:	0.66
e. Rural Infrastructure Development:	8.09
f. Agro Based Activities:	7.64
g Skill Based Activities	4.26
h. Over Heads	3.92
i. Sports Development	0.27
TOTAL	38.4

## SECTION C: OTHER DETAILS

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

Yes, the Company has 5 Subsidiary Companies.

### 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):

Out of 5 subsidiary companies, four companies do not carry any business operations. The business activities of the remaining subsidiary company is 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

b) Details of BR head

Sr. No.	PARTICULARS	DETAILS
1.	DIN Number (if applicable)	03096416
2.	Name	Ajay Kapur
3.	Designation	Managing Director & Chief Executive Officer
4.	Telephone Number	022-40667000
5.	E-mail id	ajay.kapur@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
2	Has the policy being formulated in consultation with the relevant stakeholders?	Y	Y	--	Y	--	Y	--	Y	--
3	Does the policy conform to any national / international standards? If yes, specify?	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	--
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	--

Sr. No.	QUESTIONS	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
6	Indicate the link for the policy to be viewed online? www.ambujacement.com	<a href="https://www.ambujacement.com/wp-content/themes/ambuja/downloads/corporate-governance/code-of-conduct-business-ethics.pdf">https://www.ambujacement.com/wp-content/themes/ambuja/downloads/corporate-governance/code of conduct business ethics.pdf</a>	<a href="https://www.ambujacement.com/sustainable-development/sustainability/">https://www.ambujacement.com/sustainable-development/sustainability/</a>	--	<a href="https://www.ambujacement.com/sustainable-development/ohs/">https://www.ambujacement.com/sustainable-development/ohs/</a>	--	<a href="https://www.ambujacement.com/sustainable-development/sustainability/">https://www.ambujacement.com/sustainable-development/sustainability/</a>	--	<a href="https://www.ambujacement.com/sustainable-development/sustainability/">https://www.ambujacement.com/sustainable-development/sustainability/</a>	<a href="https://www.ambujacement.com/wp-content/themes/ambuja/downloads/corporate-governance/code-of-conduct-business-ethics.pdf">https://www.ambujacement.com/wp-content/themes/ambuja/downloads/corporate-governance/code of conduct business ethics.pdf</a>
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	Y	N	Y	N	Y	N	Y	N
8	Does the company have in-house structure to implement the policy/policies.	Y	Y	--	Y	--	Y	--	Y	--
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	--
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	Y	--	Y	--	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.	--	--	*	During the year, no cases of human rights violation (viz. incidences of child labour, forced or compulsory labour, overtime without pay etc.) were recorded in our operations.	--	--	*	--	--

### 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 meeting as a part of larger presentation on sustainability.

- **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 G3 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](http://www.ambujacement.com)

## 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 policy relating to ethics, bribery and corruption covers the Directors and Employees of the Company. The Whistleblower Policy covers the Directors, Employees, Vendors and Customers of the Company.

2. **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 41 complaints during the Financial Year. Out of these 41 complaints, 37 complaints were resolved & the balance complaints are being resolved.

### PRINCIPLE 2

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

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

The Company has fairly understood 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.

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.

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

- i. **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 2014)	Previous Year (Jan to Dec 2013)
Electricity (KWH/T of Cement)	100	80.4	80.5
LDO (Ltr/T of Clinker)	N.A.	0.20	0.16
Coal and other Fuels (K.Cal/Kg of Clinker)	800	741	735

- ii) **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.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

**i. 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.

**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 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).

**PRINCIPLE 3**

**Businesses should promote the well being of all employees.**

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

- Management Staff : 4247
- Blue Collar Employees : 1635
- **Total :** 5882

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

- Total Contractual employees :
  - i. 25 – Retainers / Advisors
  - ii. 135 - Shipping Sailing Staff
  - iii. 1936 – Sub Contracted
  - iv. 7073 – Third Party

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

- Permanent : 135
- On Probation : 10
- **Total** 145

**4. Please indicate the Number of permanent employees with disabilities :**

- Disabilities: 23

**5. Do you have an employee association that is recognized 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 recognized 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 training

**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.

**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.**

A number of initiatives have been developed at Ambuja Cements for stakeholder engagement. The Site Specific Impact Assessment (SSIA) is a formally developed process to assess the risks & concerns of stakeholders in the plant. Community participation is sought in planning & implementation of programmes undertaken by Ambuja Cement Foundation. ACF ensures community participation across all its programmes like ensuring availability of quality water, livelihoods through agro & skill training, health camps, HIV AIDS prevention, non- formal education centres etc. . Many of these programmes are extended to contract labourers as well. Employee engagement surveys helps the organisation to know the pulse of the employees. Culture of safety is embedded in Ambuja's culture. Continuous trainings on safety are held with employees, truckers, and workers etc. to reach the 'Zero Harm' level.

**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.

**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 has been reviewed in 2014. The policy enshrines commitment for climate change mitigation. Apart from this, we also have an updated Climate Change 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]. The Company has been rated among top 10 in the Climate Disclosure Leadership Index 2014 issued by CDP for India. 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 endeavours. [see:www.ambujacement.com].

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/sustainable-development/sustainability/>]

**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 14001:2004). We have a structured process to carry out risk assessment dealing with business and environment all across the organisation on an annual basis. In 2014, we have attained Product Sustainability Label, as a pilot for one of our plants, from a reputed third party, as per their international protocol 'ProSustain'. As a part of the assessment, apart from other aspects, value chain mapping is done in reference to environmental risks and mitigation measures. The label demonstrates soundness of our practices in identifying, assessing and responding to environment risk in our operations.

**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. We are currently pursuing two CDM projects. These are i) Program of Activity [PoA] on Smokeless Chulha in Community around our plants and ii) Waste Heat Recovery [WHR] based power generation at our unit at Rabriyawas. The WHR CDM project has been accorded Host Country Approval by the National CDM Authority and has been put up to UNFCCC for registration after successful validation by DOE. The project is expected to get registered in 2015.

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 energy efficiency & renewable energy. Our renewable energy portfolio includes 7.5 MW Wind energy at Kutch, Gujarat commissioned in 2011 & 330 KV Solar Power at Bhatapara, Chhattisgarh installed in 2012. 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. A 6.5 MW waste heat recovery based power generation system is under installation which is expected to be operational in 2015. Besides this, couple of our captive power plants also utilise biomass. Our Ropar unit produced over 30% of its energy from biomass in the year 2014.

The company monitors its specific thermal & electrical energy consumption and employs measures for improving energy efficiency. Three of our Grinding units and two of the integrated units 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 CSI India, we are implementing Phase II of the project at our Ambuja Nagar unit. This is focused on energy efficiency opportunities in the operations.

**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 existing emission/waste standards applicable. 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 8 (eight) cases that are pending in different Courts as on 31<sup>st</sup> December, 2014.

## **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:**

- 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), an extension of World Business Council for Sustainable Development.



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 CII and FICCI for advocating good sustainability practices in the Industry.

Ambuja Cement bagged CII- ITC Sustainability Award 2014 for 'Commendation for Significant Achievement' in corporate excellence category. ACL, Bhatapara Unit was also awarded "Commendation for Significant Achievement" in Corporate Social Responsibility.

The Sustainability Award recognises India's most sustainable companies for their outstanding achievements and commitment to shaping a future that is more sustainable and inclusive.

Ambuja Cement has also become the first Indian company to qualify and be awarded the prestigious Certification on Sustainable Product labeling, "PRO-SUSTAIN" by leading global certification body, DNV Business Assurance.

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 very focussed programmes and initiatives. The company has always considered the Community as an extremely important Stakeholder group and since its inception engaged for their development. Our Foundation (ACF) conducts needs assessment before undertaking projects in our neighbouring Communities. Our thrust areas are well aligned to the schedule VII of Section 135 of the new Companies Act, 2013 with focus on water, livelihood promotion and on the Human Development Index, and compliments 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 Cements has a very structured and evolved Organization called Ambuja Cement Foundation (ACF) to undertake development work with the neighbouring Communities and other vulnerable stakeholders. All details of work 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 has also developed detailed Management Information System (MIS) to monitor inputs and outputs. The work is regularly subject to evaluation and impact assessment. As projects evolve, evaluation studies, both internal and external are undertaken to confirm direction and make course corrections as required. On maturity or completion of projects, impact assessments are done by the reputed external parties. Through these assessments we have seen very positive outcomes and benefits for the people of our area.

**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 has spent ₹ 38.40 Crores on CSR in 2014. The Company has been working for community development around the Company's manufacturing locations through its community development arm. ACF has been able to garner support from organizations other than ACL, thereby expanding its reach beyond manufacturing sites if required. Today ACF works in 22 locations and 12 states, on various issues including water management, agro-based livelihoods, health, education and infrastructure development. ACF's work in community development is in line with its mission statement "**Energise, involve and enable communities to realize their potential**". Stakeholder engagement is key to all ACF interventions with programmes designed, developed and implemented with direct participation of host communities. A needs assessment is carried through techniques like participatory rural appraisals involving community members. ACF's role is to initiate programmes for technical and managerial support, complemented by community's knowledge base. The programmes at ACF are owned by people. Therefore, ACF projects are in complete sync with requirement of the region involving people at every stage of project development.

As a result of this robust and impactful approach, substantial funding is received from the government and other funders who view ACF as an implementing organisation for developmental programmes. With this funding, ACF has expanded to regions beyond ACL plants too. Programmes at ACF have the community support, and the required resources in addition to ACL's funding, ensuring wide acceptability and scalable programmes.

**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. A huge focus has been laid in building capacities within the communities and creating local level committees empowered to manage and maintain projects undertaken. This project has encouraged people's ownership and helped 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 received 133 Nos. of queries during the year. No customer complaints or consumer cases are pending as on end of the year. The company has set up a system of receiving customer/consumer complaints by a toll free no. The quality related complaints are attended by a dedicated team of civil engineers called Customer Support Group (CSG).

**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 from customers.

**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 issued an Order dated 20 <sup>th</sup> June, 2012, 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 ₹ 1164 Crores on the Company.	The Company has filed an appeal against the said Order with the appropriate authority, which is pending for disposal.
2	State of Haryana has filed a complaint to order investigation in the matter of the alleged cartelisation in the tender for supply of cement by some cement companies including Ambuja Cements Ltd.	The Competition Commission of India has issued an investigation order & DG (I&R) has initiated the investigation and called for certain information/details/documents. The Company has provided the information called for. The case is pending.

**4. Did your company carry out any consumer survey/ consumer satisfaction trends?**

Yes. The company carried out periodic customer satisfaction and consumer perceptions surveys to fine tune its products and other marketing offerings. These 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. The NPS survey was also being conducted on different parameters through web portal from dealers.

# Independent Auditor's Report

To the Members of,  
Ambuja Cements Limited  
Report on the Financial Statements

We have audited the accompanying financial statements of Ambuja Cements Limited ("the Company"), which comprise the Balance Sheet as at 31 December 2014, and 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

Management is responsible for the preparation of these 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 notified under the Companies Act, 1956 ("the Act") read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the 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 control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31 December 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 28(I)(vi) to the financial statements, relating to the order of the Competition Commission of India ('CCI'), concerning alleged contravention of the provisions of the Competition Act, 2002 and imposing a penalty of ₹ 1,163.91 crores on the Company. Based on the advice of external legal counsel, no provision has been considered necessary by the Company in this regard. Our opinion is not qualified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by section 227(3) of the Act, we report that:
  - (a) We have 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 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 Balance Sheet, Statement of Profit and Loss, and Cash Flow Statement comply with the Accounting Standards notified under the Companies Act, 1956, read with General Circular 8/2014 dated 4 April 2014 issued by the Ministry of Corporate Affairs;
  - (e) On the basis of written representations received from the directors as on 31 December 2014, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 December 2014, from being appointed as a director in terms of clause (g) of sub-section (1) of section 274 of the Act.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per Ravi Bansal  
Partner  
Membership Number: 49365  
Place of Signature: Mumbai  
Date: 18 February 2015

Annexure to the Independent Auditors' Report

Referred to in Paragraph 1 under the heading "Report on other legal and regulatory requirements" of our report of even date

- (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 regard to the size of the Company and the nature of its business. Accordingly, certain fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.  
 (c) There was no disposal of a substantial part of fixed assets during the year.
- (ii) (a) The management has conducted physical verification of inventory at reasonable intervals during the year.  
 (b) The procedures of physical verification of inventory followed by the management are reasonable and adequate in relation to the size of the Company and the nature of its business.  
 (c) The Company is maintaining proper records of inventory. Discrepancies noted on physical verification of inventories were not material, and have been properly dealt with in the books of account.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties (determined in the manner stated in clause (v)(a) below) covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(a) to (d) of the Order are not applicable to the Company and hence not commented upon.  
 (e) According to information and explanations given to us, the Company has not taken any loans, secured or unsecured, from companies, firms or other parties (determined in the manner stated in clause (v)(a) below) covered in the register maintained under section 301 of the Act. Accordingly, the provisions of clause 4(iii)(e) to (g) 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, there is an adequate internal control system commensurate with the size of the Company and the nature of its business, for the purchase of inventory and fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any major weakness or continuing failure to correct any major weakness in the internal control system of the Company in respect of these areas.
- (v) (a) According to the information and explanations provided by the management, we are of the opinion that the particulars of contracts or arrangements referred to in section 301 of the Act that need to be entered into the register maintained under section 301 have been so entered. In evaluating the parties to be covered under Section 301, only contracts or arrangements up to 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014) have been considered.  
 (b) In our opinion and according to the information and explanations given to us and having regard to the explanation that certain services availed are of a specialized nature for which comparable quotations are not available, the transactions made in pursuance of such contracts or arrangements and exceeding the value of Rupees five lakhs have been entered into during the financial year at prices which are reasonable having regard to the prevailing market prices at the relevant time.
- (vi) The Company has not accepted any deposits from the public.
- (vii) In our opinion, the Company has an internal audit system commensurate with the size of the Company and nature of its business.
- (viii) 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 209(1)(d) of the Act, for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014), related to the manufacture of cement and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (ix) (a) The Company has been generally regular in depositing with the appropriate authorities undisputed statutory dues including provident fund, investor education and protection fund, employees' state insurance, income-tax, sales-tax, wealth-tax, service tax, custom duty, excise duty, 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, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material 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, wealth-tax, service tax, customs duty, excise duty and cess on account of any dispute, are as follows:

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 Court	Supreme Court	
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Demand of Sales Tax/ Additional Purchase Tax	1988-2014	23.88	15.10	95.15	137.75	271.88
Customs Act, 1962	Demand of Customs duty, Interest and Penalty	2000-2014	29.53	13.29	-	-	42.82
Central Excise Act, 1944	Demand of excise duty, Denial of Cenvat Credit, Interest and Penalty	1993-2012	5.69	21.28	0.75	2.16	29.88
Finance Act, 1994	Denial of Service Tax Credit and Penalty	2005-2012	1.44	25.68	0.01	-	27.13
Chhattisgarh Upkar (Sanshodhan Adhiniyam), 2004	Cess on Electricity Generation	2006-2014	-	-	-	19.90	19.90
Rajasthan Finance Act, 2008	Environment Cess	2008-2014	-	-	11.29	-	11.29
Income Tax Act, 1961	Demand of TDS and interest	2011-12	7.67	-	-	-	7.67
		<b>Total</b>	<b>68.21</b>	<b>75.35</b>	<b>107.20</b>	<b>159.81</b>	<b>410.57</b>

- (x) The Company has no accumulated losses at the end of the financial year and it has not incurred cash losses in the current and immediately preceding financial year.
- (xi) The Company has no outstanding dues in respect of financial institution, bank or debenture holders.
- (xii) According to the information and explanations given to us and based on the documents and records produced to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- (xiii) In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Accordingly, the provisions of clause 4(xiii) of the Order are not applicable to the Company and hence not commented upon.
- (xiv) In our opinion, the Company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Order are not applicable to the Company and hence not commented upon.
- (xv) According to the information and explanations given to us, the Company has not given any guarantee for loans taken by others from bank or financial institutions.
- (xvi) Based on the information and explanations given to us by the management, term loans were applied for the purpose for which the loans were obtained.
- (xvii) According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short-term basis have been used for long-term investment.
- (xviii) The Company has not made any preferential allotment of shares to parties or companies covered in the register maintained under section 301 of the Companies Act, 1956 for the period upto 31 March 2014 (the Companies Act, 1956 and relevant section has been replaced by the Companies Act, 2013 effective 1 April 2014).
- (xix) The Company did not have any outstanding debentures during the year.
- (xx) The Company has not raised any money by way of public issues during the year. Accordingly, the provisions of clause (xx) of the Order are not applicable to the Company and hence not commented upon.
- (xxi) To the best of our knowledge, and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per Ravi Bansal  
Partner  
Membership Number: 49365  
Place of Signature: Mumbai  
Date: 18 February 2015

## Balance Sheet

As at 31st December, 2014

	Note	₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital .....	3	309.95		309.17
Reserves and surplus .....	4	<u>9,793.38</u>	10,103.33	<u>9,176.37</u>
				9,485.54
<b>Non-current liabilities</b>				
Long-term borrowings .....	5	19.09		29.15
Deferred tax liabilities (net) .....	6	589.04		564.32
Other long-term liabilities .....	7	9.22		17.58
Long-term provisions .....	8	<u>32.57</u>		<u>24.80</u>
			649.92	635.85
<b>Current liabilities</b>				
Trade payables .....	9.1	618.49		557.28
Other current liabilities .....	9.2	1,352.89		1,322.49
Short-term provisions .....	8	<u>1,176.22</u>		<u>963.43</u>
			3,147.60	2,843.20
TOTAL .....			<u><u>13,900.85</u></u>	<u><u>12,964.59</u></u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets .....	10	6,226.78		6,062.16
Intangible assets .....	10	0.33		0.37
Capital work-in-progress (Refer note 46) .....		<u>690.17</u>		<u>694.88</u>
			6,917.28	6,757.41
Non-current investments .....	11	105.73		104.51
Long-term loans and advances .....	12	593.32		320.55
Other non-current assets .....	13.2	<u>289.31</u>		<u>245.08</u>
			988.36	670.14
<b>Current assets</b>				
Current investments .....	14	2,067.00		1,683.94
Inventories .....	15	888.39		933.94
Trade receivables .....	13.1	227.98		231.51
Cash and bank balances .....	16	2,458.12		2,341.09
Short-term loans and advances .....	12	308.32		289.41
Other current assets .....	13.2	<u>45.40</u>		<u>57.15</u>
			5,995.21	5,537.04
TOTAL .....			<u><u>13,900.85</u></u>	<u><u>12,964.59</u></u>
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

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Rajendra P. Chitale  
Chairman-Audit Committee

per Ravi Bansal  
Partner  
Membership No. 49365

Rajiv Gandhi  
Company Secretary

Omkar Goswami  
Director

Nasser Munjee  
Director

Shailesh Haribhakti  
Director

Haigreave Khaitan  
Director

B.L. Taparia  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015

**Statement of Profit and Loss**  
For the year ended 31st December, 2014

	Note	₹ in crores	2014 ₹ in crores	2013 ₹ in crores
<b>Revenue</b>				
Sale of products (gross) .....		11,170.14		10,295.10
Less : Excise duty.....		<u>1,259.44</u>		<u>1,216.36</u>
Sale of products (net).....			<u>9,910.70</u>	<u>9,078.74</u>
Other operating revenues.....	17		<u>67.42</u>	<u>95.52</u>
Revenue from operations (net) .....			<u>9,978.12</u>	<u>9,174.26</u>
Other income .....	18		<u>428.98</u>	<u>377.51</u>
Total revenue .....			<u><u>10,407.10</u></u>	<u><u>9,551.77</u></u>
<b>Expenses</b>				
Cost of raw materials consumed.....	19		<u>794.29</u>	689.37
Purchase of Stock-in-Trade .....			<u>40.59</u>	0.71
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade ..	20		<u>15.91</u>	118.33
Employee benefits expense .....	21		<u>581.58</u>	502.17
Power and fuel (Refer note 47).....			<u>2,265.22</u>	2,062.92
Freight and forwarding expenses.....	22		<u>2,438.89</u>	2,287.73
Finance costs .....	23		<u>64.48</u>	65.08
Depreciation and amortisation expense .....	24		<u>509.53</u>	490.07
Other expenses.....	25		<u>1,921.24</u>	<u>1,853.02</u>
			<u>8,631.73</u>	8,069.40
Self consumption of cement (net of excise duty ₹ 0.99 crore; previous year ₹ 0.83 crore) .....			<u>(8.04)</u>	<u>(6.93)</u>
Total expenses.....			<u>8,623.69</u>	8,062.47
Profit before exceptional item and tax .....			<u>1,783.41</u>	1,489.30
Exceptional item - Profit on sale of residential flats.....			-	<u>24.82</u>
Profit before tax.....			<u>1,783.41</u>	1,514.12
Tax expense :				
Current tax.....			<u>478.00</u>	430.00
Deferred tax .....			<u>(15.27)</u>	30.30
Tax adjustments for earlier years (Refer note 44 (b)).....			<u>(175.68)</u>	<u>(240.75)</u>
			<u>287.05</u>	219.55
Profit for the year.....			<u><u>1,496.36</u></u>	<u><u>1,294.57</u></u>
			<b>2014</b>	2013
			₹	₹
Earnings per equity share of ₹ 2 each .....	26			
Basic.....			<u>9.67</u>	8.39
Diluted .....			<u>9.66</u>	8.37
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

