



AMBUJA CEMENTS LIMITED

# Sustainable Development Report 2014

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As per GRI G4 (Comprehensive)

## 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



## Content

Chairman's Message  
Interview with MD & CEO

### Defining Change

#### Sustainability- The essence of our existence

Organisation Profile .....	10-11
Report Profile, Material Aspects and Boundaries .....	11-13
Stakeholder Engagement .....	14-18
Key Impacts, Risks and Opportunities .....	19-20
Business Risk Management .....	21
Corporate Governance .....	22-25

#### Business- Moving past the blocks

Economic Performance .....	26-27
Product Quality Management .....	27-29
Customer Care and Support .....	29-30
Sustainable Supply Chain .....	30-32

#### Environment- Being future ready

A Green Footprint .....	33-34
Energy Management .....	35
Water- Over Four times Water Positive .....	36-37
Carbon and Other Emissions .....	38-39
Responsible Mining .....	39-40
Biodiversity Management .....	40-41
'Waste' as Wealth .....	41-42
Responsible Products .....	43

#### Society- Together we grow

Empowering Communities .....	44-47
Employees are Our Building Blocks .....	48-51
Towards 'Zero Harm' .....	51-54
Respecting Human Rights .....	54-55
Compliance Management .....	55
Annexure - 'True Value' for Ambuja Cement .....	56-58
Independent Assurance Statement .....	59-61
GRI Index .....	62-68





## Chairman's Message

28 years ago, Ambuja Cement made a commitment to being the 'most sustainable' cement company in India.

It has been a journey of seeking opportunities to positively change the lives of people around us. That's why we have always remained committed towards creating value beyond business.

Today, Ambuja Cement is one of the most respected and successful brands in India. We believe it is because of the trust we have retained in people through fair practices. To honour this trust, we monitor our performance closely and report our progress in a transparent manner. This report is a culmination of those efforts, and shall disclose the impact of our business operations on the environment, society, and the economy.

Looking ahead, 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.

While this augurs well for industrial growth, we believe

that it also throws up an equal challenge of balanced sustainability.

We are deeply concerned about the scarcity of natural resources that we face - an issue that will only intensify for future generations. Since our industry is particularly resource-intensive, we have committed ourselves to continually reduce our consumption of non-renewable resources. I am delighted to say that we have been assessed to be 4.03 times **Water Positive** for the year 2014 by a third party certifier. Ambuja has also performed reasonably well in its commitments with regards to CO<sub>2</sub> emissions and its impact on climate change, clinker factor, and alternative materials usage. In fact, the carbon intensity of our product has reduced by over 28% from 1990 levels.

We are equally 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. We strive to wear multiple hats of being a safety leader in our industry, a world-class operator, a responsible corporate citizen and a best employer. I am pleased to share that Ambuja's

“ It is the trust of people, both within and outside the Company, that made Ambuja Cement one of the most respected and successful brands in India. ”

We Care initiative has been recognised globally as among the best OH&S initiatives within Holcim worldwide.

Our legacy of being a responsible company sets us apart from the rest. But no growth plan could be successful without the support of communities and societies. This is the reason our business aims for not just profitable growth, but also a deeper imprint on society as a whole.

In an effort to continue our high standards of excellence towards our customers, we introduced a number of innovative products and solutions. Last year, we reached out to thousands of customers across the country through the Ambuja Knowledge Centres, which provide end-to-end services and expertise to construction professionals.

However all our efforts would sound hollow without any proof in numbers. 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.

On behalf of the Board and the employees of our company, I would like to take this opportunity to thank all our valued stakeholders, for their unstinted support and encouragement in this journey. With our enduring focus on sustainability, safety, efficiency, and quality, and with the support of all stakeholders, I am sure the company will scale new heights and set new benchmarks for the industry.



N.S. Sekhsaria  
Chairman



## Interview with MD & CEO, Mr. Ajay Kapur

MD & CEO Ajay Kapur comments on the importance of Sustainability and the Company's priority in this aspect.

### **Q 1) Please elaborate on Ambuja's role with respect to Sustainability?**

**Ans.** At Ambuja, Sustainability is omnipresent as reflected in our vision statement- "to be the most sustainable and competitive company in the industry". While ensuring shareholder benefit over the years, safe operations, environment conservation and social well-being have also been at the core of our philosophy. This approach has been adopted in every facet of Ambuja's activities - business strategy, leadership, natural resources, health, safety, ethics and all stakeholders.

### **Q 2) Brief us on the steps initiated by Ambuja overall to reduce carbon footprint?**

**Ans.** In 2014, we made a significant achievement in the usage of alternative fuels and raw materials wherein we achieved 3.95 % of TSR (8% increase over 2013). Notably, our Bhatapara Line II kiln contributed maximum GAV (~12 cr) during the year. We also burnt 34,876 tonnes plastic in our kilns in 2014 which is 1.02 times of total plastic thrown in the market by the Company in terms of packing bags. Furthermore, we generated 4.5% of energy from Renewable Energy sources.

Continuing further, we maintained PPC production in excess of 90% continuing our focus on production of

environment friendly Fly Ash based cement. We achieved ~29% Fly Ash absorption in 2014. The total quantity of Fly Ash to the tune of 5.8 MTPA has been utilised in the year 2014 for production of cement. This has helped to reduce the clinker factor (CF) from 75.15% in 2006 to about 67% in 2014. CF improvement plans are in place which include clinker quality improvement, gypsum optimisation, usage of aid mixtures, usage of ground Fly Ash etc. A clear focus has been on fuel mix, gypsum mix, alternative fuel resources like usage of wastes and industry rejects, higher Fly Ash consumption and maintenance cost.

### **Q 3) On a larger scale how can civil society and other relevant stakeholders be engaged? What measures has the Company taken in this aspect?**

**Ans.** Our pan-India CSR activities encompass women empowerment through Self Help Groups (824 numbers in 16 locations), Skill and Entrepreneurship Development Institutes (for 45 trades at 16 centres), agro-based livelihood creation, education, water resources management, and others.

The Company's endeavour still continues to emerge as among the world's most water positive Company. A combination of various programmes and revolutionary methods such as check dams, river linking, micro and drip irrigation, and conventional dams are employed for water resource management. Through rainwater harvesting, large quantities of water were collected that

## Sustainability, our top priority

would have otherwise gone unused. Steadily the results grew with each year. Today, Ambuja Cement is proud to be 4 times water positive, as certified by external certification body DNV GL, making it India's leading water positive cement company.

Our consistent efforts towards sustainable development have been recognised from various awarding bodies. We received the prestigious CII Sustainability Award 2014 for 'Commendation for Significant Achievement' for the 4th year in a row. In addition, Ambuja was also conferred the coveted CBNC TV18 Risk Management Award in the category of Sustainability.

### **Q 4) How much weightage does 'Safety' have in the Ambuja's Sustainability mission?**

**Ans.** Ambuja embarked on a mission 'We Care' to achieve 'Zero Harm' at the workplace. But achieving 'Zero Harm' is not the ultimate goal, it is a journey that will involve transformation of operations as well as attitudes. Through our constant efforts, I am proud to say that the 'We Care' initiative was selected as one of the Top five initiatives (among 82 entries) for the Holcim Global OH&S Excellence Award 2014.

In the year 2015, we commit to keep the same passion going for our safety performance. OH&S team has developed a very structured strategy for 2015 with deliverables focusing on Workmen capability building, Workgroup effectiveness, Contractor safety management, FPE implementation, OH&S functional

capability building and recognition policies (both, positive & negative recognition) to make our company "The Safest Place to Work".

### **Q 5) How do you align with HOLCIM's global Sustainability Development Ambition 2030?**

**Ans.** Ambuja's True Value project piloted in 2013, helped quantify the social and environmental impact in financial terms (measuring triple bottom line). This tool will be utilised by Holcim to drive implementation of the Holcim Sustainable Development Ambition 2030.

Holcim SD Ambitions 2030 is broadly classified into three pillars – Climate, Resources & Communities. Some of the focused measures undertaken by Ambuja include an investment in Alternative Fuel processing facilities, Waste heat recovery system, Wind and solar energy, and increasing the use of Fly Ash and other alternative fuels/materials. This will help in minimising the use of primary resources and climate protection.

Through its CSR arm, Ambuja Cement Foundation, the Company has impacted thousands through the setting-up of farmers' co-operatives, forming women Self Help Group (SHG) Federations, vocational training for youth through Skill & Entrepreneurship Development Institute (SEDI), and agro-based livelihood initiatives.