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Rajendra P. Chitale  
Chairman-Audit Committee

per Ravi Bansal  
Partner  
Membership No. 49365

Rajiv Gandhi  
Company Secretary

Omkar Goswami  
Director

Nasser Munjee  
Director

Shailesh Haribhakti  
Director

Haigreave Khaitan  
Director

B.L. Taparia  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015



## Cash Flow Statement

For the year ended 31st December, 2014

	2014	2013
	₹ in crores	₹ in crores
<b>Cash flows from operating activities</b>		
Profit before tax .....	1,783.41	1,514.12
Adjustment for :		
Depreciation / amortisation .....	509.53	490.07
Profit on sale of residential flats (exceptional item) .....	-	(24.82)
Loss on assets sold, discarded and written off .....	5.24	9.21
Dividend Income .....	(59.58)	-
Profit on sale of current investments .....	(92.45)	(111.39)
Finance costs .....	64.48	65.08
Interest income .....	(231.21)	(217.88)
Interest on income tax written back (Refer note 44 (a)) .....	(35.79)	(32.19)
Provision for slow and non moving spares .....	7.16	11.02
Discounting income on sales tax loan .....	(5.93)	(13.41)
Unrealised exchange (gain) / loss, net .....	0.29	(1.83)
Provisions no longer required .....	(8.17)	(30.93)
Inventories written off .....	3.98	5.69
Bad debts, sundry debit balances and claims written off .....	0.68	2.43
Provision for doubtful debts and advances (net) .....	0.13	-
Other non cash items .....	7.65	0.58
	<u>166.01</u>	<u>151.63</u>
<b>Operating profit before working capital changes .....</b>	<b>1,949.42</b>	<b>1,665.75</b>
Adjustment for :		
Trade receivables, loans and advances and other assets .....	(158.55)	(62.75)
Inventories .....	34.40	33.28
Trade payables, other liabilities and provisions .....	138.93	123.04
	<u>14.78</u>	<u>93.57</u>
Cash generated from operations .....	1,964.20	1,759.32
Direct taxes paid (net of refunds ₹ 279.84 crores; previous year ₹ 264.11 crores) .....	(288.93)	(472.58)
<b>Net cash flow from operating activities (A) .....</b>	<b>1,675.27</b>	<b>1,286.74</b>
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances....	(823.41)	(773.44)
Proceeds from sale of fixed assets (net) .....	3.24	36.40
Investment in subsidiaries .....	(1.22)	-
Proceeds from investment in joint venture .....	-	15.00
Investment in joint venture .....	-	(7.50)
Inter corporate deposits and loans given to subsidiaries .....	(8.17)	(28.38)
Payment received against loans given to subsidiaries .....	0.94	2.50
Proceeds from sale / maturity of current investments (net) .....	92.45	111.39
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL) .....	(0.06)	(0.01)
Investments in bank deposits (having original maturity of more than three months) ...	(10.46)	(138.78)
Redemption / maturity of bank deposits (having original maturity of more than three months) .....	0.39	10.23
Dividend received .....	59.58	-
Interest received .....	193.05	217.60
Interest received on Income tax .....	33.58	32.56
<b>Net cash flow used in investing activities (B) .....</b>	<b>(460.09)</b>	<b>(522.43)</b>
Carried forward .....	1215.18	764.31

## Cash flow statement (Contd.)

	2014	2013
	₹ in crores	₹ in crores
Brought forward.....	<b>1215.18</b>	764.31
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including securities premium).....	<b>42.55</b>	36.81
Proceeds from long-term borrowings.....	-	5.86
Repayment of long-term borrowings.....	<b>(11.33)</b>	(8.14)
Discounting income on sales tax loan.....	<b>5.93</b>	13.41
Interest paid.....	<b>(31.83)</b>	(64.62)
Dividend paid on equity shares.....	<b>(617.30)</b>	(554.94)
Tax on equity dividend paid.....	<b>(105.16)</b>	(91.79)
<b>Net cash flow used in financing activities (C).....</b>	<b>(717.14)</b>	(663.41)
<b>Net increase in cash and cash equivalents (A + B + C).....</b>	<b>498.04</b>	100.90
Cash and cash equivalents at the end of the year.....	<b>4,458.71</b>	3,960.67
Cash and cash equivalents at the beginning of the year.....	<b>3,960.67</b>	3,859.77
	<b>498.04</b>	100.90
<b>Components of cash and cash equivalents</b>		
Cash on hand.....	<b>0.25</b>	0.28
Remittance in transit.....	-	5.69
With banks		
In current account.....	<b>135.07</b>	137.55
In deposit account.....	<b>2,132.00</b>	2,010.25
Fixed deposit held as security.....	<b>166.41</b>	164.36
Earmarked for specific purposes (Refer note 3 below).....	<b>24.39</b>	22.96
Cash and bank balance as per note 16.....	<b>2,458.12</b>	2,341.09
Less : Fixed deposits not considered as cash and cash equivalents.....	<b>(166.41)</b>	(164.36)
Add : Fixed Deposits with Housing Development Finance Corporation Limited.....	<b>100.00</b>	100.00
Add : Investment in mutual funds.....	<b>2,067.00</b>	1,683.94
<b>Cash and cash equivalents at the year end.....</b>	<b>4,458.71</b>	3,960.67

### Notes :

- Figures in brackets represent cash outflow.
- 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	Sanjeev Churiwala Chief Financial Officer	N.S. Sekhsaria Chairman	Rajendra P. Chitale Chairman-Audit Committee
per Ravi Bansal Partner Membership No. 49365	Rajiv Gandhi Company Secretary	Omkar Goswami Director	Nasser Munjee Director
		Shailesh Haribhakti Director	Haigreva Khaitan Director
		B.L. Taparia Director	Ajay Kapur Managing Director & Chief Executive Officer

Mumbai, 18th February, 2015

# 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 by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular No.8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs.
- 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 / installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, amortisation and impairment losses, except freehold non-mining land which is carried at cost less impairment losses.
- ii. Capital work in progress is stated at the amount expended up to the date of Balance Sheet.
- iii. 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 Modvat / Cenvat.
- iv. 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.

### b. Depreciation and Amortisation :

#### i. Tangible Assets :

- i. Premium on leasehold land is amortised over the period of lease.
- ii. Depreciation on assets, other than Vehicles and Captive Power Plant related assets consisting of Building and Plant & Machinery (CPP assets), is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles and CPP assets on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of certain assets at higher rates consequent to management estimate of useful life. Continuous process plants are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956. 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. Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

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 capitalized, 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. 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.
- v. 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 agreement.
  - c) Expenditure on other fixed assets is depreciated at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

#### 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.
- ii. Expenditure on Computer software is amortised on straight line method over the period of expected benefit not exceeding five 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 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 changes in circumstances.

### d. Investments :

#### i. Recognition and Measurement

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,

## Notes to Financial Statements (Contd.)

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. **Presentation and Disclosure**

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.

**e. Inventories :**

Inventories are valued as follows :

i. **Coal, fuel, packing materials, raw materials, stores and spares :**

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 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 / Contingencies :**

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 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. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

**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.

**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.

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.

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.

**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 when the contributions to the respective funds are due.

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.

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 as and when the contribution is due. 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. **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.

**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.

## Notes to Financial Statements (Contd.)

### **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 Section 78 of the Companies Act, 1956.
- 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.

### **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 :**

- i. Identification of segments :

The Company has only one business segment 'Cementitious Materials' as its primary segment. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

- ii. Segment Policies :

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

### **p. Cash and Bank Balances :**

- i. Cash and Bank balances in the Balance Sheet comprises of cash at bank including fixed deposits, cheques in hand and cash on hand.
- ii. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash on hand and short-term investments 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. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.
- 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.

## Notes to Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>3. Share capital</b>		
<b>Authorised</b>		
2,500,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each.....	500.00	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each.....	150.00	150.00
Total.....	<u>650.00</u>	<u>650.00</u>
<b>Issued</b>		
1,550,072,306 (previous year - 1,546,186,806) Equity shares of ₹ 2 each fully paid-up.....	<u>310.02</u>	<u>309.24</u>
<b>Subscribed and fully paid-up</b>		
1,549,745,786 (previous year - 1,545,860,286) Equity shares of ₹ 2 each fully paid-up.....	<u>309.95</u>	<u>309.17</u>

### Additional information :

	As at 31.12.2014		As at 31.12.2013	
	No. of shares	₹ in crores	No. of shares	₹ in crores
<b>a) Reconciliation of equity shares outstanding</b>				
At the beginning of the year .....	1,545,860,286	309.17	1,542,184,436	308.44
Add : Issued against Employee Stock Option Schemes (ESOS) ..	<u>3,885,500</u>	<u>0.78</u>	<u>3,675,850</u>	<u>0.73</u>
At the end of the year .....	<u>1,549,745,786</u>	<u>309.95</u>	<u>1,545,860,286</u>	<u>309.17</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, after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<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 48)		
629,638,433 (previous year - 629,638,433) Equity shares of ₹ 2 each fully paid-up.....	125.93	125.93
ii) Holcim (India) Private Limited (HIPL), a fellow subsidiary (Refer note 48)		
150,670,120 (previous year - 150,670,120) Equity shares of ₹ 2 each fully paid-up.....	30.13	30.13

	As at 31.12.2014		As at 31.12.2013	
	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 48)....	629,638,433	40.63%	629,638,433	40.73%
ii) Holcim (India) Private Limited (Refer note 48) .....	150,670,120	9.72%	150,670,120	9.75%
iii) Life Insurance Corporation of India .....	100,206,061	6.47%	92,665,449	5.99%

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.

<b>e)</b> Outstanding employee stock options exercisable into 2,344,400 (previous year - 6,381,625) equity shares of ₹ 2 each fully paid-up (Refer note 32).	
<b>f)</b> 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.	

## Notes to Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<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 .....	<u>0.12</u>	<u>0.12</u>
	5.02	5.02
<b>Capital reserve .....</b>	<b>130.71</b>	130.71
<b>Capital redemption reserve .....</b>	<b>9.93</b>	9.93
<b>Securities premium account :</b>		
Balance as per the last financial statements .....	1,426.74	1,385.15
Add : Employee stock options exercised during the year .....	41.77	36.07
Add : Transferred from employee stock options outstanding .....	<u>8.98</u>	<u>5.52</u>
	1,477.49	1,426.74
<b>Employee stock options outstanding :</b>		
Balance as per the last financial statements .....	18.27	23.86
Less : Transferred to securities premium account on exercise of employee stock options .....	8.98	5.52
Less : Transferred to general reserve on lapse of employee stock options .....	<u>0.05</u>	<u>0.07</u>
	9.24	18.27
<b>General Reserve :</b>		
Balance as per the last financial statements .....	6,355.01	6,204.94
Add : Transferred from surplus balance in the statement of profit and loss .....	150.00	150.00
Add : Transferred from employee stock options outstanding for lapsed employee stock options .....	<u>0.05</u>	<u>0.07</u>
	6,505.06	6,355.01
<b>Surplus in the statement of profit and loss :</b>		
Balance as per the last financial statements .....	1,230.69	737.01
Profit for the year .....	1,496.36	1,294.57
Less : Appropriations		
Interim equity dividend ₹ 1.80 per equity share (previous year ₹ 1.40 per equity share) .....	(278.69)	(216.25)
Tax on interim equity dividend .....	(47.36)	(36.75)
Proposed final equity dividend ₹ 3.20 per equity share (previous year ₹ 2.20 per equity share) (Refer note 38) .....	(495.92)	(340.09)
Tax on proposed final equity dividend .....	(99.15)	(57.80)
Transfer to general reserve .....	<u>(150.00)</u>	<u>(150.00)</u>
	(1,071.12)	(800.89)
	1,655.93	1,230.69
<b>Total .....</b>	<b><u>9,793.38</u></b>	<b><u>9,176.37</u></b>

	Non-current		Current	
	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>5. Long-term borrowings</b>				
<b>Secured</b>				
Interest free loan from State Government* .....	5.86	5.86	-	-
<b>Unsecured</b>				
Sales tax deferment loan** .....	13.23	23.29	10.06	11.33
Total .....	19.09	29.15	10.06	11.33
Less : Amount disclosed under the head "Other current liabilities (Refer note 9.2) .....	-	-	(10.06)	(11.33)
Total .....	<u>19.09</u>	<u>29.15</u>	<u>-</u>	<u>-</u>

\* Secured by bank guarantee and is repayable on 27th February 2020.

\*\* Sales tax deferment loan is interest free and payable in 10 annual installments starting from April 2007 to April 2016 of varying amounts from ₹ 1.52 crores to ₹ 13.23 crores.



## Notes to Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores		
<b>6. Deferred tax liabilities (net)</b>				
<b>Deferred tax liabilities, on account of :</b>				
Depreciation and amortisation .....	723.47	694.52		
	<u>723.47</u>	<u>694.52</u>		
<b>Deferred tax assets, on account of :</b>				
Employee benefits .....	32.43	27.73		
Provision for slow and non moving spares .....	10.84	26.71		
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years .....	23.88	15.40		
Others .....	67.28	60.36		
	<u>134.43</u>	<u>130.20</u>		
Deferred tax liabilities (net) .....	<u>589.04</u>	<u>564.32</u>		
<b>7. Other long-term liabilities</b>				
Liability for capital expenditure.....	3.38	4.33		
Others .....	5.84	13.25		
Total .....	<u>9.22</u>	<u>17.58</u>		
	<b>Long-term</b>	<b>Short-term</b>		
	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>8. Provisions</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity and staff benefit schemes .....	16.05	12.02	0.18	0.27
Provision for compensated absences.....	-	-	78.37	69.29
	<u>16.05</u>	<u>12.02</u>	<u>78.55</u>	<u>69.56</u>
<b>Other provisions</b>				
Provision for Income tax, net of advances .....	-	-	502.60	493.41
Provision for mines reclamation expenses* .....	16.52	12.78	-	2.57
Proposed equity dividend .....	-	-	495.92	340.09
Provision for tax on proposed equity dividend.....	-	-	99.15	57.80
	<u>16.52</u>	<u>12.78</u>	<u>1,097.67</u>	<u>893.87</u>
Total .....	<u>32.57</u>	<u>24.80</u>	<u>1,176.22</u>	<u>963.43</u>
			As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
* Movement during the year				
Opening balance .....			15.35	12.89
Add : Provision during the year.....			3.23	3.47
			<u>18.58</u>	<u>16.36</u>
Less : Utilisation during the year .....			(2.06)	(1.01)
Closing balance .....			<u>16.52</u>	<u>15.35</u>
Mines reclamation expenses are incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.				
<b>9. Trade payables and other current liabilities</b>				
<b>9.1 Trade payables</b>				
Trade payables (Refer note 39 for details of dues to micro and small enterprises) .....			618.49	557.28
Total .....			<u>618.49</u>	<u>557.28</u>
<b>9.2 Other current liabilities</b>				
Current maturities of long-term borrowing (Refer Note 5) .....			10.06	11.33
Unclaimed dividends** .....			21.83	20.34
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL** .....			2.56	2.62
Liability for capital expenditure.....			126.08	161.42
Security deposits .....			296.80	275.03
Interest payable .....			35.96	27.89
Advance received from customers .....			62.19	60.11
Statutory dues .....			249.09	210.79
Other payables (including Rebates to customers, Employees dues, etc.) .....			548.32	552.96
Total .....			<u>1,352.89</u>	<u>1,322.49</u>
Total .....			<u>1,971.38</u>	<u>1,879.77</u>

\*\* 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)	Main structures (b)	Plant and machinery (c)	Railway sidings and locomotives (d)	Furniture and fixtures	Office equipment	Ships	Vehicles	Total	Water drawing rights	Computer software	Total	
<b>Gross carrying value, at cost</b>																
Opening as on 1st January, 2013	315.18	261.42	126.67	1,397.15	95.58	7,376.77	66.24	41.12	109.69	250.88	75.68	10,116.38	6.16	61.09	67.25	
Additions	17.83	102.39	1.93	187.06	-	356.23	11.69	3.11	18.62	0.85	9.81	709.51	-	-	-	
Deductions / Transfers	1.18	0.76	-	5.31	-	44.60	-	0.86	6.62	-	7.62	66.95	-	-	-	
As at 31st December, 2013	331.83	363.05	128.60	1,578.89	95.58	7,668.40	77.93	43.37	121.69	251.73	77.87	10,758.94	6.16	61.09	67.25	
<b>Additions</b>	<b>10.98</b>	<b>39.77</b>	<b>8.89</b>	<b>127.03</b>	-	<b>472.69</b>	<b>6.20</b>	<b>2.88</b>	<b>15.37</b>	<b>0.28</b>	<b>6.16</b>	<b>690.25</b>	-	-	-	
<b>Deductions / Transfers</b>	<b>2.24</b>	-	-	<b>0.38</b>	-	<b>70.62</b>	-	<b>0.26</b>	<b>9.76</b>	<b>0.07</b>	<b>4.02</b>	<b>87.35</b>	-	-	-	
As at 31st December, 2014	340.57	402.82	137.49	1,705.54	95.58	8,090.47	84.13	45.99	127.30	251.94	80.01	11,361.84	6.16	61.09	67.25	
<b>Depreciation / amortisation</b>																
Opening as on 1st January, 2013	-	31.23	15.42	273.59	59.73	3,615.76	32.92	25.68	64.57	97.79	37.76	4,254.45	5.79	61.02	66.81	
Charge for the year (e)	-	5.14	1.76	38.87	3.82	400.87	3.48	2.10	11.75	10.78	11.73	490.30	0.02	0.05	0.07	
Deductions / Transfers	-	0.23	-	1.49	-	33.20	-	0.66	5.51	-	6.88	47.97	-	-	-	
As at 31st December, 2013	-	36.14	17.18	310.97	63.55	3,983.43	36.40	27.12	70.81	108.57	42.61	4,696.78	5.81	61.07	66.88	
<b>Charge for the year (e)</b>	-	<b>0.88</b>	<b>2.94</b>	<b>54.70</b>	<b>3.82</b>	<b>405.61</b>	<b>3.64</b>	<b>2.44</b>	<b>14.34</b>	<b>10.80</b>	<b>10.32</b>	<b>509.49</b>	<b>0.02</b>	<b>0.02</b>	<b>0.04</b>	
<b>Deductions / Transfers</b>	-	-	-	<b>0.10</b>	-	<b>58.96</b>	-	<b>0.18</b>	<b>8.70</b>	<b>0.06</b>	<b>3.21</b>	<b>71.21</b>	-	-	-	
As at 31st December, 2014	-	37.02	20.12	365.57	67.37	4,330.08	40.04	29.38	76.45	119.31	49.72	5,135.06	5.83	61.09	66.92	
<b>Net carrying value</b>																
As at 31st December, 2013	331.83	326.91	111.42	1,267.92	32.03	3,704.97	41.53	16.25	50.88	143.16	35.26	6,062.16	0.35	0.02	0.37	
As at 31st December, 2014	340.57	365.80	117.37	1,339.97	28.21	3,760.39	44.09	16.61	50.85	132.63	30.29	6,226.78	0.33	-	0.33	

#### Notes :

- (a) Includes :
- Premises on ownership basis of ₹ 101.84 crores (previous year ₹ 101.10 crores) and ₹ 16.20 crores (previous year ₹ 13.12 crores) being the depreciation thereon upto 31st December, 2014 and cost of shares in co-operative societies are ₹ 12,630 (previous year ₹ 12,630).
  - ₹ 27.47 crores (previous year ₹ 23.54 crores) being cost of roads constructed by the Company, the ownership of which vests with the Government / Local Authorities and ₹ 3.41 crores (previous year ₹ 2.73 crores) being the depreciation thereon upto 31st December, 2014.
- (b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
- (c) i) Includes ₹ 41.84 crores (previous year ₹ 38.38 crores) being cost of bulkers and tippers used as material handling equipment, which are being depreciated under the 'written down value method' at the rate applicable to vehicles and ₹ 30.82 crores (previous year ₹ 29.35 crores) being the depreciation thereon upto 31st December, 2014.  
ii) Includes ₹ 6.43 crores (previous year ₹ 6.43 crores) being cost of railway wagons given on lease to the railway under 'Own Your Wagon Scheme' and ₹ 5.45 crores (previous year ₹ 5.15 crores) being the depreciation thereon upto 31st December, 2014.
- (d) i) Includes ₹ 100.57 crores (previous year ₹ 101.74 crores) being cost of power lines incurred by the Company, the ownership of which vests with the State Electricity Boards and ₹ 28.03 crores (previous year ₹ 24.09 crores) being the depreciation thereon upto 31st December, 2014.  
ii) Includes ₹ 18.10 crores (previous year ₹ 12.18 crores) being cost of railway sidings constructed by the Company, the ownership of which vests with the Railway authorities and ₹ 4.59 crores (previous year ₹ 3.88 crores) being the depreciation thereon upto 31st December, 2014.
- (e) i) Includes ₹ Nil (previous year ₹ 0.30 crore) capitalised as pre-operative expenses.  
ii) For the year ended 31st December, 2013, includes a credit of ₹ 10.84 crores in respect of earlier years.