Ambuja has also identified an opportunity to add significant value through its inclusive business project, Sanitation for Life (S4L).









## THE WORLD WAKES UP TO WATER POSITIVITY. AT AMBUJA, THE EYES WERE NEVER CLOSED.

At Ambuja Cement, water has always been on top of its agenda. A lot of effort is given to account for and replenish every drop used. The focus is on giving back to society more than what we take. And thus, create better opportunities for the future. Realization of these opportunities is reflected as benefits at all three levels- people, planet and profit.

This year, Ambuja created ripples within the industry - it clocked a water positive factor of 4.03 times for 2014. An achievement that underlines the Company's commitment to emerge as the world's most water positive company.



## COUNTING THE DROPS WAS A TOUGH TASK. INSTEAD, WE DECIDED TO MAKE EVERY DROP COUNT.

For companies that are water intensive, it becomes imperative to create a sustainable model of water usage. Hence, Ambuja Cement's every effort is to ensure water preservation. Involving communities in their activities has been a game changer. With their indispensable support, the Company has achieved fantastic results.

Every initiative is pivotal to materialize ideas that transform the water scenario. Interventions and improvisations based on specific needs of communities have seen success in various locations.



## MULTIPLYING THE RETURNS. AND HERE, WE ARE NOT TALKING BUSINESS!

To date, Ambuja Cement has given back more than what it has consumed. Being water positive has had a major impact on the economic well-being of the community. People now undertake projects for water conservation and have realised a greater potential through capacity building.

With improved methods of farming, the yield has enhanced and farmers enjoy higher income. Water availability has also improved the health and productivity of cattle. Easy access to water translates to reduced drudgery for women. Economic up-gradation has impacted lifestyle in the communities.



## AMBUJA IS POSITIVE- WATER POSITIVE. FUTURE POSITIVE.

A change that is not permanent is but an aberration. The Company works with a vision to bring futuristic changes through holistic development of communities. With water positive policies implemented at all locations, this has translated to a cumulative effort to help the Company achieve water positive status.

For the future, the team's ambition is to further increase its water rating in the near future. A difficult task but every drop added is a victory for our company. And our planet.



“

# Sustainability...

The essence of our existence”

## Organisation Profile

Ambuja Cements Limited (ACL) is India's leading cement company, having commenced production in 1986. **Ambuja Cement is a premier cement brand in India for Ordinary Portland Cement (OPC) and Pozzolana Portland Cement (PPC)**, with a significant footprint across the western, eastern and northern markets of India. Our customers range from individual house builders (IHBs) to governments to global construction firms. The Company's total cement capacity is 28.75 MTPA; its production in 2014 was 21.43 MTPA. The Company had 5,857 permanent employees in 2014.

### Nature of Company Ownership

Ambuja Cements Limited is a public limited company, listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. The GDRs issued by the Company are listed on the Luxembourg Stock Exchange. Holcim Limited, Switzerland, is the majority shareholder with 50.35% equity. For the detailed shareholding pattern please visit: <http://www.ambujacement.com/investor-relations/annual-reports/>

### Plant Locations

#### Integrated Cement Plants

- Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat
- Darlaghat, District Solan, Himachal Pradesh
- Maratha Cement Works, District Chandrapur, Maharashtra
- Rabriyawas, District Pali, Rajasthan
- Bhatapara, District Raipur, Chhattisgarh

#### Grinding Stations

- Roopnagar (Ropar), Punjab
- Bathinda, Punjab
- Sankrail, District Howrah, West Bengal
- Roorkee, District Haridwar, Uttarakhand
- Farakka, District Murshidabad, West Bengal
- Dadri, District Gautam Budh Nagar, Uttar Pradesh

- Nalagarh, District Solan, Himachal Pradesh

- Magdalla, District Surat, Gujarat

#### Bulk Cement Terminals

- Muldwarka, District Junagadh, Gujarat
- Panvel, District Raigad, Maharashtra
- Cochin, Kerala
- Surat, Gujarat
- Mangalore, Karnataka

#### Corporate Office

Ambuja Cements Limited, 'Elegant Business Park', MIDC Cross Road- 'B', Andheri- Kurla Road, Andheri (East), Mumbai 400059.

#### Registered Address

P.O. Ambujanagar, Taluka Kodinar, District Gir Somnath, Gujarat 362715.

#### Holcim Limited

Holcim is one of the world's largest producers and suppliers of cement; aggregates (crushed stone, sand and gravel); ready-mix concrete; and asphalt and other related services. It was founded in Switzerland in 1912. Today it is a global company employing over 80,000 people, with production sites in about 70 countries and significant market presence on every continent.



### Ambuja Cement Foundation (ACF)

Ambuja Cement Foundation, formally registered in 1993, is the corporate social responsibility (CSR) arm of Ambuja Cements Limited. ACF works with the rural communities surrounding Ambuja's existing and proposed manufacturing locations. Currently ACF operates across 12 states covering 22 locations in India.

### Techport

Techport is the regional manufacturing support organisation (RMSO) for South Asia, that includes Ambuja & ACC in India, Holcim-Bangladesh, and Holcim-Lanka. Techport was established as a center of excellence to provide technical support services and solutions to both Ambuja & ACC; it is well equipped with a team of qualified technical experts for dedicated support and service.

### Holdings

- Holderind Investments Limited
- Holcim (India) Private Limited

### Joint Ventures

- Counto Microfine Products Private Limited
- Wardha Valley Coalfield Private Limited

### Subsidiaries

- Kakinada Cements Limited, India
- M.G.T. Cements Private Limited, India
- Chemical Limes Mundwa Private Limited, India
- Dang Cement Industries Private Limited, Nepal

- Dirk India Private Limited, India
- Dirk Pozzocrete (MP) Private Limited, India

Ambuja subscribes to or endorses the following externally developed economic, environmental & social charters, principles or other initiatives (not exhaustive):

- Cement Sustainability Initiative (CSI) of World Business Council for Sustainable Development (WBCSD)
- Indian Business Biodiversity Initiative (IBBI)
- Leaders for Nature (LfN) India

### Industry Associations

Ambuja is a member of the following industry associations:

- Confederation of Indian Industry (CII)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- The Associated Chambers of Commerce and Industry of India (ASSOCHAM)
- Bombay Management Association (BMA)
- Indian Merchants' Chamber (IMC)
- Bombay Chamber of Commerce & Industry (BCCI)

The principal objectives of the above associations are to provide information, consultative & representative services to the organisation through its national, regional, state and zonal councils. We continue to work closely with CII and FICCI for advocating good sustainability practices in the industry.

## Report Profile, Material Aspects and Boundaries

### Report Profile

This is Ambuja Cements' eighth Corporate Sustainability Report, highlighting the Company's continual and structured efforts towards improved disclosure of its triple bottom-line performance, and enriching stakeholder relationships. The annual reporting cycle for this Report is from January to December 2014. The contents of the Report are in accordance with the latest requirements of the Global Reporting Initiative (GRI) G4 guidelines. The Company has also made disclosures on the 'Mining & Metals Sector Supplement' as was done in the previous years. The GRI Content Index, External Assurance Report, and contact point for content-related questions are provided at the end of the Report.

Sustainability Report 2013 was released in June 2014, at an

off-site meeting with key executives of the Company.

The Report was based on the Global Reporting Initiative (GRI) G3 guidelines with A+ level of reporting and assurance by a third party.

The Sustainability Report is brought out in addition to the Annual Financial Report and Ambuja Cement Foundation's Annual Report. The economic performance reported is in line with the Company's audited annual results prepared in accordance with the Companies Act, 1956 and audited by M/s S. R. Batliboi & Co. The Company has not included subsidiaries and their performance indicators.

Ambuja has a robust mechanism for reporting performance in all three areas of evaluation, i.e. economic, environmental and social. The Sustainability Report has been reviewed by Top Management through Corporate

Sustainability Steering Committee (CSSC) meetings. The Company follows systems incorporated by Holcim, and reports data yearly through online mechanisms or standard information carrier sheets. Holcim Accounting and Reporting Practices (HARP) is used for all financial information; Plant Environmental Profile (PEP) records the performance on various environmental aspects; and the CSR Questionnaire captures HR and CSR data. Other evaluation sheets are used for:

- Costing and variance from the budget
- Occupational health and safety (OH&S) performance
- Energy consumption
- CO<sub>2</sub> emission
- HR related parameters that are captured in SAP

### Assurance

This Report is externally assured by Bureau Veritas Certification (India) Private Limited as per AA 1000 Assurance Standard. The Assurance Statement is a part of the Report.