## Notes to Financial Statements (Contd.)

	As at 31.12.2014	As at 31.12.2013
₹ in crores	₹ in crores	₹ in crores
<b>11. Non-Current Investments</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 (100,000) equity shares of ₹ 10 each in Kakinada Cements Limited ..	0.10	0.10
749,990 (749,990) equity shares of ₹ 10 each in M.G.T. Cements Private Limited	3.05	3.05
5,139,990 (5,139,990) equity shares of ₹ 10 each in Chemical Limes Mundwa Private Limited .....	6.47	6.47
2,029,135 (2,029,135) equity shares of Nepali Rs. 100 each in Dang Cement Industries Private Limited .....	24.75	24.75
2,075,383 (1,660,306) equity shares of ₹ 10 each in Dirk India Private Limited ..	23.03	21.81
	<b>57.40</b>	<b>56.18</b>
<b>Investment in joint ventures (Refer note 41)</b>		
In fully paid equity shares		
4,010,002 (4,010,002) equity shares of ₹ 10 each in Counto Microfine Products Private Limited .....	10.00	10.00
1,227,150 (1,227,150) Wardha Vaalley Coal Field Private Limited (Refer note 49) .....	1.23	1.23
	<b>11.23</b>	<b>11.23</b>
In fully paid preference shares		
7,500,000 (7,500,000) 13.00% compulsorily convertible preference shares of ₹ 10 each in Counto Microfine Products Private Limited .....	7.50	7.50
<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		
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
	-	-
<b>Public sector bonds</b>		
296 (296) 5.13% taxable redeemable bonds of ₹ 1,000,000 each of Himachal Pradesh Infrastructure Development Bonds .....	29.60	29.60
Total .....	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
Aggregate amount of unquoted investments .....	<b>1.00</b>	<b>1.00</b>
Less : aggregate provision for diminution in value of investments .....	<b>105.73</b>	<b>104.51</b>
Total .....	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
	<b>1.00</b>	<b>1.00</b>
	<b>105.73</b>	<b>104.51</b>
	<b>106.73</b>	<b>105.51</b>
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## Notes to Financial Statements (Contd.)

	2014	2013
	₹ in crores	₹ in crores
<b>17. Other operating revenues</b>		
Sale of Power .....	0.21	2.25
Provisions no longer required .....	8.17	30.93
Sale of scrap (net of excise duty) .....	23.45	26.70
Insurance Claims .....	7.32	13.91
Miscellaneous income .....	28.27	21.73
Total .....	<u>67.42</u>	<u>95.52</u>
<b>18. Other income</b>		
Interest income on :		
Bank deposits .....	218.25	207.87
Long-term investments .....	1.52	1.52
Income tax refund .....	1.94	1.25
Others .....	9.50	7.24
	<u>231.21</u>	<u>217.88</u>
Profit on sale of current investments .....	92.45	111.39
Dividend from mutual fund .....	59.58	-
Others (Refer note 44 (a)) .....	45.74	48.24
Total .....	<u>428.98</u>	<u>377.51</u>
<b>19. Cost of raw material consumed (Refer note 43 and 47)</b>		
Opening stock .....	54.12	53.81
Add : purchases .....	803.50	689.68
Less : closing stock .....	63.33	54.12
Total .....	<u>794.29</u>	<u>689.37</u>
<b>Break-up of raw materials consumed</b>		
Fly ash .....	334.79	309.13
Gypsum .....	237.14	207.58
Others .....	222.36	172.66
Total .....	<u>794.29</u>	<u>689.37</u>
<b>20. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade</b>		
Closing stock :		
Work-in-progress .....	225.83	223.53
Finished goods .....	86.99	105.81
Stock-in-Trade .....	0.97	0.36
	<u>313.79</u>	<u>329.70</u>
Opening stock :		
Work-in-progress .....	223.53	303.04
Finished goods .....	105.81	144.99
Stock-in-Trade .....	0.36	-
	<u>329.70</u>	<u>448.03</u>
Decrease .....	<u>15.91</u>	<u>118.33</u>
<b>21. Employee benefits expense</b>		
Salaries and wages .....	489.87	430.78
Contribution to provident and other fund .....	52.97	36.35
Staff welfare expenses .....	38.74	35.04
Total .....	<u>581.58</u>	<u>502.17</u>
<b>22. Freight and forwarding expenses (Refer note 43)</b>		
On internal material transfer .....	579.95	544.90
On finished products .....	1,858.94	1,742.83
Total .....	<u>2,438.89</u>	<u>2,287.73</u>
<b>23. Finance costs</b>		
Interest :		
On Income tax (net of interest income on refund ₹ 31.65 crores; previous year ₹ 31.33 crores) .....	24.58	32.12
Others .....	39.90	32.96
Total .....	<u>64.48</u>	<u>65.08</u>

## Notes to Financial Statements (Contd.)

	2014	2013
	₹ in crores	₹ in crores
<b>24. Depreciation and amortisation expense</b>		
Depreciation on tangible assets .....	509.49	490.00
Amortisation on intangible assets .....	0.04	0.07
Total .....	<u>509.53</u>	<u>490.07</u>
<b>25. Other expenses</b>		
Royalty and cess .....	153.09	133.28
Stores and spares consumed (Refer note 47) .....	313.73	309.95
Packing materials consumed.....	416.59	378.52
Repairs and maintenance :		
Building .....	8.63	5.94
Plant and machinery .....	150.46	153.62
Others .....	18.90	16.68
	<u>177.99</u>	<u>176.24</u>
Excise duty :		
Excise duty on captive consumption of clinker .....	26.15	24.81
Excise duty variation on opening / closing stock .....	(4.00)	(9.34)
	<u>22.15</u>	<u>15.47</u>
Rent (Refer note 42) .....	29.50	33.54
Rates and taxes .....	97.61	84.90
Insurance .....	18.70	20.88
Technology and Know-How fee (net of recovery) .....	97.00	89.96
Advertisement and publicity .....	87.23	88.47
Discount on sales .....	44.27	45.00
Donation .....	33.05	52.57
Loss on assets sold, discarded and written off (net) .....	5.24	9.21
Miscellaneous expenses* .....	425.09	415.03
Total .....	<u>1,921.24</u>	<u>1,853.02</u>
* Miscellaneous expenses include payment to auditors (excluding service tax)		
Statutory auditor		
as auditor .....	2.61	2.16
for other services .....	0.02	0.43
for reimbursement of expenses.....	0.09	0.09
	<u>2.72</u>	<u>2.68</u>
Cost auditor		
as auditor .....	0.06	0.06
for reimbursement of expenses.....	0.02	0.01
	<u>0.08</u>	<u>0.07</u>
Total .....	<u>2.80</u>	<u>2.75</u>
<b>26. Earnings per equity share (EPS) :</b>		
(i) Profit attributable to equity shareholders for basic and diluted EPS .....	1,496.36	1,294.57
	Nos.	Nos.
(ii) Weighted average number of equity shares for basic EPS .....	1,547,458,221	1,543,837,913
Add : Potential equity shares on exercise of option of ESOS.....	1,067,470	2,448,827
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992 .....	283,818	275,514
Weighted average number of shares for diluted EPS .....	<u>1,548,809,509</u>	<u>1,546,562,254</u>
	₹	₹
(iii) Nominal value of equity share .....	2.00	2.00
(iv) Earnings per equity share :		
Basic .....	9.67	8.39
Diluted.....	9.66	8.37



## Notes to Financial Statements (Contd.)

	2014 ₹ in crores	2013 ₹ in crores
<b>27. Segment reporting :</b>		
The Company has only one business segment 'Cementitious Materials' as primary segment. The secondary segment is geographical, which is given as under :		
a) Revenue from operations		
i) Sale of products (Net of excise duty)		
Within India.....	9,865.44	9,018.76
Outside India.....	45.26	59.98
Total .....	<u>9,910.70</u>	<u>9,078.74</u>
ii) Other operating revenues		
Within India.....	66.18	95.34
Outside India.....	1.24	0.18
Total .....	<u>67.42</u>	<u>95.52</u>
b) All the assets of the Company, except ₹ 30.77 crores (previous year ₹ 57.45 crores), are within India.		
	<b>As at 31.12.2014 ₹ in crores</b>	<b>As at 31.12.2013 ₹ in crores</b>
<b>28. 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 .....	20.74	21.74
(ii) Land.....	58.86	60.30
(iii) Royalty on Limestone <sup>1</sup> .....	119.97	102.87
(iv) Sales tax <sup>2</sup> .....	266.27	19.63
(v) Excise and Customs .....	67.94	59.55
(vi) Demand from Competition Commission of India <sup>3</sup> .....	1,163.91	1,163.91
(vii) Others .....	140.24	115.85
* 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 tonne of cement produced at its factory in Chhattisgarh. The Company holds the view that the payment of royalty on limestone is correctly made based on the actual quantity of limestone extracted from the mining area. The matter is pending before the Hon'ble High Court of Bilaspur.		
2 Includes a matter relating to 75% exemption from sales tax granted by Government of Rajasthan (GOR). However, the eligibility of exemption in excess of 25% was contested by the State Government in a similar matter of another Company. In the current year, 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 crores (including interest of ₹ 134.45 crores), the Company has deposited an amount of ₹ 123.52 crores towards sales tax under protest and filed a Special Leave Petition in the Supreme Court with one of the grounds that the tax exemption was availed by virtue of the order passed by the Board for Industrial & Financial Reconstruction (BIFR) during the relevant period. Subsequent to the balance sheet date, on Company's petition, the Hon'ble Supreme Court has granted an interim stay on interest, subject to deposit of ₹ 20 crores. 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 The Competition Commission of India issued an Order dated 20th June, 2012, 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 ₹ 1163.91 crores on the Company. The Company had filed an appeal against the said Order with the Competition Appellate Tribunal (COMPAT). Pending final disposal of the appeal, the Hon'ble Tribunal, vide its order dated 17th May, 2013, has stayed the penalty with a condition to deposit 10% of the penalty amount, which has been deposited in the form of bank fixed deposit with lien in favour of COMPAT. The fixed deposit has been renewed along with interest of ₹ 14.71 crores. 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.		
<b>(II) Guarantee given on behalf of joint venture company .....</b>	<b>7.14</b>	<b>6.60</b>
<b>(III) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) .....	<b>419.82</b>	<b>647.73</b>

## Notes to Financial Statements (Contd.)

### 29. 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 is manufacturing & using a product covered under the negative list and raised a demand of ₹ 66.94 crores (previous year ₹ 66.94 crores). The Company has filed a writ in the High Court of Himachal Pradesh against the demand which has been admitted and arguments completed. The company believes its case is strong and the demand shall not sustain under law.

### 30. Related party disclosure :

#### 1 Name of related parties

##### (A) Name of the related parties where control exists

	<b>Nature of Relationship</b>
(I) Holcim Limited, Switzerland .....	Ultimate Holding Company
(II) Holderfin BV, Netherlands .....	Intermediate Holding Company
(III) Holderind Investments Limited, Mauritius .....	Holding Company
(IV) Kakinada Cements Limited .....	Subsidiary
(V) M.G.T. Cements Private Limited .....	Subsidiary
(VI) Chemical Limes Mundwa Private Limited .....	Subsidiary
(VII) Dang Cement Industries Private Limited, Nepal .....	Subsidiary
(VIII) Dirk India Private Limited .....	Subsidiary
(IX) Wardha Vaalley Coal Field Private Limited .....	Joint Venture
(X) Counto Microfine Products Private Limited .....	Joint Venture
(XI) Dirk Pozzocrete (MP) Private Limited .....	Amalgamated with Dirk India Private Limited (w.e.f. 1st April 2013) erstwhile Step down subsidiary

##### (B) Others - with whom transactions have taken place during the year

##### (I) Name of other related parties

	<b>Nature of Relationship</b>
(a) ACC Limited .....	Fellow Subsidiary
(b) Holcim (India) Private Limited (Refer note 47) .....	Fellow Subsidiary
(c) Holcim (Lanka) Limited, Sri Lanka .....	Fellow Subsidiary
(d) Holcim Group Services Limited, Switzerland .....	Fellow Subsidiary
(e) Holcim Technology Limited, Switzerland .....	Fellow Subsidiary
(f) Holcim Philippines, Inc., Philippines .....	Fellow Subsidiary
(g) Holcim Services (South Asia) Limited .....	Fellow Subsidiary
(h) Holcim Services (Asia) Limited, Thailand .....	Fellow Subsidiary
(i) Holcim Trading FZCO, UAE .....	Fellow Subsidiary
(j) Holcim Trading Pte Limited, Singapore .....	Fellow Subsidiary
(k) PT Holcim Indonesia Tbk., Indonesia .....	Fellow Subsidiary
(l) Holcim Cement (Bangladesh) Limited, Bangladesh .....	Fellow Subsidiary
(m) Holcim (Romania) S.A., Romania .....	Fellow Subsidiary
(n) Siam City Cement Public Company Limited, Thailand .....	Joint Venture of Fellow Subsidiary

##### (II) Key Management Personnel

##### Name of the related parties

	<b>Nature of Relationship</b>
(a) Mr. Ajay Kapur .....	Managing Director & Chief Executive Officer (w.e.f. 25th April, 2014)
	Deputy Managing Director & Chief Executive Officer (w.e.f. 1st August, 2013)
(b) Mr. Onne van der Weijde .....	Managing Director (upto 24th April, 2014)

#### 2 Details of related party transactions

Sr. No.	Description	2014 ₹ in crores	2013 ₹ in crores
<b>A) Transactions with subsidiaries</b>			
1	Purchase of goods		
	Dirk India Private Limited .....	<b>1.37</b>	0.01
2	Sale of goods		
	Dirk India Private Limited .....	<b>0.20</b>	0.47
3	Interest charged		
	Dirk India Private Limited .....	<b>4.95</b>	2.65
4	Other recoveries		
	Dirk India Private Limited .....	<b>0.12</b>	0.24
5	Receiving of services		
	Dirk India Private Limited .....	<b>4.25</b>	-

## Notes to Financial Statements (Contd.)

### 30. Related party disclosure : (Contd.)

#### 2 Details of related party transactions (Contd.)

Sr. No.	Description	2014 ₹ in crores	2013 ₹ in crores
<b>A)</b>	<b>Transactions with subsidiaries (Contd.)</b>		
6	Inter corporate deposits and loans given Dirk India Private Limited .....	<b>7.83</b>	28.18
7	Inter corporate deposits and loans given repaid Dirk India Private Limited .....	<b>0.94</b>	2.50
8	Loans / inter corporate deposits given outstanding at the year end Dirk India Private Limited .....	<b>42.58</b>	35.68
9	Amount receivable at the year end Dirk India Private Limited .....	<b>3.86</b>	2.52
10	Amount payable at the year end Dirk India Private Limited .....	<b>2.03</b>	-
<b>B)</b>	<b>Transactions with fellow subsidiaries and their joint ventures</b>		
1	Purchase of goods ACC Limited .....	<b>47.97</b>	20.27
	Holcim Trading FZCO, UAE .....	-	2.34
	Holcim Technology Limited, Switzerland .....	<b>0.04</b>	-
	Holcim Trading Pte Limited, Singapore .....	<b>73.09</b>	3.62
		<b>121.10</b>	<b>26.23</b>
2	Sale of goods ACC Limited .....	<b>178.29</b>	23.18
	Holcim Trading Pte Limited, Singapore .....	<b>37.85</b>	54.28
		<b>216.14</b>	<b>77.46</b>
3	Sale of fixed assets ACC Limited .....	-	3.79
4	Rendering of services ACC Limited .....	<b>10.09</b>	0.65
	Holcim Services (Asia) Limited, Thailand .....	<b>0.47</b>	-
	PT Holcim Indonesia Tbk., Indonesia .....	-	0.01
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	<b>0.46</b>	0.28
		<b>11.02</b>	<b>0.94</b>
5	Receiving of services ACC Limited .....	<b>17.62</b>	5.61
	Holcim Group Services Limited, Switzerland .....	<b>1.67</b>	2.72
	Holcim Technology Limited, Switzerland .....	<b>97.11</b>	90.20
	Holcim Services (Asia) Limited, Thailand .....	-	0.05
	Holcim Services (South Asia) Limited .....	<b>56.67</b>	35.28
	Holcim Trading Pte Limited, Singapore .....	<b>3.20</b>	5.35
	Siam City Cement Public Company Limited, Thailand .....	-	0.01
	PT Holcim Indonesia Tbk., Indonesia .....	<b>0.05</b>	0.05
		<b>176.32</b>	<b>139.27</b>
6	Interest charged Holcim (Lanka) Limited, Sri Lanka .....	-	0.01
7	Dividend paid Holcim (India) Private Limited .....	<b>60.27</b>	54.24
8	Other recoveries ACC Limited .....	<b>0.43</b>	0.01
	Holcim (Lanka) Limited, Sri Lanka .....	<b>0.17</b>	0.20
	Siam City Cement Public Company Limited, Thailand .....	<b>0.03</b>	-
	Holcim Technology Limited, Switzerland .....	-	0.55
		<b>0.63</b>	<b>0.76</b>
9	Other payments Holcim Trading FZCO, UAE .....	-	0.01
	Holcim (Lanka) Limited, Sri Lanka .....	-	0.02
	ACC Limited .....	<b>0.01</b>	-
		<b>0.01</b>	<b>0.03</b>

## Notes to Financial Statements (Contd.)

### 30. Related party disclosure : (Contd.)

#### 2 Details of related party transactions (Contd.)

Sr. No.	Description	2014 ₹ in crores	2013 ₹ in crores
<b>B)</b>	<b>Transactions with fellow subsidiaries and their joint ventures (Contd.)</b>		
10	Amounts receivable at the year end		
	ACC Limited .....	16.48	8.69
	Holcim (Lanka) Limited, Sri Lanka .....	0.17	0.20
	Holcim Trading Pte Limited, Singapore .....	-	4.12
	Holcim Cement (Bangladesh) Limited, Bangladesh .....	0.74	0.28
	PT Holcim Indonesia Tbk., Indonesia .....	-	0.01
		<u>17.39</u>	<u>13.30</u>
11	Amounts payable at the year end		
	ACC Limited .....	10.16	0.96
	Holcim Technology Limited, Switzerland .....	20.58	19.44
	Holcim Group Services Limited, Switzerland .....	-	1.45
	Holcim Philippines, Inc., Philippines .....	0.02	0.02
	Holcim Services (Asia) Limited, Thailand .....	-	0.05
	Holcim Services (South Asia) Limited .....	6.10	4.13
	Holcim Trading FZCO, UAE .....	0.16	0.39
	Holcim Trading Pte Limited, Singapore .....	3.18	0.08
	Holcim (Romania) S.A., Romania .....	0.03	-
	Siam City Cement Public Company Limited, Thailand .....	-	0.01
	PT Holcim Indonesia Tbk., Indonesia .....	0.04	0.05
		<u>40.27</u>	<u>26.58</u>
<b>C)</b>	<b>Transactions with Holding companies</b>		
1	Dividend paid		
	Holderind Investments Limited, Mauritius .....	251.86	226.67
<b>D)</b>	<b>Transactions with joint ventures</b>		
1	Purchase of goods		
	Counto Microfine Products Private Limited .....	0.01	0.03
2	Interest charged		
	Wardha Vaalley Coal Field Private Limited .....	0.06	-
3	Equity contribution		
	Wardha Vaalley Coal Field Private Limited .....	-	0.20
4	Preference share subscription		
	Counto Microfine Products Private Limited .....	-	7.50
5	Preference share redemption		
	Counto Microfine Products Private Limited .....	-	15.00
6	Guarantees given outstanding at the year end		
	Wardha Vaalley Coal Field Private Limited .....	7.14	6.60
7	Inter corporate deposits and loans given		
	Wardha Vaalley Coal Field Private Limited .....	0.54	-
8	Inter corporate deposits and loans outstanding at the year end		
	Wardha Vaalley Coal Field Private Limited .....	0.54	-
9	Amounts receivable at the year end		
	Wardha Vaalley Coal Field Private Limited .....	0.06	0.20
<b>E)</b>	<b>Transactions with key management personnel</b>		
1	Remuneration		
	Mr. Onne van der Weijde .....	1.65	3.84
	Mr. Ajay Kapur .....	5.52	2.32
		<u>7.17</u>	<u>6.16</u>
2	Amounts payable at the year end		
	Mr. Onne van der Weijde .....	-	0.79
	Mr. Ajay Kapur .....	0.97	0.75
		<u>0.97</u>	<u>1.54</u>

#### Notes :

- 1 Related party relationship is as identified by the Company on the basis of available information.
- 2 The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and runs schools at plant locations through Ambuja Vidya Niketan Trust (AVN), a charitable organisation registered under Bombay Public Trust Act, 1950. The Company has contributed ₹ 31.39 crores (previous year ₹ 32.50 crores) to ACF and ₹ 1.06 crores (previous year ₹ 5.70 crores) to AVN during the current year.

## Notes to Financial Statements (Contd.)

### 31. Gratuity and other post-employment benefit plans :

#### a) Defined Contribution Plans

The Company has recognised expenses towards the defined contribution plans as under :

	2014 ₹ in crores	2013 ₹ in crores
Contribution to superannuation fund .....	10.41	9.28
Contribution to employees' provident fund organisation .....	17.94	17.08
Others .....	0.19	0.15
Total .....	<b>28.54</b>	<b>26.51</b>

#### b) Defined benefit plans - as per actuarial valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company also provides certain additional post-employment healthcare benefits to senior 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 :

Particulars	₹ in crores							
	2014				2013			
	Gratuity		Death and disability scheme non funded	Post retirement medical benefits non funded	Gratuity		Death and disability scheme non funded	Post retirement medical benefits non funded
Funded	Non funded	Funded			Non funded			
I Expense recognised in the financial statement								
1 Current service Cost .....	8.17	0.04	0.02	0.56	7.94	0.06	0.02	0.59
2 Interest cost .....	8.66	0.05	0.02	0.81	7.46	0.05	0.02	0.69
3 Past service cost .....	-	-	-	0.95	-	-	-	-
4 Expected return on plan assets .....	(8.05)	-	-	-	(8.01)	-	-	-
5 Actuarial (gains)/ losses .....	6.03	0.03	(0.03)	2.30	(4.66)	(0.07)	(0.09)	(0.86)
6 Total expenses recognised in the statement of profit and loss .....	14.78	0.12	0.01	4.61	2.71	0.04	(0.05)	0.41
7 Total expenses capitalised .....	0.03	-	-	0.01	0.02	-	-	0.01
II Net Asset / (Liability) recognised in the Balance Sheet								
1 Present value of defined benefit obligation .....	116.79	0.59	0.24	13.27	97.46	0.59	0.23	8.74
2 Fair value of plan assets .....	117.93	-	-	-	94.73	-	-	-
3 Funded status [surplus / (deficit)] .....	1.14	(0.59)	(0.24)	(13.27)	(2.73)	(0.59)	(0.23)	(8.74)
4 Net asset / (liability) .....	1.14	(0.59)	(0.24)	(13.27)	(2.73)	(0.59)	(0.23)	(8.74)
III Change in obligation during the year								
1 Present value of defined benefit obligation at the beginning of the year .....	97.46	0.59	0.23	8.74	95.09	0.55	0.28	8.38
2 Current service cost .....	8.17	0.04	0.02	0.56	7.94	0.06	0.02	0.59
3 Interest cost .....	8.66	0.05	0.02	0.81	7.46	0.05	0.02	0.69
4 Past service cost .....	-	-	-	0.95	-	-	-	-
5 Actuarial (gains) / losses .....	9.32	0.03	(0.03)	2.30	(5.21)	(0.07)	(0.09)	(0.86)
6 Benefits payments .....	(6.82)	(0.12)	-	(0.09)	(7.82)	-	-	(0.06)
7 Present value of defined benefit obligation at the end of the year .....	116.79	0.59	0.24	13.27	97.46	0.59	0.23	8.74
IV Change in assets during the year								
1 Plan assets at the beginning of the year .....	94.73	-	-	-	95.09	-	-	-
2 Expected return on plan assets .....	8.05	-	-	-	8.01	-	-	-
3 Contribution by employer .....	18.68	-	-	-	-	-	-	-
4 Actual benefit paid .....	(6.82)	-	-	-	(7.82)	-	-	-
5 Actuarial gains / (losses) .....	3.29	-	-	-	(0.55)	-	-	-
6 Plan assets at the end of the year .....	117.93	-	-	-	94.73	-	-	-
7 Actual return on plan assets .....	11.34	-	-	-	7.46	-	-	-

## Notes to Financial Statements (Contd.)

### 31. Gratuity and other post-employment benefit plans (Contd.)

₹ in crores

Particulars	2014				2013			
	Gratuity		Death and disability scheme non funded	Post retirement medical benefits non funded	Gratuity		Death and disability scheme non funded	Post retirement medical benefits non funded
	Funded	Non funded			Funded	Non funded		
V Expected contribution to gratuity fund in the next year .....	7.50	-	-	-	7.50	-	-	-
VI Effect of one percentage point change in the assumed medical inflation rate :								
1% Increase on aggregate service and interest cost .....	-	-	-	0.17	-	-	-	0.17
1% Decrease on aggregate service and interest cost .....	-	-	-	(0.17)	-	-	-	(0.17)
1% Increase on present value of defined benefit obligation .....	-	-	-	1.40	-	-	-	1.06
1% Decrease on present value of defined benefit obligation .....	-	-	-	(1.46)	-	-	-	(1.05)
VII The major categories of plan assets as a percentage of total plan								
Qualifying insurance policy with Life Insurance Corporation of India .....	100%	-	-	-	100%	-	-	-
				As at 31.12.2014				As at 31.12.2013
VIII Actuarial assumptions :								
1 Discount rate .....				8.00% p.a.				9.30% 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.								
XI Amount for the current and previous four years are as follows :								
				As at 31.12.2014	As at 31.12.2013	As at 31.12.2012	As at 31.12.2011	As at 31.12.2010
				₹ in crores	₹ in crores	₹ in crores	₹ in crores	₹ in crores
i) <b>Gratuity - funded</b>								
Defined benefit obligation .....				116.79	97.46	95.09	77.91	65.10
Plan assets .....				117.93	94.73	95.09	79.61	67.14
Surplus / (deficit) .....				1.14	(2.73)	-	1.70	2.04
Experience adjustments on plan assets .....				3.29	(0.55)	0.55	3.86	(0.17)
Experience adjustments on plan liabilities.....				2.21	3.64	6.15	7.46	3.50
ii) <b>Gratuity - Non funded</b>								
Defined benefit obligation .....				0.59	0.59	0.55	0.59	0.64
Surplus / (deficit) .....				(0.59)	(0.59)	(0.55)	(0.59)	(0.64)
Experience adjustments on plan liabilities.....				0.03	(0.03)	(0.01)	(0.03)	0.08
iii) <b>Death and disability scheme (shipping staff)</b>								
Defined benefit obligation .....				0.24	0.23	0.28	0.27	0.28
Surplus / (deficit) .....				(0.24)	(0.23)	(0.28)	(0.27)	(0.28)
Experience adjustments on plan liabilities.....				(0.04)	(0.05)	(0.04)	(0.06)	(0.03)
iv) <b>Post retirement medical benefit (PRMB)</b>								
Defined benefit obligation .....				13.27	8.74	8.38	6.39	4.85
Surplus / (deficit) .....				(13.27)	(8.74)	(8.38)	(6.39)	(4.85)
Experience adjustments on plan liabilities.....				(0.25)	0.32	0.27	0.92	(0.40)

## Notes to Financial Statements (Contd.)

### 31. Gratuity and other post-employment benefit plans : (Contd.)

- c) Amount recognised as expense in respect of compensated absences is ₹ 20.29 crores (previous year ₹ 8.30 crores).  
d) Provident fund managed by a trust set up by the Company.

The Company has contributed ₹ 7.34 crores (previous year ₹ 7.16 crores) towards provident fund liability. Deficit of ₹ 2.13 crores (previous year ₹ Nil) in the accumulated corpus fund is recognised in the Statement of profit and loss.

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
Details of the fund and asset position :		
Plan assets at the year end, at fair value .....	97.25	89.89
Present value of benefit obligation at year end .....	99.38	88.58
Net Liability / (Asset)* .....	2.13	(1.31)
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach		
Discount rate.....	8.00%	9.30%
Interest rate guarantee .....	8.75%	8.50%
Expected rate of return of assets.....	8.84%	9.18%

\* Only liability is recognized in the books

### 32. Employee stock option schemes :

- a) The Company has provided various share based payments to its employees. During the year, following schemes were in operation :

Particulars	2007 *	2008 #	2009	2010
a) Date of grant .....	07.06.2007	01.07.2008	19.06.2009	22.04.2010
b) Date of Board approval .....	11.01.2007	01.07.2008	06.02.2009	04.02.2010
c) Date of Shareholders approval .....	26.03.2007	22.04.2008	06.04.2009	05.04.2010
d) Number of options granted .....	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of settlement (cash / equity) .....	Equity	Equity	Equity	Equity
f) Vesting period from the date of grant.....	1 year	1 year	1 year	1 year
g) Exercise period from the date of vesting.....	4 years	4 years	4 years	4 years

\* Includes 111,150 options in tranche 2 granted on 1st July 2008 @ ₹ 82 per option.

# Includes 113,850 options in tranche 2 granted on 19th June 2009 @ ₹ 96 per option.

- b) The details of activity under the ESOS are as below :

Particulars	2014		2013	
	Number of shares	Weighted average exercise price (₹)	Number of shares	Weighted average exercise price (₹)
a) Outstanding at the beginning of the year .....	6,381,625	112.72	10,165,025	107.91
b) Forfeited during the year.....	18,650	113.14	19,250	116.85
c) Exercised during the year.....	3,885,500	109.50	3,675,850	100.13
d) Expired during the year .....	133,075	96.00	88,300	82.00
e) Outstanding at the end of the year .....	2,344,400	119.00	6,381,625	112.72
f) Exercisable at the end of the year .....	2,344,400	119.00	6,381,625	112.72
g) Weighted average remaining contractual life (in years) .....	0.30	-	1.07	-

The weighted average share price at the date of exercise for stock option was ₹ 208.29 (previous year ₹ 179.36)

The weighted average share price for the period over which stock option were exercised was ₹ 205.45 (previous year ₹ 185.01)



## Notes to Financial Statements (Contd.)

### 32. Employee stock option schemes : (Contd.)

c) The details of exercise price for stock options outstanding at the year end :

Employee stock option schemes	As at 31.12.2014			As at 31.12.2013		
	Number of options outstanding	Weighted average contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share) (₹)	Number of options outstanding	Weighted average contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share) (₹)
2008 Tranche 2.....	-	-	-	31,475	0.46	96.00
2009.....	-	-	-	1,710,500	0.46	96.00
2010.....	<b>2,344,400</b>	<b>0.30</b>	<b>119.00</b>	4,639,650	1.30	119.00

d) Effect of the employee share based payment plans on the statement of profit and loss and on its financial position :

Particulars	2014 ₹ in crores	2013 ₹ in crores
Liability for employee stock options outstanding at year end .....	<b>9.24</b>	18.27

e) Expenses on employee stock option scheme exclude cost relating to shares granted to the employees of the Company by Holcim Limited, Switzerland, the ultimate holding company.

	2014		2013	
	₹ in crores	%	₹ in crores	%
<b>33. (a) Raw materials consumed :</b>				
(i) Imported .....	<b>103.16</b>	<b>12.99</b>	89.71	13.01
(ii) Indigenous .....	<b>691.13</b>	<b>87.01</b>	599.66	86.99
Total .....	<b>794.29</b>	<b>100.00</b>	689.37	100.00
<b>(b) Spares consumed :</b>				
(i) Imported .....	<b>17.54</b>	<b>15.67</b>	9.71	9.32
(ii) Indigenous .....	<b>94.40</b>	<b>84.33</b>	94.53	90.68
Total .....	<b>111.94</b>	<b>100.00</b>	104.24	100.00
			<b>2014</b> ₹ in crores	2013 ₹ in crores
<b>34. CIF value of imports :</b>				
(i) Raw materials.....			<b>50.42</b>	23.19
(ii) Components and spare parts.....			<b>45.34</b>	38.16
(iii) Capital goods.....			<b>71.71</b>	111.29
(iv) Fuels.....			<b>373.63</b>	340.94
<b>35. Expenditure in foreign currency (accrual basis) :</b>				
(i) Know-how .....			<b>97.11</b>	90.20
(ii) Professional Consultation Fees (including capitalised amount of ₹ 0.76 crore; previous year ₹ 1.30 crores).....			<b>3.35</b>	7.39
(iii) Other matters (including capitalised amount of ₹ 1.12 crores; previous year ₹ Nil).....			<b>13.66</b>	10.27
<b>36. Earnings in foreign exchange (accrual basis) :</b>				
(i) F.O.B. value of exports .....			<b>44.12</b>	54.28
(ii) Royalty, professional and consultation fees.....			<b>1.24</b>	0.48
(iii) Interest .....			-	0.01
(iv) Others .....			<b>4.98</b>	3.77

## Notes to Financial Statements (Contd.)

	<b>2014</b>	2013
	<b>₹ in crores</b>	₹ in crores
<b>37. Remittances in foreign currency :</b>		
<b>On account of dividend to non-resident shareholders</b>		
(i) Final Dividend		
No. of shareholders .....	<b>195</b>	206
No. of equity shares .....	<b>630,474,705</b>	630,570,171
Amount remitted, net of tax .....	<b>138.70</b>	138.73
Year to which it pertains .....	<b>2013</b>	2012
(ii) Interim Dividend		
No. of shareholders .....	<b>193</b>	205
No. of equity shares .....	<b>630,487,628</b>	630,515,652
Amount remitted, net of tax .....	<b>113.49</b>	88.27
Period to which it pertains.....	<b>2014</b>	2013
	<b>As at</b>	As at
	<b>31.12.2014</b>	31.12.2013
	<b>₹ in crores</b>	₹ in crores

### 38. Proposed Dividend :

The final dividend proposed for the year is as follows :

On Equity Shares of ₹ 2 each

Amount of dividend proposed.....	<b>495.92</b>	340.09
Dividend per Equity Share (₹).....	<b>3.20</b>	2.20

### 39. 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 .....	<b>1.02</b>	0.43
Interest .....	<b>0.01</b>	0.01
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.....	<b>10.58</b>	7.71
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. ....	<b>0.01</b>	-

### 40. Unhedged foreign currency exposure :

Particulars	As at 31.12.2014		As at 31.12.2013	
	Foreign Currency	₹ in crores	Foreign Currency	₹ in crores
1 Trade payables and other liabilities				
in CHF .....	-	-	43,918	0.31
in EURO .....	<b>292,190</b>	<b>2.25</b>	1,609,802	13.72
in GBP .....	<b>693</b>	<b>0.01</b>	693	0.01
in JPY.....	<b>1,887,636</b>	<b>0.10</b>	110,026	0.01
in NOK .....	-	-	34,199	0.03
in SEK .....	<b>86,398</b>	<b>0.07</b>	584	-
in THB.....	-	-	274,014	0.05
in USD.....	<b>1,378,905</b>	<b>8.72</b>	3,577,134	22.12
2 Trade receivables, loans and advances and other assets				
in CHF .....	-	-	3,918	0.03
in DKK.....	<b>3,750</b>	-	-	-
in EURO .....	<b>245,402</b>	<b>1.89</b>	3,231,225	27.53
in GBP.....	<b>775</b>	<b>0.01</b>	28,017	0.29
in SEK .....	<b>500</b>	-	500	-
in SGD .....	<b>11,520</b>	<b>0.06</b>	-	-
in USD.....	<b>642,087</b>	<b>4.06</b>	785,477	4.86

## Notes to Financial Statements (Contd.)

41. 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			
	31.12.2014 ₹ in crores	31.12.2013 ₹ in crores	31.12.2014 ₹ in crores	31.12.2013 ₹ in crores
(a) Name of the company.....	<b>Wardha Vaalley Coal Field Private Limited</b>		<b>Counto Microfine Products Private Limited</b>	
(b) Country of incorporation .....	<b>India</b>		<b>India</b>	
(c) Percentage of share holding .....	<b>27.27%</b>	27.27%	<b>50.00%</b>	50.00%
(d) Assets :				
Non-current assets .....	-	-	<b>13.26</b>	14.63
Current assets.....	<b>0.01</b>	0.01	<b>3.96</b>	3.72
Total .....	<b>0.01</b>	0.01	<b>17.22</b>	18.35
(e) Liabilities :				
Non-current liabilities .....	-	-	<b>2.43</b>	4.16
Current liabilities .....	<b>0.27</b>	0.09	<b>3.30</b>	3.56
Total .....	<b>0.27</b>	0.09	<b>5.73</b>	7.72
(f) Income .....	-	-	<b>9.90</b>	8.27
(g) Expenditure .....	<b>0.16</b>	0.23	<b>8.63</b>	7.32

### 42. 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.

43. 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 :

	2014 ₹ in crores	2013 ₹ in crores
(i) Cost of raw materials consumed .....	<b>2.77</b>	3.32
(ii) Freight and forwarding expenses .....	<b>27.37</b>	27.12
Total .....	<b>30.14</b>	30.44

44. (a) Other income includes ₹ 35.79 crores (previous year ₹ 32.19 crores) written back towards interest on income tax relating to earlier years.  
 (b) Tax adjustments for earlier years represents write back of tax provision (including Deferred Tax reversal of ₹ 39.99 crores debited; previous year ₹ 14.23 crores credited) upon completion of assessments and change in estimate of allowability of certain deductions.
45. Disclosure in respect of Loans and advances in the nature of Loans pursuant to clause 32 of the listing agreement.

	As at 31.12.2014		As at 31.12.2013	
	Outstanding balance ₹ in crores	Maximum balance outstanding during the year ₹ in crores	Outstanding balance ₹ in crores	Maximum balance outstanding during the year ₹ in crores
Loans and advances in the nature of loans given to subsidiaries and others				
(a) Loans / inter corporate deposits to subsidiaries :				
Dirk India Private Limited.....	<b>42.58</b>	<b>42.58</b>	35.68	35.68
(b) Payments made to employees by way of Loans and advances in the nature of loan where no interest is charged or charged at a rate less than the rate prescribed in Section 372A of the Companies Act, 1956.....	<b>5.55</b>	<b>5.97</b>	5.70	5.70

## Notes to Financial Statements (Contd.)

	As at 31.12.2014	As at 31.12.2013
	₹ in crores	₹ in crores
<b>46. Capital work-in-progress includes :</b>		
a) Machinery-in-transit .....	<b>21.93</b>	37.74
b) Expenditure during construction for projects as under :		
Opening balance.....	<b>7.31</b>	10.97
Addition during the year .....	<b>2.51</b>	4.15
	<b>9.82</b>	15.12
Less : Capitalised during the year .....	-	(7.81)
Balance included in capital work-in-progress .....	<b>9.82</b>	7.31
<b>47.</b> During the previous year, the Company had credited ₹ 0.02 crore in 'Cost of raw materials consumed', ₹ 24.54 crores in 'Power and fuel' and ₹ 4.56 crores in 'Stores and spares consumed', due to change in estimate in respect of recognition of certain CENVAT credit relating to earlier years.		
<b>48.</b> During the previous year, the Board of Directors and members have approved the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company with effect from 1st April 2013, wherein the Company will acquire HIPL from Holderind Investments Ltd., Mauritius for a cash consideration of ₹ 3,500 crores and issue of 58.44 crores equity shares of ₹ 2 each at a premium of ₹ 187.66 per share. During the year, Hon'ble High Courts of Gujarat and New Delhi have approved the above scheme. Pending fulfilment of certain conditions precedent specified in the Scheme, no impact of amalgamation has been given in the financial statements.		
<b>49.</b> The Hon'ble Supreme Court vide its Order dated 24th September, 2014 has cancelled number of coal blocks allotted to various companies, including a coal block at Dahegaon, in the State of Maharashtra, allotted to the Company jointly with other parties, the activities in respect of which has not yet commenced. Cancellation of the aforesaid coal block does not have any material impact on financial statements.		
<b>50.</b> Figures below ₹ 50,000 have not been disclosed.		
<b>51.</b> Figures of the previous year have been regrouped / rearranged wherever necessary to conform to the current year's presentation.		

### Signatures to Notes 1 to 51

As per our attached report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E

per Ravi Bansal  
Partner  
Membership No. 49365

Sanjeev Churiwala  
Chief Financial Officer

Rajiv Gandhi  
Company Secretary

N.S. Sekhsaria  
Chairman

Omkar Goswami  
Director

Shailesh Haribhakti  
Director

B.L. Taparia  
Director

For and on behalf of the Board

Rajendra P. Chitale  
Chairman-Audit Committee

Nasser Munjee  
Director

Haigreave Khaitan  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015

# Independent Auditor's Report

To the Board of Directors of  
Ambuja Cements Limited

We have audited the accompanying consolidated financial statements of Ambuja Cements Limited ("the Company"), its subsidiaries and joint ventures, which comprise the consolidated Balance Sheet as at 31 December 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

## Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with General Circular 8/2014 dated 4th April, 2014 issued by Ministry of Corporate Affairs. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 judgement, 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 control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at 31 December, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit for the year ended on that date; and
- (c) in the case of the consolidated Cash Flow Statement, of the cash flows for the year ended on that date.

## Emphasis of Matter

We draw attention to Note 29(I)(vi) to the consolidated financial statements, relating to the order of the Competition Commission of India ('CCI'), concerning alleged contravention of the provisions of the Competition Act, 2002 and imposing a penalty of ₹ 1,163.91 crores on the Company. Based on the advice of external legal counsel, no provision has been considered necessary by the Company in this regard. Our opinion is not qualified in respect of this matter.

## Other Matter

We did not audit total assets of ₹ 52.82 crore as at 31 December, 2014, total revenues of ₹ 22.10 crore and net cash outflows amounting to ₹ 6.70 crore for the year then ended, included in the accompanying consolidated financial statements in respect of subsidiaries and joint ventures, whose financial statements and other financial information have been audited by other auditors and whose reports have been furnished to us. Our opinion, in so far as it relates to the affairs of such subsidiaries and joint ventures, is based solely on the report of other auditors. Our opinion is not qualified in respect of this matter.