### Report Content and Boundary

Preparation of the Report has been an in-house effort led by the Corporate Environment & Sustainability team, with responses collected and considered from the various departments/functions. This Report, including all its content, is an outcome of the combined efforts of all respondents. While we have taken due care to prepare a comprehensive, transparent, and accurate Sustainability Report, we acknowledge that we might have missed certain topics that are of relevance to our esteemed stakeholders. We welcome feedback and suggestions on such topics.

This Sustainability Report includes all Ambuja operations & businesses that fall in the direct control of the Company. All operations of Ambuja (not other subsidiaries/enties) within India are covered, including manufacturing plants with mines, bulk cement terminals (offshore activities), Corporate Office & Marketing Offices. The Company uses dry cement manufacturing process technology in five integrated cement plants, eight grinding plants, 10 mines, and five ports.

The aspect boundaries and content have been defined using reporting principles prescribed in the GRI G4 guidelines. The Report excludes subsidiaries, JVs,

associate companies, and channel partners/dealers as the Company has no operational control over them. The detailed financial disclosures of the Company are given in the Annual Report 2014, available on the Company website. This Report has been prepared as per GRI G4 guidelines and is aligned to '**Comprehensive**' reporting. The Company followed the approach described in the GRI Implementation Manual in preparing the content. The material aspects have been brought out in the materiality matrix. The DMA (Disclosure on Management Approach) describes the Company's approach to relevant subjects and the indicators provide details on performance in specific subjects.

The Ambuja value chain includes all cement plants, limestone mines, sales and marketing offices, channel partners, suppliers, and product design processes. There are no significant changes from the previous reporting periods in the scope and aspect boundaries and supply chain. There were no changes in the Company ownership during the year. For all the aspects, a detailed perception study was conducted and all our key stakeholder groups have been included in the aspect boundary.

### Material Aspects

Ambuja launched a comprehensive stakeholder engagement programme to facilitate good understanding of the Company's obligations to its stakeholders, consistent with its commitment to corporate responsibility, for the preparation of the GRI G4 Report. It now has a platform for transparent communication and can identify and address stakeholder interests. This is premised on the principle of ethical accountability; groups that can affect or be affected by the operational footprint of the business should be involved in decisions that may directly or indirectly affect them.

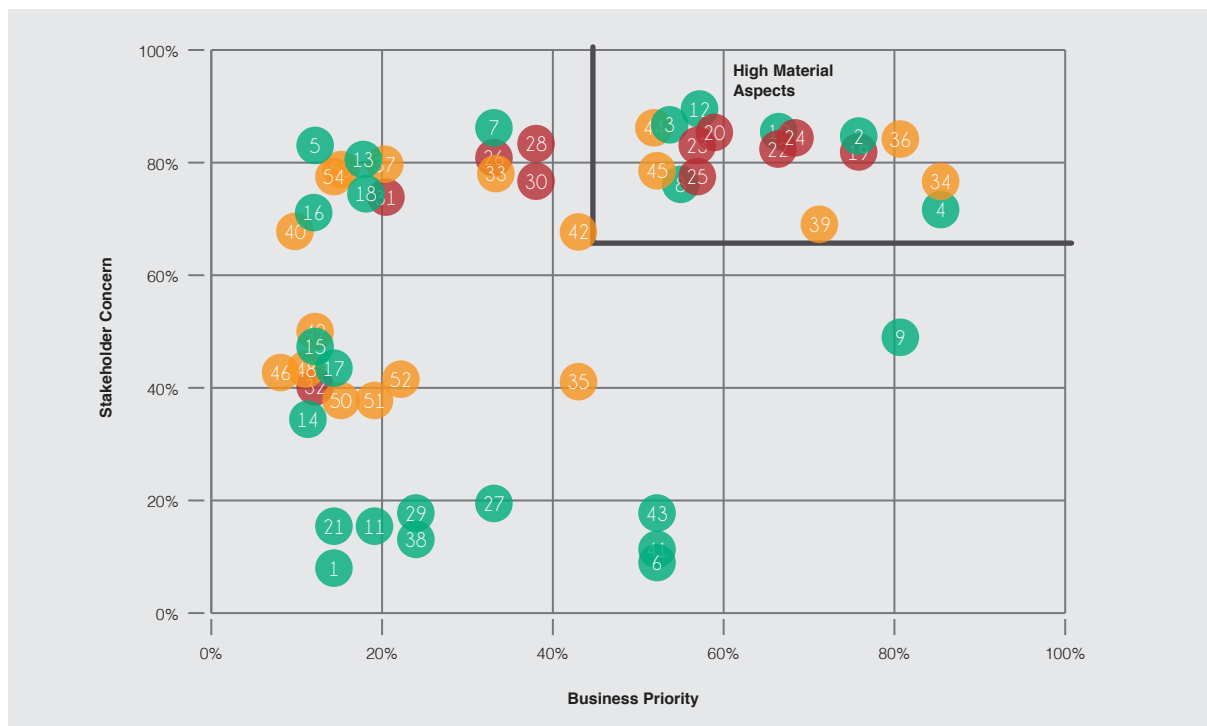
GRI G4 guideline on the stakeholder engagement, G4: 24-27, was followed; the objective was issue-based, proactive and learning-oriented implementation. This helped achieve tangible results in alignment with the Company's targets. It was based on a well-defined closed loop approach that included engagement strategy development, stakeholder mapping, prioritisation, preparation, implementation and an action plan whose results were fed into a feedback loop. In agreement with the Ambuja Cements Limited group values, the principles of completeness, responsiveness, transparency, collaboration, inclusiveness, and integrity were adhered to.