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration Number: 324982E

per Ravi Bansal  
Partner  
Membership Number: 49365  
Place of Signature: Mumbai  
Date: 18 February 2015

# Consolidated Balance Sheet

As at 31st December, 2014

	Note	₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>EQUITY AND LIABILITIES</b>				
<b>Shareholders' funds</b>				
Share capital .....	3	309.95		309.17
Reserves and surplus .....	4	<u>9,760.02</u>		<u>9,152.72</u>
			<b>10,069.97</b>	<u>9,461.89</u>
<b>Minority interest .....</b>			<b>0.72</b>	0.71
<b>Non-current liabilities</b>				
Long-term borrowings .....	5	21.55		33.43
Deferred tax liabilities (net) .....	6	589.04		564.32
Other long-term liabilities .....	7	9.22		17.58
Long-term provisions .....	8	<u>33.31</u>		<u>25.53</u>
			<b>653.12</b>	<u>640.86</u>
<b>Current liabilities</b>				
Short-term borrowings .....	9	0.15		1.08
Trade payables .....	10.1	622.26		562.53
Other current liabilities .....	10.2	1,355.99		1,326.24
Short-term provisions .....	8	<u>1,176.28</u>		<u>963.48</u>
			<b>3,154.68</b>	<u>2,853.33</u>
<b>TOTAL .....</b>			<b><u>13,878.49</u></b>	<u>12,956.79</u>
<b>ASSETS</b>				
<b>Non-current assets</b>				
Fixed assets				
Tangible assets .....	11	6,261.68		6,099.90
Intangible assets .....	11	47.95		46.85
Capital work-in-progress (Refer note 41) .....		<u>692.14</u>		<u>697.50</u>
			<b>7,001.77</b>	<u>6,844.25</u>
Non-current investments .....	12	29.60		29.60
Deferred tax assets (net) .....		0.02		0.44
Long-term loans and advances .....	13	552.27		307.24
Other non-current assets .....	14.2	<u>292.12</u>		<u>247.93</u>
			<b>874.01</b>	<u>585.21</u>
<b>Current assets</b>				
Current investments .....	15	2,067.00		1,683.94
Inventories .....	16	889.97		936.41
Trade receivables .....	14.1	231.65		235.13
Cash and bank balances .....	17	2,462.28		2,344.98
Short-term loans and advances .....	13	310.23		271.40
Other current assets .....	14.2	<u>41.58</u>		<u>55.47</u>
			<b>6,002.71</b>	<u>5,527.33</u>
<b>TOTAL .....</b>			<b><u>13,878.49</u></b>	<u>12,956.79</u>
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

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Rajendra P. Chitale  
Chairman-Audit Committee

per Ravi Bansal  
Partner  
Membership No. 49365

Rajiv Gandhi  
Company Secretary

Omkar Goswami  
Director

Nasser Munjee  
Director

Shailesh Haribhakti  
Director

Haigreve Khaitan  
Director

B.L. Taparia  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015

# Consolidated Statement of Profit and Loss

For the year ended 31st December, 2014

		2014	2013
	Note	₹ in crores	₹ in crores
<b>Revenue</b>			
Sale of products (gross) .....		11,192.13	10,327.12
Less : Excise duty.....		<u>1,261.59</u>	<u>1,217.24</u>
Sale of products (net).....		9,930.54	9,109.88
Other operating revenues.....	18	69.13	95.75
Revenue from operations (net) .....		<u>9,999.67</u>	<u>9,205.63</u>
Other income .....	19	424.33	375.21
Total revenue.....		<u><u>10,424.00</u></u>	<u><u>9,580.84</u></u>
<b>Expenses</b>			
Cost of raw materials consumed.....	20	799.90	697.56
Purchase of Stock-in-Trade .....		40.59	0.71
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	21	16.22	118.29
Employee benefits expense .....	22	586.33	508.47
Power and fuel (Refer note 39).....		2,268.64	2,066.31
Freight and forwarding expenses.....	23	2,443.50	2,296.30
Finance costs .....	24	65.55	66.75
Depreciation and amortisation expense .....	25	513.03	493.67
Other expenses.....	26	1,924.26	1,866.22
		<u>8,658.02</u>	<u>8,114.28</u>
Self consumption of cement (net of excise duty ₹ 0.99 crore; previous year ₹ 0.83 crore) .....		<u>(8.04)</u>	<u>(6.93)</u>
Total expenses .....		<u>8,649.98</u>	<u>8,107.35</u>
Profit before exceptional item and tax .....		1,774.02	1,473.49
Exceptional item - Profit on sale of residential flats.....		-	24.82
Profit before tax.....		<u>1,774.02</u>	<u>1,498.31</u>
Tax expense :			
Current tax.....		478.00	430.00
Deferred tax .....		(14.85)	30.62
Tax adjustments for earlier years (Refer note 40 (b)).....		<u>(175.64)</u>	<u>(240.75)</u>
		<u>287.51</u>	<u>219.87</u>
Profit for the year .....		<u>1,486.51</u>	<u>1,278.44</u>
Minority interest .....		<u>(0.01)</u>	<u>0.13</u>
		<u><u>1,486.50</u></u>	<u><u>1,278.57</u></u>
		<b>2014</b>	<b>2013</b>
		₹	₹
Earnings per equity share of ₹ 2 each .....	26		
Basic.....		9.61	8.28
Diluted .....		9.60	8.27
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

Sanjeev Churiwala  
Chief Financial Officer

N.S. Sekhsaria  
Chairman

Rajendra P. Chitale  
Chairman-Audit Committee

per Ravi Bansal  
Partner  
Membership No. 49365

Rajiv Gandhi  
Company Secretary

Omkar Goswami  
Director

Nasser Munjee  
Director

Shailesh Haribhakti  
Director

Haigreave Khaitan  
Director

B.L. Taparia  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015



## Consolidated Cash Flow Statement

For the year ended 31st December, 2014

	<b>2014</b>	<b>2013</b>
	<b>₹ in crores</b>	<b>₹ in crores</b>
<b>Cash flows from operating activities</b>		
Profit before tax.....	<b>1,774.02</b>	1,498.31
Adjustment for :		
Depreciation / amortisation.....	<b>513.03</b>	493.67
Profit on sale of residential flats (exceptional item).....	-	(24.82)
Loss on assets sold, discarded and written off.....	<b>5.35</b>	9.83
Dividend Income .....	<b>(59.58)</b>	-
Profit on sale of current investments .....	<b>(92.45)</b>	(111.39)
Finance costs.....	<b>65.55</b>	66.75
Interest income .....	<b>(226.56)</b>	(215.58)
Interest on income tax written back (Refer note 40 (a)).....	<b>(35.79)</b>	(32.19)
Provision for slow and non moving spares.....	<b>7.30</b>	11.17
Discounting income on sales tax loan .....	<b>(5.93)</b>	(13.41)
Unrealised exchange (gain) / loss, net.....	<b>0.29</b>	(1.83)
Provisions no longer required.....	<b>(8.20)</b>	(30.93)
Inventories written off.....	<b>3.98</b>	5.69
Bad debts, sundry debit balances and claims written off .....	<b>0.68</b>	2.43
Provision for doubtful debts and advances (net).....	<b>0.13</b>	0.28
Other non-cash items .....	<b>7.65</b>	0.58
	<b>175.45</b>	160.25
<b>Operating profit before working capital changes.....</b>	<b>1,949.47</b>	1,658.56
Adjustment for :		
Trade receivables, loans & advances and other assets.....	<b>(157.23)</b>	(60.15)
Inventories.....	<b>35.16</b>	33.66
Trade payables, other liabilities and provisions.....	<b>137.03</b>	107.96
	<b>14.96</b>	81.47
Cash generated from operations.....	<b>1,964.43</b>	1,740.03
Direct taxes paid (net of refunds ₹ 279.84 crores; previous year ₹ 264.11 crores) .....	<b>(288.97)</b>	(472.58)
<b>Net cash flow from operating activities (A).....</b>	<b>1,675.46</b>	1,267.45
<b>Cash flows from investing activities</b>		
Purchase of fixed assets, including capital work in progress and capital advances.....	<b>(824.55)</b>	(772.85)
Proceeds from sale of fixed assets (net).....	<b>3.28</b>	36.69
Proceeds from investment in joint venture .....	-	7.50
Inter corporate deposits and loans given to joint ventures .....	<b>(0.19)</b>	(0.20)
Proceeds from sale / maturity of current investments (net) .....	<b>92.45</b>	111.39
Unclaimed sale proceeds of the odd lot shares of erstwhile Ambuja Cement Eastern Limited (ACEL) and Ambuja Cements Rajasthan Limited (ACRL) .....	<b>(0.06)</b>	(0.01)
Investments in bank deposits (having original maturity of more than three months).....	<b>(10.42)</b>	(138.92)
Redemption / maturity of bank deposits (having original maturity of more than three months)	<b>0.39</b>	10.76
Dividend received .....	<b>59.58</b>	-
Interest received .....	<b>189.94</b>	216.89
Interest received on Income tax.....	<b>33.58</b>	32.58
<b>Net cash flow used in investing activities (B).....</b>	<b>(456.00)</b>	(496.17)
Carried forward.....	<b>1,219.46</b>	771.28

## Consolidated Cash Flow Statement (Contd.)

	2014	2013
	₹ in crores	₹ in crores
Brought forward.....	1,219.46	771.28
<b>Cash flows from financing activities</b>		
Proceeds from issuance of equity share capital (including securities premium).....	42.55	36.80
Proceeds from long-term borrowings.....	-	7.82
Proceeds from short-term borrowings.....	-	(9.14)
Repayment of long-term borrowings.....	(13.22)	(8.14)
Repayment of short-term borrowings.....	(1.02)	-
Discounting income on sales tax loan.....	5.93	13.41
Interest paid.....	(32.93)	(66.42)
Dividend paid on equity shares.....	(617.30)	(554.94)
Tax on equity dividend paid.....	(105.16)	(91.79)
<b>Net cash flow used in financing activities (C).....</b>	<b>(721.15)</b>	<b>(672.40)</b>
<b>Net increase in cash and cash equivalents (A + B + C).....</b>	<b>498.31</b>	<b>98.88</b>
Cash and cash equivalents at the end of the year.....	4,462.87	3,964.56
Cash and cash equivalents at the beginning of the year.....	3,964.56	3,865.68
	<b>498.31</b>	<b>98.88</b>
<b>Components of cash and cash equivalents</b>		
Cash on hand.....	0.26	0.29
Remittance in transit.....	-	5.69
With banks		
In current account.....	137.97	139.18
In deposit account.....	2,133.25	2,012.50
Fixed deposit held as security.....	166.41	164.36
Earmarked for specific purposes (Refer note 3 below).....	24.39	22.96
Cash and bank balance as per note 17.....	2,462.28	2,344.98
Less : Fixed deposits not considered as cash and cash equivalents.....	(166.41)	(164.36)
Add : Fixed Deposits with Housing Development Finance Corporation Limited.....	100.00	100.00
Add : Investment in mutual funds.....	2,067.00	1,683.94
<b>Cash and cash equivalents at the year end.....</b>	<b>4,462.87</b>	<b>3,964.56</b>

### Notes :

- Figures in brackets represent cash outflow.
- 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 S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E

per Ravi Bansal  
Partner  
Membership No. 49365

Sanjeev Churiwala  
Chief Financial Officer

Rajiv Gandhi  
Company Secretary

N.S. Sekhsaria  
Chairman

Omkar Goswami  
Director

Shailesh Haribhakti  
Director

B. L. Taparia  
Director

For and on behalf of the Board

Rajendra P. Chitale  
Chairman-Audit Committee

Nasser Munjee  
Director

Haigreve Khaitan  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015

## Notes to Consolidated Financial Statements

### 1. Basis of Preparation of Consolidated Financial Statements :

- i. The consolidated financial statements have been prepared to comply in all material respects with the Accounting Standards notified by Companies (Accounting Standards) Rules, 2006 (as amended) and the relevant provisions of the Companies Act, 1956, read with General Circular No.8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs.
- ii. Consolidated financial statements are based on historical cost and are prepared on accrual basis.
- iii. The consolidated financial statements comprise the financial statements of Ambuja Cements Limited (the Company) and its subsidiaries. The Company and its subsidiaries constitute the Group. Reference in these notes to the 'Company' shall mean to include Ambuja Cements Limited and/or any of its subsidiaries, consolidated in these financial statements unless otherwise stated.
- iv. Accounting policies have been consistently applied by the Group and are consistent with those used in the previous year.
- v. 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 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.
- vi. Principles of Consolidations :
  - a. The Subsidiaries and Joint Ventures considered in the preparation of these consolidated financial statements are :

Name of the Company	Country of Incorporation	Holding as on		Financial year ended
		31.12.2014	31.12.2013	
<b>Subsidiary :</b>				
Kakinada Cements Limited	India	100.00%	100.00%	31.12.2014
M.G.T Cements Private Limited	India	99.99%	99.99%	31.12.2014
Chemical Limes Mundwa Private Limited	India	99.99%	99.99%	31.12.2014
Dang Cement Industries Private Limited	Nepal	91.63%	91.63%	16.07.2014
Dirk India Private Limited	India	100.00%	80.00%	31.03.2014
Dirk Pozzocrete (MP) Private Limited (a 100% subsidiary of Dirk India Private Limited)	India	*	80.00%	*
<b>Joint Venture :</b>				
Wardha Vaalley Coal Fields Private Limited	India	27.27%	27.27%	31.03.2014
Counto Microfine Products Private Limited	India	50.00%	50.00%	31.03.2014

\* Amalgamated with Dirk India Private Limited w.e.f. 1st April, 2013

- b. The consolidated financial statements of the Group have been prepared on the following basis :
  - i. The consolidated financial statements of the Group are prepared in accordance with Accounting Standard - 21 "Consolidated financial statements", Accounting Standard - 23 "Accounting for Investments in Associates in Consolidated financial statements" and Accounting Standard - 27 "Financial Reporting of Interests in Joint Ventures" as notified by Companies (Accounting Standards) Rules, 2006 (as amended), read with General Circular No.8/2014 dated 4th April 2014, issued by the Ministry of Corporate Affairs.
  - ii. The consolidated financial statements of the Company and its Subsidiary Companies have been consolidated on a line-by-line basis by adding together the book value of like items of assets, liabilities, income and expenses, after eliminating intra-group balances and intra-group transactions and unrealised profits or unrealised losses.
  - iii. The consolidated financial statements of the Company and its Joint Ventures have been consolidated using the proportionate consolidation method.
  - iv. In cases where the financial year of Subsidiary and Joint Venture Companies 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.
  - v. 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.
  - vi. The excess of cost of investment in the Subsidiary and Joint Venture Companies over the Company's portion of equity of the Subsidiary and Joint Venture at the date of investment made is recognised in the consolidated financial statements as goodwill. This goodwill is tested for impairment at the close of each financial year. The excess of Company's portion of equity of the Subsidiary and Joint Venture over the cost of the investment therein is treated as Capital Reserve.
  - vii. 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.

## Notes to Consolidated Financial Statements (Contd.)

### 2. Significant Accounting Policies :

#### a. Fixed Assets :

- i. Fixed Assets are stated at their original cost of acquisition / installation (net of Modvat / Cenvat credit availed), net of accumulated depreciation, amortisation and impairment losses, except freehold non-mining land which is carried at cost less impairment losses.
- ii. Capital work in progress is stated at the amount expended up to the date of Balance Sheet.
- iii. 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 Modvat / Cenvat.
- iv. 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.

#### b. Depreciation and Amortisation :

##### I. Tangible Assets :

- i. Premium on leasehold land is amortised over the period of lease.
- ii. Depreciation on assets, other than Vehicles and Captive Power Plant related assets consisting of Building and Plant & Machinery (CPP assets), is provided on the "Straight Line Method" in accordance with the provisions of Section 205(2)(b) of the Companies Act, 1956, and on Vehicles and CPP assets on the "Written Down Value Method" in accordance with the provisions of Section 205(2)(a) of the Companies Act, 1956, in the manner and at the rates specified in Schedule XIV to the Companies Act, 1956, except in respect of certain assets at higher rates consequent to management estimate of useful life.

Continuous process plants are identified based on technical assessment and depreciated at the specified rate as per Schedule XIV to the Companies Act, 1956.

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.

Depreciation on assets sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

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 capitalized, 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. 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.
- v. 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 agreement.
  - c) Expenditure on other fixed assets is depreciated at the rate of depreciation specified in Schedule XIV to the Companies Act, 1956.

##### 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.
- ii. Expenditure on Computer software is amortised on straight line method over the period of expected benefit not exceeding five 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 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 changes in circumstances.

#### d. Investments :

##### i. Recognition and Measurement

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. Presentation and Disclosure

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.

## Notes to Consolidated Financial Statements (Contd.)

### e. Inventories :

Inventories are valued as follows :

- i. Coal, fuel, packing materials, raw materials, stores and spares :

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 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 / Contingencies :

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 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. A contingent liability is disclosed, unless the possibility of an outflow of resources is remote.

### 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.

### 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.
- 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.

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.

### 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 when the contributions to the respective funds are due.

- 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.

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 as and when the contribution is due. 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. 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.

### 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.

## Notes to Consolidated Financial Statements (Contd.)

### I. 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 Section 78 of the Companies Act, 1956.
- 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.

### 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 :

- i. Identification of segments

The Company has only one business segment 'Cementitious Materials' as its primary segment. The analysis of geographical segments is based on the areas in which major operating divisions of the Company operate.

- ii. Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Company as a whole.

### p. Cash and Bank Balances :

- i. Cash and Bank balances in the Balance Sheet comprise cash at bank including fixed deposits, cheques in hand and cash on hand.
- ii. Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank, cash on hand and short-term investments 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. When the grant or subsidy relates to an expense item, it is recognised as income over the periods necessary to match them on a systematic basis to the costs, which it is intended to compensate.
- 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.

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>3. Share capital</b>		
<b>Authorised</b>		
2,500,000,000 (previous year - 2,500,000,000) Equity shares of ₹ 2 each .....	500.00	500.00
150,000,000 (previous year - 150,000,000) Preference shares of ₹ 10 each .....	150.00	150.00
Total.....	<u>650.00</u>	<u>650.00</u>
<b>Issued</b>		
1,550,072,306 (previous year - 1,546,186,806) Equity shares of ₹ 2 each fully paid-up...	<u>310.02</u>	<u>309.24</u>
<b>Subscribed and fully paid-up</b>		
1,549,745,786 (previous year - 1,545,860,286) Equity shares of ₹ 2 each fully paid-up...	<u>309.95</u>	<u>309.17</u>

### Additional information :

	As at 31.12.2014		As at 31.12.2013	
	No. of shares	₹ in crores	No. of shares	₹ in crores
<b>a) Reconciliation of equity shares outstanding</b>				
At the beginning of the year.....	1,545,860,286	309.17	1,542,184,436	308.44
Add : Issued against Employee Stock Option Schemes (ESOS).....	<u>3,885,500</u>	<u>0.78</u>	<u>3,675,850</u>	<u>0.73</u>
At the end of the year .....	<u>1,549,745,786</u>	<u>309.95</u>	<u>1,545,860,286</u>	<u>309.17</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, after distribution of all preferential amounts, in proportion to their shareholding.

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<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)		
629,638,433 (previous year - 629,638,433) Equity shares of ₹ 2 each fully paid-up.....	125.93	125.93
ii) Holcim (India) Private Limited (HIPL), a fellow subsidiary (Refer note 42)		
150,670,120 (previous year - 150,670,120) Equity shares of ₹ 2 each fully paid-up.....	30.13	30.13

	As at 31.12.2014		As at 31.12.2013	
	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).....	629,638,433	40.63%	629,638,433	40.73%
ii) Holcim (India) Private Limited (Refer note 42).....	150,670,120	9.72%	150,670,120	9.75%
iii) Life Insurance Corporation of India .....	100,206,061	6.47%	92,665,449	5.99%

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.

<b>e)</b> Outstanding employee stock options exercisable into 2,344,400 (previous year - 6,381,625) equity shares of ₹ 2 each fully paid-up (Refer note 33).	
<b>f)</b> 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.	



## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<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	5.13
Addition during the year .....	<u>0.15</u>	<u>-</u>
	<b>5.28</b>	5.13
b) Grant-in-aid subsidy from DANIDA.....	<u>0.12</u>	<u>0.12</u>
	<b>5.40</b>	5.25
<b>Capital reserve .....</b>	<b>132.35</b>	132.35
<b>Capital redemption reserve .....</b>	<b>9.93</b>	9.93
<b>Securities premium account :</b>		
Balance as per the last financial statements .....	1,423.92	1,382.33
Add : Employee stock options exercised during the year .....	41.77	36.07
Add : Transferred from employee stock options outstanding .....	<u>8.98</u>	<u>5.52</u>
	<b>1,474.67</b>	1,423.92
<b>Employee stock options outstanding :</b>		
Balance as per the last financial statements .....	18.27	23.86
Less : Transferred to securities premium account on exercise of employee stock options .....	8.98	5.52
Less : Transferred to general reserve on lapse of employee stock options.....	<u>0.05</u>	<u>0.07</u>
	<b>9.24</b>	18.27
<b>General Reserve :</b>		
Balance as per the last financial statements .....	6,037.23	5,887.16
Add : Transferred from surplus balance in the statement of profit and loss.....	150.00	150.00
Add : Transferred from employee stock options outstanding for lapsed employee stock options .....	<u>0.05</u>	<u>0.07</u>
	<b>6,187.28</b>	6,037.23
<b>Surplus in the statement of profit and loss :</b>		
Balance as per the last financial statements .....	1,525.77	1,048.09
Profit for the year .....	1,486.50	1,278.57
Less : Appropriations		
Interim equity dividend ₹ 1.80 per equity share (previous year ₹ 1.40 per equity share).....	(278.69)	(216.25)
Tax on interim equity dividend.....	(47.36)	(36.75)
Proposed final equity dividend ₹ 3.20 per equity share (previous year ₹ 2.20 per equity share) (Refer note 34).....	(495.92)	(340.09)
Tax on proposed final equity dividend.....	(99.15)	(57.80)
Transfer to general reserve .....	<u>(150.00)</u>	<u>(150.00)</u>
	<b>(1,071.12)</b>	(800.89)
	<b>1,941.15</b>	1,525.77
Total .....	<u><b>9,760.02</b></u>	<u>9,152.72</u>

## Notes to Consolidated Financial Statements (Contd.)

	Non-current		Current	
	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>5. Long-term borrowings</b>				
<b>Secured</b>				
Interest free loan from State Government* .....	5.86	5.86	-	-
Term loan from bank** .....	2.46	4.28	2.27	2.44
<b>Unsecured</b>				
Sales tax deferment loan*** .....	13.23	23.29	10.06	11.33
Total .....	21.55	33.43	12.33	13.77
Less : Amount disclosed under the head "Other current liabilities" (Refer note 10.2).....	-	-	(12.33)	(13.77)
Total .....	21.55	33.43	-	-
* Secured by bank guarantee and is repayable on 27th February 2020.				
** Term loans from bank carries floating interest @ 13% p.a.. The loan is secured against certain assets of a subsidiary, repayable in monthly installments of ₹ 0.10 crore upto March 2015.				
*** Sales tax deferment loan is interest free and payable in 10 annual installments starting from April 2007 to April 2016 of varying amounts from ₹ 1.52 crores to ₹ 13.23 crores.				
<b>6. Deferred tax liabilities (net)</b>			As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>Deferred tax liabilities, on account of :</b>				
Depreciation and amortisation .....			723.47	694.52
			723.47	694.52
<b>Deferred tax assets, on account of :</b>				
Employee benefits .....			32.43	27.73
Provision for slow and non moving spares .....			10.84	26.71
Expenditure debited in Statement of Profit & Loss but allowed for tax purposes in the following years			23.88	15.40
Others .....			67.28	60.36
			134.43	130.20
Deferred tax liabilities (net) .....			589.04	564.32
<b>7. Other long-term liabilities</b>				
Liability for capital expenditure.....			3.38	4.33
Others .....			5.84	13.25
Total .....			9.22	17.58

## Notes to Consolidated Financial Statements (Contd.)

	Long-term		Short-term	
	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>8. Provisions</b>				
<b>Provision for employee benefits</b>				
Provision for gratuity and staff benefit schemes .....	16.79	12.75	0.22	0.31
Provision for compensated absences.....	-	-	78.39	69.30
	<u>16.79</u>	<u>12.75</u>	<u>78.61</u>	<u>69.61</u>
<b>Other provisions</b>				
Provision for Income tax, net of advances .....	-	-	502.60	493.41
Provision for mines reclamation expenses* .....	16.52	12.78	-	2.57
Proposed equity dividend .....	-	-	495.92	340.09
Provision for tax on proposed equity dividend.....	-	-	99.15	57.80
	<u>16.52</u>	<u>12.78</u>	<u>1,097.67</u>	<u>893.87</u>
Total .....	<u>33.31</u>	<u>25.53</u>	<u>1,176.28</u>	<u>963.48</u>
			As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
* Movement during the year				
Opening balance .....			15.35	12.89
Add : Provision during the year.....			3.23	3.47
			<u>18.58</u>	<u>16.36</u>
Less : Utilisation during the year .....			(2.06)	(1.01)
Closing balance .....			<u>16.52</u>	<u>15.35</u>
Mines reclamation expenses are incurred on an ongoing basis and until the closure of mines. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.				
<b>9. Short-term borrowings</b>				
Secured cash credit facility.....			0.15	1.08
Total .....			<u>0.15</u>	<u>1.08</u>
<b>10. Trade payables and other current liabilities</b>				
<b>10.1 Trade payables</b>				
Trade payables (Refer note 36 for details of dues to micro and small enterprises).....			622.26	562.53
Total .....			<u>622.26</u>	<u>562.53</u>
<b>10.2 Other current liabilities</b>				
Current maturities of long-term borrowing (Refer note 5).....			12.33	13.77
Interest accrued but not due on Borrowings .....			0.05	0.07
Unclaimed dividends**.....			21.83	20.34
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACEL and ACRL** .....			2.56	2.62
Liability for capital expenditure.....			126.12	161.48
Security deposits .....			296.94	275.22
Interest payable .....			35.96	27.89
Advance received from customers .....			62.39	60.23
Statutory dues .....			249.26	211.17
Other Payables (including Rebates to customers, Employees dues, etc.).....			548.55	553.45
Total .....			<u>1,355.99</u>	<u>1,326.24</u>
Total .....			<u>1,978.25</u>	<u>1,888.77</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

₹ in crores

	Tangible assets							Intangible assets								
	Freehold non-mining land	Freehold 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, 2013.....	321.28	261.54	1,410.76	95.58	7,404.49	66.26	42.55	110.23	247.87	87.55	10,173.36	6.18	61.65	46.15	113.98	
Additions.....	17.83	102.39	1.93	187.18	-	356.38	11.69	3.12	18.65	0.85	9.81	-	-	-	-	
Deductions / transfers.....	1.27	0.76	-	5.31	-	45.73	-	0.86	6.63	-	7.62	-	-	-	-	
As at 31st December, 2013.....	337.84	363.17	1,27.18	1,592.63	95.58	7,715.14	77.95	44.81	122.25	248.72	89.74	6.18	61.65	46.15	113.98	
<b>Additions</b> .....	<b>10.98</b>	<b>39.77</b>	<b>8.89</b>	<b>127.35</b>	-	<b>473.06</b>	<b>6.20</b>	<b>2.89</b>	<b>15.39</b>	<b>0.28</b>	<b>6.16</b>	-	-	<b>1.22</b>	<b>1.22</b>	
<b>Deductions / transfers</b> .....	<b>2.24</b>	-	-	<b>0.38</b>	-	<b>70.66</b>	-	<b>0.42</b>	<b>9.78</b>	<b>0.07</b>	<b>4.02</b>	-	-	-	-	
<b>As at 31st December, 2014</b> .....	<b>346.58</b>	<b>402.94</b>	<b>136.07</b>	<b>1,719.60</b>	<b>95.58</b>	<b>8,117.54</b>	<b>84.15</b>	<b>47.28</b>	<b>127.86</b>	<b>248.93</b>	<b>91.88</b>	<b>6.18</b>	<b>61.65</b>	<b>47.37</b>	<b>115.20</b>	
<b>Depreciation / amortisation</b>																
Opening as on 1st January, 2013.....	-	31.23	15.47	275.46	59.73	3,631.02	32.92	26.03	64.88	94.89	37.97	5.79	61.17	-	66.96	
Charge for the year (e).....	-	5.14	1.78	39.29	3.82	403.80	3.48	2.17	11.79	10.78	11.74	0.02	0.15	-	0.17	
Deductions / transfers.....	-	0.23	-	1.49	-	33.51	-	0.66	5.51	-	6.88	-	-	-	-	
As at 31st December, 2013.....	-	36.14	17.25	313.26	63.55	4,001.31	36.40	27.54	71.16	105.67	42.83	5.81	61.32	-	67.13	
<b>Charge for the year (e)</b> .....	<b>-</b>	<b>0.88</b>	<b>2.96</b>	<b>55.11</b>	<b>3.82</b>	<b>408.49</b>	<b>3.64</b>	<b>2.50</b>	<b>14.39</b>	<b>10.80</b>	<b>10.32</b>	<b>0.02</b>	<b>0.10</b>	-	<b>0.12</b>	
<b>Deductions / Transfers</b> .....	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.10</b>	<b>-</b>	<b>58.98</b>	<b>-</b>	<b>0.23</b>	<b>8.71</b>	<b>0.06</b>	<b>3.21</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	
<b>As at 31st December, 2014</b> .....	<b>-</b>	<b>37.02</b>	<b>20.21</b>	<b>368.27</b>	<b>67.37</b>	<b>4,350.82</b>	<b>40.04</b>	<b>29.81</b>	<b>76.84</b>	<b>116.41</b>	<b>49.94</b>	<b>5.83</b>	<b>61.42</b>	<b>-</b>	<b>67.25</b>	
<b>Net carrying value</b>																
As at 31st December, 2013.....	337.84	327.03	109.93	1,279.37	32.03	3,713.83	41.55	17.27	51.09	143.05	46.91	0.37	0.33	46.15	46.85	
<b>As at 31st December, 2014</b> .....	<b>346.58</b>	<b>365.92</b>	<b>115.86</b>	<b>1,351.33</b>	<b>28.21</b>	<b>3,766.72</b>	<b>44.11</b>	<b>17.47</b>	<b>51.02</b>	<b>132.52</b>	<b>41.94</b>	<b>0.35</b>	<b>0.23</b>	<b>47.37</b>	<b>47.95</b>	

**Notes :**

- (a) Includes :
- i) Premises on ownership basis of ₹ 101.84 crores (previous year ₹ 101.10 crores) and ₹ 16.20 crores (previous year ₹ 13.12 crores) being the depreciation thereon upto 31st December, 2014 and cost of shares in co-operative societies are ₹ 12,630 (previous year ₹ 12,630).
  - ii) ₹ 27.47 crores (previous year ₹ 23.54 crores) being cost of roads constructed by the Company, the ownership of which vests with the Government / Local Authorities and ₹ 3.41 crores (previous year ₹ 2.73 crores) being the depreciation thereon upto 31st December, 2014.
- (b) Cost incurred by the Company, ownership of which vests with the State Maritime Boards.
- (c) i) Includes ₹ 41.84 crores (previous year ₹ 38.38 crores) being cost of bulkers and tippers used as material handling equipment, which are being depreciated under the 'written down value method' at the rate applicable to vehicles and ₹ 30.82 crores (previous year ₹ 29.35 crores) being the depreciation thereon upto 31st December, 2014.
- ii) Includes ₹ 6.43 crores (previous year ₹ 6.43 crores) being cost of railway wagons given on lease to the railway under 'Own Your Wagon Scheme' and ₹ 5.45 crores (previous year ₹ 5.15 crores) being the depreciation thereon upto 31st December, 2014.
- iii) Includes ₹ 100.57 crores (previous year ₹ 101.74 crores) being cost of power lines by the Company, the ownership of which vests with the State Electricity Boards and ₹ 28.03 crores (previous year ₹ 24.09 crores) being the depreciation thereon upto 31st December, 2014.

(d) Includes ₹ 18.10 crores (previous year ₹ 12.18 crores) being cost of railway sidings constructed by the Company, the ownership of which vests with the Railway authorities and ₹ 4.59 crores (previous year ₹ 3.88 crores) being the depreciation thereon upto 31st December, 2014.

(e) i) Includes ₹ Nil (previous year ₹ 0.30 crore) capitalised as pre-operative expenses.
- ii) For the year ended 31st December, 2013, includes a credit of ₹ 10.84 crores in respect of earlier years.



## Notes to Consolidated Financial Statements (Contd.)

	Non-current		Current	
	As at	As at	As at	As at
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	₹ in crores	₹ in crores	₹ in crores	₹ in crores
<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.....	-	-	1.74	0.37
Unsecured, considered good .....	-	-	2.20	5.66
Unsecured, considered doubtful.....	-	-	6.30	6.21
	-	-	10.24	12.24
Less : Provision for doubtful receivables.....	-	-	(6.30)	(6.21)
	-	-	3.94	6.03
<b>Others</b>				
Secured, considered good.....	-	-	71.64	104.28
Unsecured, considered good .....	-	-	156.07	124.82
	-	-	227.71	229.10
Total .....	-	-	231.65	235.13
<b>14.2 Other assets</b>				
<b>Unsecured, considered good</b>				
Incentives receivable under Government incentive schemes	271.28	235.07	6.48	30.11
Non-current bank balance (Refer note 17) .....	20.84	12.86	-	-
Interest accrued on fixed deposit .....	-	-	28.92	20.39
Interest accrued on investments.....	-	-	1.11	1.02
Assets awaiting disposal (lower of carrying value and net realisable value).....	-	-	1.08	0.69
Others .....	-	-	3.99	3.26
	292.12	247.93	41.58	55.47
<b>Unsecured, considered doubtful</b>				
Incentives receivable under Government incentive schemes	31.84	31.84	-	-
Less : Provision .....	(31.84)	(31.84)	-	-
	-	-	-	-
Total .....	292.12	247.93	41.58	55.47
			As at	As at
			31.12.2014	31.12.2013
			₹ in crores	₹ in crores
<b>15. Current investments</b>				
<b>(Valued at lower of cost and fair value, unless stated otherwise)</b>				
<b>Unquoted</b>				
In units of mutual funds, fully paid-up .....			2,067.00	1,683.94
Total.....			2,067.00	1,683.94
<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 ₹ 0.92 crore; previous year ₹ 0.70 crore).....			63.50	54.61
Work-in-progress .....			225.83	223.53
Finished goods.....			87.22	106.35
Stock in trade (including in transit ₹ Nil; previous year ₹ 0.36 crore).....			0.97	0.36
Stores and spares (including in transit ₹ 5.01 crores; previous year ₹ 7.34 crores).....			175.10	203.51
Coal and fuel (including in transit ₹ 14.11 crores; previous year ₹ 24.23 crores).....			320.71	333.81
Packing materials (including in transit ₹ 0.23 crore; previous year ₹ Nil).....			16.64	14.24
Total .....			889.97	936.41

## Notes to Consolidated Financial Statements (Contd.)

	Non-current		Current	
	As at	As at	As at	As at
	31.12.2014	31.12.2013	31.12.2014	31.12.2013
	₹ in crores	₹ in crores	₹ in crores	₹ in crores
<b>17. Cash and bank balances</b>				
<b>Cash and cash equivalents :</b>				
Balances with bank :				
In current accounts .....	-	-	137.97	139.18
Deposit with original maturity upto 3 months.....	-	-	2,133.25	2,012.50
	-	-	2,271.22	2,151.68
Cash on hand .....	-	-	0.26	0.29
Remittance in transit .....	-	-	-	5.69
Earmarked balances with banks .....	-	-	24.39	22.96
	-	-	2,295.87	2,180.62
<b>Other bank balances :</b>				
Fixed deposit with banks *				
Original maturity more than 3 months and upto 12 months	-	-	166.41	164.36
Original maturity more than 12 months.....	20.84	12.86	-	-
	20.84	12.86	166.41	164.36
Less : Amount disclosed under non-current asset (Refer note 14.2).....	(20.84)	(12.86)	-	-
	-	-	166.41	164.36
Total .....	-	-	2,462.28	2,344.98
* Given as security against bank guarantees and others.				
			2014	2013
			₹ in crores	₹ in crores
<b>18. Other operating revenues</b>				
Sale of Power .....			0.21	2.25
Provisions no longer required .....			8.20	30.94
Sale of scrap (net of excise duty) .....			23.53	26.89
Insurance Claims .....			7.32	13.91
Miscellaneous income .....			29.87	21.76
Total .....			69.13	95.75
<b>19. Other income</b>				
Interest income on :				
Bank deposits .....		218.57		208.23
Long-term investments .....		1.52		1.52
Income tax refund .....		1.94		1.25
Others .....		4.53		4.58
			226.56	215.58
Profit on sale of Current investments .....			92.45	111.39
Dividend from Mutual Fund .....			59.58	-
Others (Refer note 40 (a)) .....			45.74	48.24
Total .....			424.33	375.21



## Notes to Consolidated Financial Statements (Contd.)

	2014	2013
₹ in crores	₹ in crores	₹ in crores
<b>20. Cost of raw material consumed (Refer note 38 and 39)</b>		
Opening stock .....	54.61	54.29
Add : purchases.....	808.79	697.88
Less : closing stock.....	63.50	54.61
Total .....	<u>799.90</u>	<u>697.56</u>
<b>Break-up of raw materials consumed</b>		
Fly ash .....	339.75	315.66
Gypsum .....	237.14	207.58
Others .....	223.01	174.32
Total .....	<u>799.90</u>	<u>697.56</u>
<b>21. Changes in inventories of finished goods, work-in-progress and stock-in-trade</b>		
Closing stock :		
Work-in-progress .....	225.83	223.53
Finished goods.....	87.22	106.35
Stock-in-Trade .....	0.97	0.36
	<u>314.02</u>	<u>330.24</u>
Opening stock :		
Work-in-progress .....	223.53	303.04
Finished goods.....	106.35	145.49
Stock-in-Trade .....	0.36	-
	<u>330.24</u>	<u>448.53</u>
Decrease .....	<u>16.22</u>	<u>118.29</u>
<b>22. Employee benefits expense</b>		
Salaries and wages.....	494.00	436.76
Contribution to provident and other funds .....	53.31	36.35
Staff welfare expenses .....	39.02	35.36
Total .....	<u>586.33</u>	<u>508.47</u>
<b>23. Freight and forwarding expenses (Refer note 38)</b>		
On internal material transfer.....	579.95	544.91
On finished products.....	1,863.55	1,751.39
Total .....	<u>2,443.50</u>	<u>2,296.30</u>
<b>24. Finance costs</b>		
Interest :		
Finance Charges .....	0.17	3.01
On Income tax (net of interest income on refund ₹ 31.65 crores; previous year ₹ 31.33 crores) .....	24.58	32.12
Others .....	40.80	31.62
Total .....	<u>65.55</u>	<u>66.75</u>

## Notes to Consolidated Financial Statements (Contd.)

	2014	2013
₹ in crores	₹ in crores	₹ in crores
<b>25. Depreciation and amortisation expense</b>		
Depreciation on tangible assets .....	<b>512.91</b>	493.50
Amortisation on intangible assets .....	<b>0.12</b>	0.17
Total .....	<b>513.03</b>	493.67
<b>26. Other expenses</b>		
Royalty and cess .....	<b>153.26</b>	133.38
Stores and spares consumed (Refer note 39) .....	<b>314.24</b>	310.61
Packing materials consumed.....	<b>417.91</b>	380.51
Repairs and maintenance :		
Building .....	<b>8.68</b>	6.12
Plant and machinery .....	<b>150.83</b>	154.00
Others .....	<b>18.90</b>	16.71
	<b>178.41</b>	176.83
Excise duty :		
Excise duty on captive consumption of clinker .....	<b>26.15</b>	24.81
Excise duty variation on opening / closing stock .....	<b>(4.00)</b>	(9.33)
	<b>22.15</b>	15.48
Rent (Refer note 37) .....	<b>29.81</b>	34.06
Rates and taxes .....	<b>97.70</b>	85.00
Insurance .....	<b>18.79</b>	21.00
Technology and Know-How fee .....	<b>97.12</b>	90.20
Advertisement and publicity .....	<b>87.28</b>	89.00
Discount on sales .....	<b>44.33</b>	45.00
Donation .....	<b>33.06</b>	52.57
Loss on assets sold, discarded and written off (net).....	<b>5.35</b>	9.84
Miscellaneous expenses*.....	<b>424.85</b>	422.74
Total .....	<b>1,924.26</b>	1,866.22
*Miscellaneous expenses include payment to auditors (excluding service tax)		
Statutory auditor		
as auditor .....	<b>2.68</b>	2.23
for other services .....	<b>0.04</b>	0.48
for reimbursement of expenses.....	<b>0.09</b>	0.09
	<b>2.81</b>	2.80
Cost auditor		
as auditor.....	<b>0.06</b>	0.06
for reimbursement of expenses.....	<b>0.02</b>	0.01
	<b>0.08</b>	0.07
Total .....	<b>2.89</b>	2.87

## Notes to Consolidated Financial Statements (Contd.)

	2014 ₹ in crores	2013 ₹ in crores
<b>27. Earnings per equity share (EPS) :</b>		
(i) Profit attributable to equity shareholders for basic and diluted EPS .....	<b>1,486.50</b>	1,278.57
	<b>Nos.</b>	<b>Nos.</b>
(ii) Weighted average number of equity shares for basic EPS .....	<b>1,547,458,221</b>	1,543,837,913
Add : Potential equity shares on exercise of option of ESOS .....	<b>1,067,470</b>	2,448,827
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992 .....	<b>283,818</b>	275,514
Weighted average number of shares for diluted EPS .....	<b>1,548,809,509</b>	1,546,562,254
	<b>₹</b>	<b>₹</b>
(iii) Nominal value of equity share .....	<b>2.00</b>	2.00
(iv) Earnings per equity share		
Basic .....	<b>9.61</b>	8.28
Diluted .....	<b>9.60</b>	8.27

### 28. Segment reporting :

The Company has only one business segment 'Cementitious Materials' as primary segment. The secondary segment is geographical, which is given as under :

a) Revenue from operations		
i) Sale of products (Net of excise duty)		
Within India .....	<b>9,879.84</b>	9,038.40
Outside India .....	<b>50.70</b>	71.48
Total .....	<b>9,930.54</b>	9,109.88
ii) Other operating revenues		
Within India .....	<b>67.89</b>	95.57
Outside India .....	<b>1.24</b>	0.18
Total .....	<b>69.13</b>	95.75

b) All the assets of the Company, except ₹ 14.70 crores (previous year ₹ 41.55 crores), are within India.

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<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.....	20.74	21.74
(ii) Land.....	58.86	60.30
(iii) Royalty on Limestone <sup>1</sup> .....	119.97	102.87
(iv) Sales tax <sup>2</sup> .....	266.27	19.63
(v) Excise and Customs.....	67.94	59.55
(vi) Demand from Competition Commission of India <sup>3</sup> .....	1,163.91	1,163.91
(vii) Others .....	143.74	119.34
* 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 tonne of cement produced at its factory in Chhattisgarh. The Company holds the view that the payment of royalty on limestone is correctly made based on the actual quantity of limestone extracted from the mining area. The matter is pending before the Hon'ble High Court of Bilaspur.		
2 Includes a matter relating to 75% exemption from sales tax granted by Government of Rajasthan (GOR). However, the eligibility of exemption in excess of 25% was contested by the State Government in a similar matter of another Company. In the current year, 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 crores (including interest of ₹ 134.45 crores), the Company has deposited an amount of ₹ 123.52 crores towards sales tax under protest and filed a Special Leave Petition in the Supreme Court with one of the grounds that the tax exemption was availed by virtue of the order passed by the Board for Industrial & Financial Reconstruction (BIFR) during the relevant period. Subsequent to the balance sheet date, on Company's petition, the Hon'ble Supreme Court has granted an interim stay on interest, subject to deposit of ₹ 20 crores. 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 The Competition Commission of India issued an Order dated 20th June, 2012, 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 ₹ 1163.91 crores on the Company. The Company had filed an appeal against the said Order with the Competition Appellate Tribunal (COMPAT). Pending final disposal of the appeal, the Hon'ble Tribunal, vide its order dated 17th May, 2013, has stayed the penalty with a condition to deposit 10% of the penalty amount, which has been deposited in the form of bank fixed deposit with lien in favour of COMPAT. The fixed deposit has been renewed along with interest of ₹ 14.71 crores. 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.		
<b>(II) Guarantee given on behalf of joint venture company.....</b>	<b>7.14</b>	<b>6.60</b>
<b>(III) Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) .....	<b>419.82</b>	<b>647.73</b>
<b>30. Material Demand and dispute considered as "remote" by the Company</b>		
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 is manufacturing & using a product covered under the negative list and raised a demand of ₹ 66.94 crores (previous year ₹ 66.94 crores). The Company has filed a writ in the High Court of Himachal Pradesh against the demand which has been admitted and arguments completed. The company believes its case is strong and the demand shall not sustain under law.		