The stakeholder engagement programme was deployed in phases, focusing on each identified stakeholder sector individually. Gap analysis was carried out to revise the

engagement strategy continuously and include the emerging materiality issues into the business sustainability agenda.

#### Ambuja Materiality Matrix (Extracted from Materiality Report)



#### S. No. High Material Aspects

##### ● Business Sustainability

- 2 Competition
- 3 Technological Upgradation for Environmental Regulations (capex)
- 4 Land Acquisition
- 8 R&D and Innovation Management
- 10 Regulatory Requirements & Compliance
- 12 Logistics and Distribution Cost

##### ● Environment Sustainability

- 19 Resource Availability (Limestone, Flyash, Sand, Additives)

- 20 Selection and Characterization of AFR

- 22 Energy Efficiency
- 23 Water Consumption
- 24 GHG and Air Emissions
- 25 Waste Management

##### ● Social Sustainability

- 34 Training and Development of Employees
- 36 Safety
- 39 Value Added Services - Supplier, Dealer
- 44 Customer Satisfaction
- 45 CSR

All material aspects are considered within the organisation; the aspect boundary includes all Ambuja operations, but not those of its subsidiaries, for which aspects are not material. Aspects are not material outside of the organisation. However, we acknowledge that we need to focus on identified material issues and their impact across our value chain to influence positive changes towards

sustainability, irrespective of whether or not we have direct control over the issues.

There are no restatements of information provided in previous Reports. There are no mergers or acquisitions or change of base years/periods, nature of business, or measurement methods. In terms of size of the Company, there were no significant changes.

## Stakeholder Engagement



### ***As Part of its Mission, the Company Believes in Creating Value for All its Stakeholders.***

Ambuja's mission is to create value for all its stakeholders. The Company tries its best to achieve these objectives. In over 25 years of our existence, we have engaged with a varied group of stakeholders at different levels to understand their expectations and to make them partners in our journey towards sustainable development. We believe that our stakeholders are our strong pillars of support at all times. It is for this reason that we have created dedicated engagement vehicles for some stakeholder groups.

### **Basis for Identification and Prioritisation of Stakeholders**

A collaborative process of research, debate, and discussion from multiple perspectives helped identify a key list of stakeholders across the spectrum. The stakeholders were identified based on the three approaches:

- Peer companies' stakeholders
- Relevant stakeholders for Ambuja
- Interactions with Senior Management

### **Criteria for Stakeholder Mapping and Rating**

Contribution	Legitimacy	Willingness to Engage	Influence	Necessity of Involvement
Does the stakeholder have information, counsel, or expertise on the issue that could be helpful to the Company?	How directly is the stakeholder affected by the Company's activity?	How keen is the stakeholder to engage?	What is the stakeholder's sphere of impact?	How critical is their inclusion in the engagement process?