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure

#### 1 Name of related parties

##### (A) Name of the related parties where control exists

	Nature of Relationship
(I) Holcim Limited, Switzerland.....	Ultimate Holding Company
(II) Holderfin BV, Netherlands .....	Intermediate Holding Company
(III) Holderind Investments Limited, Mauritius.....	Holding Company

##### (B) Others-with whom transactions have taken place during the year

##### (I) Name of other related parties

	Nature of Relationship
(a) ACC Limited.....	Fellow Subsidiary
(b) Holcim (India) Private Limited (Refer note 41).....	Fellow Subsidiary
(c) Holcim (Lanka) Limited, Sri Lanka.....	Fellow Subsidiary
(d) Holcim Group Services Limited, Switzerland .....	Fellow Subsidiary
(e) Holcim Technology Limited, Switzerland.....	Fellow Subsidiary
(f) Holcim Philippines, Inc., Philippines .....	Fellow Subsidiary
(g) Holcim Services (South Asia) Limited .....	Fellow Subsidiary
(h) Holcim Services (Asia) Limited, Thailand.....	Fellow Subsidiary
(i) Holcim Trading FZCO, UAE.....	Fellow Subsidiary
(j) Holcim Trading Pte Limited, Singapore.....	Fellow Subsidiary
(k) PT Holcim Indonesia Tbk., Indonesia.....	Fellow Subsidiary
(l) Holcim Cement (Bangladesh) Limited, Bangladesh .....	Fellow Subsidiary
(m) Holcim (Romania) S.A., Romania .....	Fellow Subsidiary
(n) Siam City Cement Public Company Limited, Thailand.....	Joint Venture of Fellow Subsidiary
(o) Akash Manufacturing Company Private Limited .....	Associate of Fellow Subsidiary

##### (II) Key Management Personnel

##### Name of the related parties

	Nature of Relationship
(a) Mr. Ajay Kapur .....	Managing Director & Chief Executive Officer (w.e.f. 25th April, 2014) Deputy Managing Director & Chief Executive Officer (w.e.f. 1st August, 2013)
(b) Mr. Onne van der Weijde .....	Managing Director (upto 24th April, 2014)

#### 2 Details of related party transactions

Sr. Description No.	2014 ₹ in crores	2013 ₹ in crores
<b>A) Transactions with fellow subsidiaries and their joint ventures</b>		
1 Purchase of goods		
ACC Limited .....	47.97	20.27
Holcim Trading FZCO, UAE .....	-	2.34
Holcim Technology Limited, Switzerland .....	0.04	-
Holcim Trading Pte Limited, Singapore .....	73.09	3.62
	<u>121.10</u>	<u>26.23</u>
2 Sale of goods		
ACC Limited .....	178.29	24.01
Holcim Trading Pte Limited, Singapore .....	37.85	55.86
Akash Manufacturing Company Private Limited .....	2.05	2.99
Holcim Philippines, Inc., Philippines .....	0.05	0.02
PT Holcim Indonesia Tbk., Indonesia .....	0.36	0.06
	<u>218.60</u>	<u>82.94</u>
3 Sale of fixed assets		
ACC Limited .....	-	3.79

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure : (Contd.)

#### 2 Details of related party transactions (Contd.)

Sr. Description No.	2014 ₹ in crores	2013 ₹ in crores
<b>A) Transactions with fellow subsidiaries and their joint ventures (Contd.)</b>		
4 Rendering of services		
ACC Limited .....	10.09	0.65
PT Holcim Indonesia Tbk., Indonesia .....	-	0.01
Holcim Services (South Asia) Limited .....	0.47	-
Holcim Cement (Bangladesh) Limited, Bangladesh .....	0.46	0.28
	<b>11.02</b>	<b>0.94</b>
5 Receiving of services		
ACC Limited .....	17.62	5.61
Holcim Group Services Limited, Switzerland.....	1.67	2.72
Holcim Technology Limited, Switzerland .....	97.11	90.20
Holcim Services (Asia) Limited, Thailand.....	-	0.05
Holcim Services (South Asia) Limited .....	56.67	35.28
Holcim Trading Pte Limited, Singapore .....	3.20	5.35
Siam City Cement Public Company Limited, Thailand .....	-	0.01
PT Holcim Indonesia Tbk., Indonesia .....	0.05	0.05
	<b>176.32</b>	<b>139.27</b>
6 Interest charged		
Holcim (Lanka) Limited, Sri Lanka .....	-	0.01
7 Dividend paid		
Holcim (India) Private Limited.....	60.27	54.24
8 Other recoveries		
ACC Limited .....	0.43	0.01
Holcim (Lanka) Limited, Sri Lanka .....	0.17	0.20
Siam City Cement Public Company Limited, Thailand .....	0.03	-
Holcim Technology Limited, Switzerland .....	-	0.55
	<b>0.63</b>	<b>0.76</b>
9 Other payments		
Holcim Trading FZCO, UAE .....	-	0.01
Holcim (Lanka) Limited, Sri Lanka .....	-	0.02
ACC Limited .....	0.01	-
	<b>0.01</b>	<b>0.03</b>
10 Amount receivable at the year end		
ACC Limited .....	16.48	8.73
Holcim (Lanka) Limited, Sri Lanka .....	0.17	0.20
Holcim Trading Pte Limited, Singapore .....	-	4.12
Holcim Cement (Bangladesh) Limited, Bangladesh .....	0.74	0.28
Holcim Philippines, Inc., Philippines .....	-	0.02
PT Holcim Indonesia Tbk., Indonesia .....	0.13	0.01
	<b>17.52</b>	<b>13.36</b>
11 Amounts payable at the year end		
ACC Limited .....	10.16	0.96
Holcim Technology Limited, Switzerland .....	20.58	19.44
Holcim Group Services Limited, Switzerland.....	-	1.45
Holcim Philippines, Inc., Philippines .....	0.02	0.02
Holcim Services (Asia) Limited, Thailand.....	-	0.05
Holcim Services (South Asia) Limited .....	6.10	4.13
Holcim Trading FZCO, UAE .....	0.16	0.39
Holcim Trading Pte Limited, Singapore .....	3.18	0.08
Siam City Cement Public Company Limited, Thailand .....	-	0.01
Holcim (Romania) S.A., Romania.....	0.03	-
PT Holcim Indonesia Tbk., Indonesia .....	0.04	0.05
	<b>40.27</b>	<b>26.58</b>

## Notes to Consolidated Financial Statements (Contd.)

### 31. Related party disclosure : (Contd.)

#### 2 Details of related party transactions (Contd.)

Sr. Description No.	2014 ₹ in crores	2013 ₹ in crores
<b>B) Transactions with Holding companies</b>		
1 Dividend paid		
Holderind Investments Limited, Mauritius.....	251.86	226.67
<b>C) Transactions with joint ventures</b>		
1 Purchase of goods		
Counto Microfine Products Private Limited.....	-	0.01
2 Interest charged		
Wardha Vaalley Coal Field Private Limited.....	0.04	-
3 Equity contribution		
Wardha Vaalley Coal Field Private Limited.....	-	0.15
4 Guarantees given outstanding at the year end		
Wardha Vaalley Coal Field Private Limited.....	7.14	6.60
5 Inter corporate deposits and loans given		
Wardha Vaalley Coal Field Private Limited.....	0.39	-
6 Inter corporate deposits and loans outstanding at the year end		
Wardha Vaalley Coal Field Private Limited.....	0.39	-
7 Amount receivable at the year end		
Wardha Vaalley Coal Field Private Limited.....	0.04	0.15
<b>D) Transactions with key management personnel</b>		
1 Remuneration		
Mr. Onne van der Weijde.....	1.65	3.84
Mr. Ajay Kapur.....	5.52	2.32
	<u>7.17</u>	<u>6.16</u>
2 Amounts payable at the year end		
Mr. Onne van der Weijde.....	-	0.79
Mr. Ajay Kapur.....	0.97	0.75
	<u>0.97</u>	<u>1.54</u>

#### Notes :

- 1 Related party relationship is as identified by the Company on the basis of available information.
- 2 The Company carries its Corporate Social Responsibility (CSR) activities through Ambuja Cement Foundation (ACF) and runs schools at plant locations through Ambuja Vidya Niketan Trust (AVN), a charitable organisation registered under Bombay Public Trust Act, 1950. The Company has contributed ₹ 31.39 crores (previous year ₹ 32.50 crores) to ACF and ₹ 1.06 crores (previous year ₹ 5.70 crores) to AVN during the current year.

### 32. Gratuity and other post-employment benefit plans :

#### a) Defined Contribution Plans

The Company has recognised expenses towards the defined contribution plans as under :

	2014 ₹ in crores	2013 ₹ in crores
Contribution to superannuation fund.....	10.41	9.28
Contribution to employees' provident fund organisation.....	18.16	17.19
Others.....	0.19	0.15
Total.....	<u>28.76</u>	<u>26.62</u>

#### b) Defined benefit plans - as per actuarial valuation

The Company has defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service.

The Company also provides certain additional post-employment healthcare benefits to senior employees.



## Notes to Consolidated Financial Statements (Contd.)

### 32. Gratuity and other post-employment benefit plans : (Contd.)

#### b) Defined benefit plans - as per actuarial valuation (Contd.)

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 :

		2014				2013			
Particulars	Gratuity		Death and Disability Scheme Non Funded	Post Retirement Medical Benefits Non Funded	Gratuity		Death and Disability Scheme Non Funded	Post Retirement Medical Benefits Non Funded	
	Funded	Non Funded			Funded	Non Funded			
<b>₹ in crores</b>									
I	Expense recognised in the financial statement								
1	Current service Cost.....	8.17	0.14	0.02	0.56	7.94	0.18	0.02	0.59
2	Interest cost.....	8.66	0.12	0.02	0.81	7.46	0.13	0.02	0.69
3	Past service cost.....	-	-	-	0.95	-	-	-	-
4	Expected return on plan assets.....	(8.05)	-	-	-	(8.01)	-	-	-
5	Actuarial (gains)/ losses.....	6.03	(0.01)	(0.03)	2.30	(4.66)	(0.43)	(0.09)	(0.86)
6	Total expenses.....	14.78	0.25	0.01	4.61	2.71	(0.12)	(0.05)	0.41
7	Total expenses - Capitalised.....	0.03	-	-	0.01	0.02	-	-	0.01
II	Net Asset / (Liability) recognised in the Balance Sheet								
1	Present value of defined benefit obligation.....	116.79	1.36	0.24	13.27	97.46	1.33	0.23	8.74
2	Fair value of plan assets.....	117.93	-	-	-	94.73	-	-	-
3	Funded status [surplus / (deficit)].....	1.14	(1.36)	(0.24)	(13.27)	(2.73)	(1.33)	(0.23)	(8.74)
4	Net asset / (liability).....	1.14	(1.36)	(0.24)	(13.27)	(2.73)	(1.33)	(0.23)	(8.74)
III	Change in obligation during the year								
1	Present value of defined benefit obligation at the beginning of the year.....	97.46	1.33	0.23	8.74	95.09	1.53	0.28	8.38
2	Current service cost.....	8.17	0.14	0.02	0.56	7.94	0.18	0.02	0.59
3	Interest cost.....	8.66	0.12	0.02	0.81	7.46	0.13	0.02	0.69
4	Past service cost.....	-	-	-	0.95	-	-	-	-
5	Actuarial (gains) / losses.....	9.32	(0.01)	(0.03)	2.30	(5.21)	(0.43)	(0.09)	(0.86)
6	Benefits payments.....	(6.82)	(0.22)	-	(0.09)	(7.82)	(0.08)	-	(0.06)
7	Present value of defined benefit obligation at the end of the year.....	116.79	1.36	0.24	13.27	97.46	1.33	0.23	8.74
IV	Change in assets during the year								
1	Plan assets at the beginning of the year.....	94.73	-	-	-	95.09	-	-	-
2	Expected return on plan assets.....	8.05	-	-	-	8.01	-	-	-
3	Contribution by employer.....	18.68	-	-	-	-	-	-	-
4	Actual benefit paid.....	(6.82)	-	-	-	(7.82)	-	-	-
5	Actuarial gains / (losses).....	3.29	-	-	-	(0.55)	-	-	-
6	Plan assets at the end of the year.....	117.93	-	-	-	94.73	-	-	-
7	Actual return on plan assets.....	11.34	-	-	-	7.46	-	-	-
V	Expected contribution to gratuity fund in the next year	7.50	-	-	-	7.50	-	-	-
VI	Effect of one percentage point change in the assumed medical inflation rate :								
	1% Increase on aggregate service and interest cost.....	-	-	-	0.17	-	-	-	0.17
	1% Decrease on aggregate service and interest cost.....	-	-	-	(0.17)	-	-	-	(0.17)
	1% Increase on present value of defined benefit obligation.....	-	-	-	1.40	-	-	-	1.06
	1% Decrease on present value of defined benefit obligation.....	-	-	-	(1.46)	-	-	-	(1.05)
VII	Qualifying insurance policy with Life Insurance Corporation of India.....	100%	-	-	-	100%	-	-	-

## Notes to Consolidated Financial Statements (Contd.)

### 32. Gratuity and other post-employment benefit plans : (Contd.)

b) Defined benefit plans - as per actuarial valuation (Contd.)

	As at 31.12.2014	As at 31.12.2013
VIII Actuarial assumptions :		
1 Discount rate.....	<b>8.00% p.a.</b>	9.30% p.a.
2 Expected rate of return on plan assets.....	<b>8.50% p.a.</b>	8.50% p.a.
3 Mortality.....	<b>LIC (2006-08) mortality tables</b>	LIC (2006-08) mortality tables
4 Turnover rate .....	<b>Age 21-44 - 2%, Age 45 -57 - 1%</b>	Age 21-44 - 2%, Age 45 -57 - 1%
5 Medical premium inflation.....	<b>12% p.a. in the first 5 years and 8% thereafter</b>	12% p.a. in the first 5 years and 8% thereafter
6 Salary escalation.....	<b>7% p.a.</b>	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.

XI Amount for the current and previous four years are as follows :

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores	As at 31.12.2012 ₹ in crores	As at 31.12.2011 ₹ in crores	As at 31.12.2010 ₹ in crores
<b>i) Gratuity - funded</b>					
Defined benefit obligation .....	<b>116.79</b>	97.46	95.09	77.91	65.10
Plan assets .....	<b>117.93</b>	94.73	95.09	79.61	67.14
Surplus / (deficit) .....	<b>1.14</b>	(2.73)	-	1.70	2.04
Experience adjustments on plan assets .....	<b>(0.26)</b>	(0.55)	0.55	3.86	(0.17)
Experience adjustments on plan liabilities.....	<b>(8.72)</b>	3.64	6.15	7.46	3.50
<b>ii) Gratuity - Non funded</b>					
Defined benefit obligation .....	<b>1.36</b>	1.33	1.53	1.26	0.64
Surplus / (deficit) .....	<b>(1.36)</b>	(1.33)	(1.53)	(1.26)	(0.64)
Experience adjustments on plan liabilities.....	<b>0.04</b>	0.34	(0.06)	(0.13)	0.08
<b>iii) Death and disability scheme (shipping staff)</b>					
Defined benefit obligation .....	<b>0.24</b>	0.23	0.28	0.27	0.28
Surplus / (deficit) .....	<b>(0.24)</b>	(0.23)	(0.28)	(0.27)	(0.28)
Experience adjustments on plan liabilities.....	<b>0.06</b>	(0.05)	(0.04)	(0.06)	(0.03)
<b>iv) Post retirement medical benefit (PRMB)</b>					
Defined benefit obligation .....	<b>13.27</b>	8.74	8.38	6.39	4.85
Surplus / (deficit) .....	<b>(13.27)</b>	(8.74)	(8.38)	(6.39)	(4.85)
Experience adjustments on plan liabilities.....	<b>0.25</b>	0.32	0.27	0.92	(0.40)

c) Amount recognised as expense in respect of compensated absences is ₹ 20.36 crores (previous year ₹ 8.15 crores).

d) Provident fund managed by a trust set up by the Company.

The Company has contributed ₹ 7.34 crores (previous year ₹ 7.16 crores) towards provident fund liability. Deficit of ₹ 2.13 crores (previous year ₹ Nil) in the accumulated corpus fund is recognised in the Statement of profit and loss.

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
Details of the fund and asset position :		
Plan assets at the year end, at fair value .....	<b>97.25</b>	89.89
Present value of benefit obligation at year end.....	<b>99.38</b>	88.58
Net Liability / (Asset)* .....	<b>2.13</b>	(1.31)
Assumption used in determining the present value obligation of the interest rate guarantee under the deterministic approach		
Discount rate .....	<b>8.00%</b>	9.30%
Interest rate guarantee .....	<b>8.75%</b>	8.50%
Expected rate of return of assets .....	<b>8.84%</b>	9.18%

\* Only liability is recognised in the books.

## Notes to Consolidated Financial Statements (Contd.)

### 33. Employee stock option schemes :

- a) The Company has provided various share based payments to its employees. During the year, following schemes were in operation :

Particulars	2007*	2008 #	2009	2010
a) Date of grant .....	07.06.2007	01.07.2008	19.06.2009	22.04.2010
b) Date of Board approval .....	11.01.2007	01.07.2008	06.02.2009	04.02.2010
c) Date of Shareholders approval .....	26.03.2007	22.04.2008	06.04.2009	05.04.2010
d) Number of options granted .....	7,497,900	7,498,150	7,499,600	9,998,900
e) Method of settlement (cash / equity) .....	Equity	Equity	Equity	Equity
f) Vesting period from the date of grant .....	1 year	1 year	1 year	1 year
g) Exercise period from the date of vesting .....	4 years	4 years	4 years	4 years

\* Includes 111,150 options in tranche 2 granted on 1st July 2008 @ ₹ 82 per option.

# Includes 113,850 options in tranche 2 granted on 19th June 2009 @ ₹ 96 per option.

- b) The details of activity under the ESOS are as below :

Particulars	2014		2013	
	Number of shares	Weighted average exercise price (₹)	Number of shares	Weighted average exercise price (₹)
a) Outstanding at the beginning of the year .....	6,381,625	112.72	10,165,025	107.91
b) Forfeited during the year .....	18,650	113.14	19,250	116.85
c) Exercised during the year .....	3,885,500	109.50	3,675,850	100.13
d) Expired during the year .....	133,075	96.00	88,300	82.00
e) Outstanding at the end of the year .....	2,344,400	119.00	6,381,625	112.72
f) Exercisable at the end of the year .....	2,344,400	119.00	6,381,625	112.72
g) Weighted average remaining contractual life (in years) ...	0.30	-	1.07	-

The weighted average share price at the date of exercise for stock options was ₹ 208.29 (previous year ₹ 179.36)

The weighted average share price for the period over which stock option were exercised was ₹ 205.45 (previous year ₹ 185.01)

- c) The details of exercise price for stock options outstanding at the year end :

Employee stock option schemes	As at 31.12.2014			As at 31.12.2013		
	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share) (₹)	Number of options outstanding	Weighted average remaining contractual life of options (in years)	Weighted average exercise price (nominal value of ₹ 2 per share) (₹)
2008 - Tranche 2 .....	-	-	-	31,475	0.46	96.00
2009 .....	-	-	-	1,710,500	0.46	96.00
2010 .....	2,344,400	0.30	119.00	4,639,650	1.30	119.00

- d) Effect of the employee share based payment plans on the statement of profit and loss and on its financial position :

Particulars	2014 ₹ in crores	2013 ₹ in crores
Liability for employee stock options outstanding at year end .....	9.24	18.27

- e) Expenses on employee stock option scheme exclude cost relating to shares granted to the employees of the Company by Holcim Limited, Switzerland, the ultimate holding company.

## Notes to Consolidated Financial Statements (Contd.)

	As at 31.12.2014 ₹ in crores	As at 31.12.2013 ₹ in crores
<b>34. Proposed Dividend :</b>		
The final dividend proposed for the year is as follows :		
On Equity Shares of ₹ 2 each		
Amount of dividend proposed .....	<b>495.92</b>	340.09
Dividend per Equity Share (₹) .....	<b>3.20</b>	2.20

### 35. Unhedged foreign currency exposure :

Particulars	As at 31.12.2014		As at 31.12.2013	
	Foreign Currency	₹ in crores	Foreign Currency	₹ in crores
1 Trade payables and other liabilities				
in CHF .....	-	-	43,918	0.31
in EURO .....	<b>292,190</b>	<b>2.25</b>	1,609,802	13.72
in GBP.....	<b>693</b>	<b>0.01</b>	693	0.01
in JPY.....	<b>1,887,636</b>	<b>0.10</b>	110,026	0.01
in NOK.....	-	-	34,199	0.03
in SEK.....	<b>86,398</b>	<b>0.07</b>	584	-
in THB.....	-	-	274,014	0.05
in USD.....	<b>1,409,422</b>	<b>8.91</b>	3,577,134	22.14
2 Trade receivables, loans & advances and other assets				
in CHF .....	-	-	3,918	0.03
in DKK.....	<b>3,750</b>	-	-	-
in EURO .....	<b>245,402</b>	<b>1.89</b>	3,231,225	27.53
in GBP.....	<b>775</b>	<b>0.01</b>	28,017	0.29
in SEK.....	<b>500</b>	-	500	-
in SGD .....	<b>11,520</b>	<b>0.06</b>	-	-
in USD.....	<b>662,712</b>	<b>4.19</b>	848,937	5.25

### 36. 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.

	31.12.2014 ₹ in crores	31.12.2013 ₹ in crores
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of the year.		
Principal .....	<b>1.02</b>	0.43
Interest .....	<b>0.01</b>	0.01
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.....	<b>10.58</b>	7.71
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.....	<b>0.01</b>	-

### 37. 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.

## Notes to Consolidated Financial Statements (Contd.)

38. 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 :

	2014 ₹ in crores	2013 ₹ in crores
(i) Cost of raw materials consumed .....	2.77	3.32
(ii) Freight and forwarding expenses .....	27.37	27.12
Total .....	<u>30.14</u>	<u>30.44</u>

39. During the previous year, the Company had credited ₹ 0.02 crore in 'Cost of raw materials consumed', ₹ 24.54 crores in 'Power and fuel' and ₹ 4.56 crores in 'Stores and spares consumed', due to change in estimate in respect of recognition of certain CENVAT credit relating to earlier years.

40. (a) Other income includes ₹ 35.79 crores (previous year ₹ 32.19 crores) written back towards interest on income tax relating to earlier years.

- (b) Tax adjustments for earlier years represents write back of tax provision (including Deferred Tax reversal of ₹ 39.99 crores debited; previous year ₹ 14.23 crores credited) upon completion of assessments and change in estimate of allowability of certain deductions.

### 41. Capital work-in-progress includes :

	2014 ₹ in crores	2013 ₹ in crores
a) Machinery-in-transit .....	21.93	37.74
b) Expenditure during construction for projects as under :		
Opening balance .....	7.31	10.97
Addition during the year .....	2.51	4.15
	<u>9.82</u>	<u>15.12</u>
Less : Capitalised during the year .....	-	(7.81)
Balance included in capital work-in-progress .....	<u>9.82</u>	<u>7.31</u>

42. During the previous year, the Board of Directors and members have approved the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company with effect from 1st April 2013, wherein the Company will acquire HIPL from Holderind Investments Ltd., Mauritius for a cash consideration of ₹ 3,500 crores and issue of 58.44 crores equity shares of ₹ 2 each at a premium of ₹ 187.66 per share. During the year, Hon'ble High Courts of Gujarat and New Delhi have approved the above scheme. Pending fulfilment of certain conditions precedent specified in the Scheme, no impact of amalgamation has been given in the financial statements.

43. The Hon'ble Supreme Court vide its Order dated 24th September, 2014 has cancelled number of coal blocks allotted to various companies, including a coal block at Dahegaon, in the State of Maharashtra, allotted to the Company jointly with other parties, the activities in respect of which has not yet commenced. Cancellation of the aforesaid coal block does not have any material impact on consolidated financial statements.

### 44A Information relating to Subsidiaries including subsidiaries of subsidiaries :

(In terms of Government of India, Ministry of Corporate Affairs general Circular No: 2/2011, No: 5/12/2007-CL-III dated 8<sup>th</sup> February, 2011)

Name of subsidiary company	As on and for the year ended	Share capital	Reserves and surplus	Total assets	Total liabilities	Turnover	Profit / (loss) before tax	₹ in crores	
								Tax expense	Profit / (loss) after tax
M.G.T. Cements Private Limited	31.12.2014	0.75	(0.72)	0.03	-	-	(0.01)	-	(0.01)
	31.12.2013	0.75	(0.71)	0.04	-	-	(0.02)	-	(0.02)
Chemical Limes Mundwa Private Limited	31.12.2014	5.14	(3.84)	1.45	0.15	-	0.02	-	0.02
	31.12.2013	5.14	(3.86)	1.43	0.15	-	(0.15)	-	(0.15)
Kakinada Cements Limited	31.12.2014	0.10	(0.07)	0.04	-	-	(0.01)	-	(0.01)
	31.12.2013	0.10	(0.06)	0.04	-	-	-	-	-
Dirk India Private Limited	31.12.2014	2.08	(27.34)	27.53	52.79	11.63	(10.63)	(0.04)	(10.67)
	31.12.2013	2.08	(11.71)	34.07	43.70	22.45	(13.91)	-	(13.91)
Dirk Pozzocrete (MP) Private Limited *	31.12.2014	-	-	-	-	-	-	-	-
	31.12.2013	0.01	(4.81)	4.97	9.78	1.21	(1.43)	-	(1.43)
Dang Cement Industries Private Limited	31.12.2014	13.84	(5.29)	8.55	-	-	0.11	-	0.11
	31.12.2013	13.84	(5.40)	8.45	-	-	0.17	-	0.17

\* Amalgamated with Dirk India Private Limited w.e.f. 1st April, 2013

**44B Interest in Joint Ventures - Aggregate amounts of interest in Joint Venture companies are as under :**

Name of Joint Venture company	As on and for the year ended	Fixed Assets	Long term Loans and Advances	Cash and bank balances	Short-term loans and advances	Other current liabilities	Income	Expenses	Profit / (loss) after tax
Counto Microfine Private Limited	<b>31.12.2014</b>	<b>13.20</b>	-	<b>0.08</b>	<b>0.62</b>	<b>1.88</b>	<b>9.90</b>	<b>(9.05)</b>	<b>0.85</b>
	31.12.2013	14.14	0.01	0.01	0.49	1.46	8.27	(7.63)	0.64
Wardha Vaalley Coal Field Private Limited	<b>31.12.2014</b>	-	-	<b>0.01</b>	-	<b>0.02</b>	-	<b>(0.16)</b>	<b>(0.16)</b>
	31.12.2013	-	-	0.01	-	0.09	-	(0.23)	(0.23)

45. Figures below ₹ 50,000 have not been disclosed.

46. Figures of the previous year have been regrouped / rearranged wherever necessary to conform to the current year's presentation.

Signatures to Notes 1 to 46

As per our attached report of even date

For S R B C & CO LLP  
Chartered Accountants  
ICAI Firm Registration No. 324982E

per Ravi Bansal  
Partner  
Membership No. 49365

Sanjeev Churiwala  
Chief Financial Officer

Rajiv Gandhi  
Company Secretary

N.S. Sekhsaria  
Chairman

Omkar Goswami  
Director

Shailesh Haribhakti  
Director

B.L. Taparia  
Director

For and on behalf of the Board

Rajendra P. Chitale  
Chairman-Audit Committee

Nasser Munjee  
Director

Haigreve Khaitan  
Director

Ajay Kapur  
Managing Director &  
Chief Executive Officer

Mumbai, 18th February, 2015

# 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 : L269242GJ1981PLC004717 Email:shares@ambujacement.com Website:www.ambujacement.com

## Notice

NOTICE is hereby given that the THIRTY SECOND ANNUAL GENERAL MEETING of the Members of the Company will be held on Wednesday, 8<sup>th</sup> April, 2015 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 the Audited Statement of Profit & Loss Account for the Corporate Financial Year ended on 31<sup>st</sup> December, 2014 and the Balance Sheet as at that date and the Reports of the Directors and Auditors thereon.
2. To declare dividend on equity shares.
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), M/s. SRBC & CO. LLP, Chartered Accountants, Mumbai (Membership No. 324982E), the retiring Statutory Auditors of the Company, who hold office up to the date of this Annual General Meeting and have confirmed their eligibility to be appointed as Auditors in terms of the provisions of Section 141 of the Act and the relevant Rules and offered themselves for re-appointment, be and are hereby re-appointed as the Statutory Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company, at such remuneration plus service tax, 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 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. Appointment of Ms. Usha Sangwan (DIN:02609263) as Director

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 152 and other applicable provisions of the Companies Act, 2013 read with the Companies (Appointment and Qualification of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force), Ms. Usha Sangwan (DIN:02609263), appointed as an Additional Director of the Company pursuant to the provisions of Section 161 of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting, and being eligible, offer herself for appointment and in respect of whom the Company has received a notice in writing from a member, pursuant to the provisions of Section 160 of the Companies Act, 2013 signifying his intention to propose the candidature of Ms. Usha Sangwan for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation, with effect from the date of this Meeting."

7. Payment of Commission to Non-Executive Directors

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 197,198 and all other applicable provisions, if any, of the Companies Act, 2013 (Act) and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, (including any statutory modification(s) or re-enactment thereof for the time being in force), the Non-Executive Directors of the Company (i.e. directors other than Managing Director and/or the Wholetime Directors) be paid, remuneration in such amounts or proportions and in such manner and in all respects as the Board of Directors may from time to time determine, not exceeding in aggregate one percent of the net profits of the Company for each financial year, for a period of five years, commencing from January 1, 2015 as computed in the manner laid down in Section 198 of the Act, in addition to the sitting fee for attending the meeting of the Board of Directors or Committee thereof."



8. 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 2015 at a remuneration of Rs. 5,50,000/- (Rupees Five Lacs Fifty Thousand Only) excluding service tax, travelling and other out-of-pocket expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed.

By Order of the Board of Directors

Place : Mumbai

**Rajiv Gandhi**

Date : 18<sup>th</sup> February, 2015

Company Secretary

**Notes:**

1. The Explanatory Statement setting out the material facts pursuant to Section 102 of the Companies Act, 2013 ("the Act"), concerning the Special Business in the Notice is annexed hereto and forms part of this Notice. The profile of the Directors seeking appointment/re-appointment, as required in terms of Clause 49 of the Listing Agreement entered with the Stock Exchange is annexed.
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 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 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 distributed at the Meeting.

8. The Register of Members and the Share Transfer Books of the Company shall remain closed from **Wednesday, the 4<sup>th</sup> March, 2015 to Wednesday, the 11<sup>th</sup> March, 2015 (both days inclusive) for payment of final dividend.**
9. 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 3<sup>rd</sup> March, 2015 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 11<sup>th</sup> March, 2015.
10. 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 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.
11. 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 the Sharepro Services (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 Depository Participants (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 DPs 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](http://www.ambujacement.com).**
12. In terms of Section 101 and 136 of the Companies Act, 2013 read together with the 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 agent 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.

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, bonds and unclaimed dividends, change of address etc. to the Registrar and Share Transfer Agents at the following address:

**SHAREPRO SERVICES (INDIA) PVT. LTD. (Unit : Ambuja Cements Ltd.), 13 AB Samhita Warehousing Complex, 2nd floor, Near Sakinaka Telephone Exchange, Andheri – Kurla Road, Andheri (East), Mumbai - 400 072. Tel. No. (022) 67720300, (022) 67720400.**

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, 2007 and the interim dividend amount for the year ended 31<sup>st</sup> December, 2008, remaining unclaimed shall become due for transfer on 20<sup>th</sup> May, 2015 and 24<sup>th</sup> August, 2015 respectively to the Investor Education and Protection Fund established by the Central Government in terms of Section 205C(2)(a) of the Companies Act, 1956 on expiry of 7 years from the date of its declaration.

Members are requested to note that no claim shall lie against the Company or the aforesaid fund 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, 2007 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 30<sup>th</sup> April, 2015 for final dividend of F.Y. 2007 and 31<sup>st</sup> July, 2015 for interim dividend of F.Y. 2008. The Company has already sent reminders to all such members at their registered addresses in this regard.

16. Voting Options:-

(I) VOTING THROUGH ELECTRONIC MEANS

Pursuant to Section 108 and the corresponding Rules of Companies Act, 2013, 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 instructions for shareholders voting electronically are as under:

- (i) The voting period begins on Wednesday, 1<sup>st</sup> April, 2015 at 10.00 a.m. and ends on Friday, 3<sup>rd</sup> April, 2015 at 6.00 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 of 3<sup>rd</sup> March, 2015, 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>	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>● Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the 8 digits of the sequence number in the PAN field.</li> </ul>

	<ul style="list-style-type: none"> <li>In case the sequence number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with sequence number 1 then enter RA00000001 in the PAN field.</li> </ul>
<b>DOB</b>	Enter the Date of Birth as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
<b>Dividend Bank Details</b>	<p>Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.</p> <ul style="list-style-type: none"> <li>Please enter the DOB or Dividend Bank Details in order to login. If 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 out print of the voting done by you by clicking on "Click here to print" option on the Voting page.

(xvii) If Demat account holder has forgotten the same 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) 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 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.

(xix) 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 Clause 35B of the Listing Agreement, to those shareholder, who do not have access

to e-voting facility to sent their assent or dissent in writing in respect of the resolutions as set out in this Notice. The Ballot form along with the postage prepaid envelope and the instructions is enclosed along with the Annual Report. The last date for receiving the ballot form will be 3<sup>rd</sup> April, 2015 at 6.00 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.

Other Instructions

1. 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 voting done through e-voting shall prevail and voting through other means shall be treated as invalid.
2. The Company has appointed Mr. Surendra Kanstiya, Practicing Company Secretary, to act as the Scrutinizer. The Scrutinizer shall within a period not exceeding three (3) working days from the conclusion of the e-voting period unblock the votes in presence of atleast two witnesses (not in the employment of the Company) and make a Scrutinizer's Report of the votes cast in favour or against, if any, forthwith to the Chairman.
3. The Results shall be declared at or after the Annual General Meeting of the Company. The results declared along with the Scrutinizer'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) within two (2) days of passing of the resolution at the Annual General Meeting of the Company and the same shall also be communicated to BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

17. 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 and the Certificate from the Auditors of the Company certifying that the Stock Option Scheme of the Company are being implemented in accordance with the Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 will be available for inspection at the AGM.
18. The Securities and Exchange Board of India has mandated submission of Permanent Account Number (PAN) by every participant in securities market. 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 M/s. Sharepro Services (India) Pvt. Ltd.
19. 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.

**EXPLANATORY STATEMENT**  
(Pursuant to Section 102 of the Companies Act, 2013)

The following Explanatory Statement sets out all the material facts relating to the Special Business under Item No. 6, 7 and 8 of the accompanying Notice dated 18<sup>th</sup> February, 2015.

**In respect of Item No. 6**

The Board of Directors (based on the recommendation of Nomination and Remuneration Committee) had appointed Ms. Usha Sangwan as Additional Director from 24<sup>th</sup> April, 2014.

Ms. Usha Sangwan (DIN : 02609263), is the Managing Director of Life Insurance Corporation of India and holds a Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management. She joined LIC as Direct Recruit Officer in 1981. She has worked in almost all core areas of life insurance including Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications. She has been awarded the "Women Leadership Award" in BFSI sector by Institute of Public Enterprise and "Brand Slam Leadership Award" by CMO Asia.

The other details of Ms. Sangwan in terms of Clause 49 of the Listing Agreement, is annexed to this Notice.

In terms of Section 161(1) of the Companies Act, 2013 read with Article 130 of the Articles of Association of the Company, Ms. Sangwan holds office as Additional Director only up to the date of the forthcoming Annual General Meeting.

The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 along with the amount of requisite deposit from one of the members signifying his intention to propose the appointment of Ms. Sangwan as a Director.

The Board of Directors is of the opinion that her vast knowledge and varied experience will be of great value to the Company and hence recommends the Resolution at Item No. 6 of this Notice for your approval.

Notice received under Section 160 of the Companies Act, 2013 is available for inspection by the members at the Registered Office of the Company during the business hours on any working day up to the date of the Annual General Meeting.

None of the Directors, Key Managerial Personnel and relatives thereof other than Ms. Usha Sangwan is concerned or interested in the Resolution at Item No. 6 of the Notice.

**In respect of Item No. 7**

At the Annual General Meeting of the Company held on 5<sup>th</sup> April, 2010, the Members had approved the payment of commission to the Directors of the Company (other than the Managing Director and Whole-time Directors) not exceeding one percent per annum of the net profits of the Company for a period of five years commencing from 1<sup>st</sup> January, 2010.

According to Section 197 of the Companies Act, 2013 the approval of the Members is required for the payment of commission to the non-executive directors (director other than Managing Director and Whole-time Directors).

Further, as per the provisions of clause 49(II)(c) of the Listing Agreement entered into with the Stock Exchanges (as in force for the time being), all fees/compensation (other than the sitting fees) payable to non-executive directors require prior approval of the members.

The Companies Act, 2013 has entrusted new responsibilities on the directors and widened their duties and liabilities and enhanced their current role. In view of the valuable contribution made by the Directors towards overall engagement with the Company on various policies, strategic and governance related issues, it is proposed to continue with the payment of Commission to the Directors of the Company (other than the Managing Director and Whole-time Directors).

Accordingly, it is proposed to seek fresh approval of the members of the Company as required under Section 197 of the Companies Act, 2013 and also under the Listing Agreement by way of an Ordinary Resolution for payment of commission for a period of 5 years commencing from 1<sup>st</sup> January, 2015, at the rate not exceeding one percent per annum of the net profits of the Company computed in accordance with Section 198 of the Companies Act. This remuneration will be distributed amongst all or some of the Directors in accordance with the directions given by the Board. The above payment of commission shall be over and above the sitting fees paid to the Directors for attending the meeting of the Board and/or Committee thereof.

The Board recommends the payment of commission for your approval.

All the Directors of the Company (except the Managing Director & CEO and the Key Managerial Personnel and their relatives) are concerned or interested in the Resolution at Item No. 7 of the Notice to the extent of the remuneration that may be received by each of them.

**In respect of Item No. 8**

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 Company.

On the recommendation of the Audit Committee at its meeting held on 17<sup>th</sup> February, 2015, the Board has approved the appointment of M/s. Nanabhoy & Co., Cost Accountants as the Cost Auditor of the Company for the financial year 2015 at a remuneration of ₹ 5,50,000, exclusive of reimbursement of service tax and all out of pocket expenses incurred, if any, in connection with the cost audit. The appointment and 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 Ordinary Resolution to the Members for their acceptance.

None of the Directors, Key Managerial Personnel and their relatives are concerned or interested in the Resolution at Item No. 8 of the Notice.

By Order of the Board of Directors

Place : Mumbai  
Date : 18<sup>th</sup> February, 2015

**Rajiv Gandhi**  
Company Secretary

## ANNEXURE TO ITEMS 3, 4 & 6 OF THE NOTICE

Details of Directors seeking appointment and re-appointment at the forthcoming Annual General Meeting  
(in pursuance of Clause 49 of the Listing Agreement)

(As on 31st December, 2014)			
Name of the Director	Mr. B. L. Taparia	Mr. Ajay Kapur	Ms. Usha Sangwan
<b>Date of Birth</b>	5 <sup>th</sup> July, 1950	11 <sup>th</sup> November, 1965	1 <sup>st</sup> October, 1958
<b>Nationality</b>	Indian	Indian	Indian
<b>Date of Appointment on the Board</b>	1 <sup>st</sup> September, 2012	25 <sup>th</sup> July, 2013	24 <sup>th</sup> April, 2014
<b>Qualifications</b>	B.Com, LL.B, F.C.S.	Bachelors in Economics, MBA in Marketing Advanced Management Programme, Wharton Business School	Master's Degree in Economics and a Post Graduate Diploma in Human Resource Management.
<b>Expertise in specific functional area</b>	Vast and rich experience in Corporate Law and other Legal fields, Accounts, Finance and Corporate Management.	Employee Health & Safety, Business Strategy, Manufacturing Excellence, Marketing & Sales, Corporate Communications, Logistics & Supply Chain, Human Resources Management and Sustainability	Marketing, Personnel, Operations, Housing Finance, Group Business, Direct Marketing, International Operations and Corporate Communications
<b>Number of shares held in the Company</b>	3,27,284	185500	Nil
<b>List of the directorships held in other companies*</b>	Everest Industries Ltd. Kakinada Cements Ltd.	Nil	Life Insurance Corporation of India Axis Bank Ltd. LIC HFL Care Homes Ltd.
<b>Chairman/ Member in the Committees of the Boards of companies in which he is Director*</b>	<b>Chairman</b> Nil <b>Member</b> Audit Committee- Everest Industries Ltd.	<b>Chairman</b> Nil <b>Member</b> Nil	<b>Chairman</b> Nil <b>Member</b> Nil
Directorships includes Directorship of other Indian Public Companies and Committee memberships includes only Audit Committee and Stake holders' Relationship Committee of Public Limited Company (whether Listed or not).			

# AMBUJA CEMENTS LIMITED

CIN L26942GJ1981PLC004717

Regd. Off. : 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

# Ambuja Cement

## ATTENDANCE SLIP

(To be presented at the entrance)

**Annual General Meeting of the Company held on Wednesday, the 8th April, 2015 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 to reference at the Meeting.

----- TEAR HERE -----

# AMBUJA CEMENTS LIMITED

CIN L26942GJ1981PLC004717

Regd. Off. : 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

# Ambuja Cement

## 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 .....number 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 : .....

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 Wednesday, the 8th April, 2015 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 :

Signed this..... day of.....2015

Signature of Shareholder.....Signature of Proxyholder.....

Affix  
Revenue  
Stamp

### 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.

TEAR HERE



# Ambuja Cement

Head office:

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

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