Through the above approach, the following key stakeholders were identified: Senior Management; employees; investors; suppliers; contractors and transporters; dealers; customers; community; regulatory bodies; policy makers; government and research institutes; and NGOs. Stakeholders were prioritised according to their importance to the organisation. The major criteria for prioritising the stakeholders were their criticality to the

business growth, their power to influence, the Company's influence on them, stakeholder dependency, their potential for cooperation, and the probability of them posing a threat. Keeping these points in view, the assessment defined stakeholders in order of importance. On the basis of their interactions with Senior Management and their impact on business activities, the stakeholders were prioritised as follows:

- Customers
- Investors
- Employees
- Community
- Suppliers, contractors & transporters
- Dealers
- Policymakers, government & research institutes
- NGOs

#### Approach to Stakeholder Engagement (Frequency by Type)

Stakeholders	Modes of Engagement	Frequency
Shareholders & Investors	Annual General Meeting Investor Grievance Cell Board Meetings/Communications Annual Report	Annual
Dealers & Suppliers	Grihalakshmi Conference Annual Meet Marketing Meets Channel Satisfaction Survey Project Procure	Annual  Once in two year
Customers	*Customer Support Group Comps, Workshops, Seminars, Individual Site Visits	Spread across the year
Employees	Employee Engagement Survey Magazines - I CAN, I SIGHT Department specific e-newsletter, Departmental specific meets, Induction	Once in two years Quarterly Annual
Community & NGOs	*ACF Social Engagement Scorecard	Continuous process
Government & Regulatory Authorities	Compliance to Laws Representations to proposed legislations	Continuous process, legal audits spread across the year
Media	Press Briefing / Invitation to Events	As and when basis
Construction Professionals	*Foundations: Ambuja Knowledge Initiative, Ambuja Technical Literature Series	Continuous process
Industry Associations	Committee meetings, sub-committee telecons policy papers, delegation	As and when basis

\* Dedicated vehicles of engagement

Key topics and concerns raised by different stakeholder groups during the engagement process are presented in the following table. Our approach towards these issues is also presented here.

Stakeholder Group	Key Topics	Short Description	Ambuja's Response
Customer	<ul style="list-style-type: none"> <li>Affordable product</li> <li>Brand image</li> <li>Customer satisfaction</li> <li>Customer education</li> <li>Greenhouse gases</li> </ul>	<ul style="list-style-type: none"> <li>They would prefer to purchase an affordable product based on its brand image.</li> <li>They would like to know how a product can be used in a better manner to save resources and have less impact on the environment.</li> <li>Customers are satisfied at the moment. However, keeping them satisfied is a challenge with new players entering the market.</li> </ul>	<p>Ambuja had built its brand through best quality &amp; affordable products. In order to produce an affordable product and enhance customer satisfaction, Ambuja is working on low carbon cement and other innovative products that reduce energy and resources consumption. This will lead to affordable products, increased customer satisfaction &amp; enhance the brand image. Thus, Ambuja ensures that all key issues are well-addressed.</p>
Investors	<ul style="list-style-type: none"> <li>Profitability</li> <li>Demand generation</li> <li>Brand image</li> <li>Land acquisition</li> <li>Cost savings</li> </ul>	<ul style="list-style-type: none"> <li>As there is more supply than demand, investors are apprehensive about investing in the cement sector.</li> <li>Public advocacy on green cement is the need of the hour.</li> <li>Land acquisition is very important as investors need to know how production can increase without land &amp; material availability.</li> <li>Cost saving is important as it leads to optimum utilisation of the existing resources.</li> </ul>	<ul style="list-style-type: none"> <li>Ambuja is collaborating with different stakeholders for promotion of innovative products such as blended cement, composite cement etc.</li> <li>Increased positive vibrations in the Indian economy &amp; new government policies like <b>Make in India</b> and smart cities will increase the demand for cement.</li> <li>Since long Ambuja has been engaging with the community in &amp; around its plants (&amp; elsewhere). Their faith in Ambuja should provide a softer platform to acquire the land for limestone.</li> <li>Ambuja is already following innovative approaches such as sea transportation to encourage cost savings.</li> </ul>
Employees	<ul style="list-style-type: none"> <li>Health and safety</li> <li>Manpower productivity</li> <li>Cost savings</li> <li>Training &amp; development</li> <li>Regulatory compliance</li> <li>Technological upgradation</li> <li>R&amp;D and innovation</li> </ul>	<ul style="list-style-type: none"> <li>Health and safety at work are important for employees.</li> <li>Employee productivity plays a vital role in enhancing business growth.</li> <li>They feel that regulatory compliance is getting stringent.</li> <li>Lot of equipment needs to be upgraded to ensure future environmental compliance.</li> </ul>	<ul style="list-style-type: none"> <li>Various programmes to increase awareness &amp; implementation of safety are in place. <b>Zero Harm</b> is of top-most priority for Ambuja.</li> <li>Ambuja's target is to increase training hours per employee. Further, Ambuja has training programmes in place that will be conducted by external institutes to groom future leaders.</li> </ul>

Stakeholder Group	Key Topics	Short Description	Ambuja's Response
Employees		<ul style="list-style-type: none"> <li>R&amp;D on new products plays an important role in the sustainable growth of the firm.</li> </ul>	<ul style="list-style-type: none"> <li>Ambuja has been working on increasing the use of alternative fuels &amp; materials, along with innovative cement products.</li> </ul>
Community	<ul style="list-style-type: none"> <li>CSR</li> <li>Shared Value</li> <li>Sustainable mining practices</li> <li>Quality of supplier products/services</li> <li>Health and safety</li> <li>Water consumption</li> <li>Relocation and rehabilitation</li> </ul>	<ul style="list-style-type: none"> <li>The community is satisfied with current CSR practices and would like to see them continuing.</li> <li>Shared value is another expectation from the community.</li> <li>Sustainable mining practices, water conservation and land reclamation are important for the community.</li> <li>Health and safety are to be promoted more.</li> </ul>	<ul style="list-style-type: none"> <li>Ambuja has started Ambuja Cement Foundation (ACF), which is independent on its commercial operations and caters to the needs of the community through CSR activities.</li> <li>Ambuja has started Skill &amp; Entrepreneurship Development Institutes to promote self-employment and create shared value.</li> <li>Water conservation projects, land reclamation, and biodiversity action plans are in place.</li> </ul>
NGOs	<ul style="list-style-type: none"> <li>CSR</li> <li>Shared value</li> <li>Health and safety of the stakeholders</li> </ul>	<ul style="list-style-type: none"> <li>CSR provides a social license to run a business. Hence, for Ambuja, CSR and shared value are vital to grow sustainably.</li> <li>Health and safety of the employees &amp; stakeholders are important as they are involved in transportation of raw materials and produced cement.</li> </ul>	<ul style="list-style-type: none"> <li>Ambuja has been working with many NGOs through Ambuja Cement Foundation. It has plans to expand its outreach and needs the support of NGOs to implement its community engagement plans.</li> </ul>
Suppliers	<ul style="list-style-type: none"> <li>Supplier/vendor profitability</li> <li>Brand and certification of suppliers</li> <li>Logistics and distribution costs</li> <li>Support provided to suppliers to reduce their risks as part of corporate sustainability</li> <li>Addressing supplier grievances by Ambuja</li> </ul>	<ul style="list-style-type: none"> <li>For suppliers, profitability is important.</li> <li>They are happy with the Ambuja brand. They believe that procurement standards followed by Ambuja are very helpful to them to improve their business &amp; brand.</li> <li>Transporters are concerned about the idle time during the lean season.</li> </ul>	<ul style="list-style-type: none"> <li>Ambuja is following sustainable procurement practices.</li> <li>An external agency is required to foster robust sustainability practices at the suppliers' end.</li> <li>Integrated procurement is being undertaken with partners.</li> <li>Transporters' concerns are regularly discussed.</li> </ul>



Stakeholder Group	Key Topics	Short Description	Ambuja's Response
<b>Dealers</b>	<ul style="list-style-type: none"> <li>• Brand image</li> <li>• Safety</li> <li>• Suppliers' &amp; dealers' network</li> <li>• Customer satisfaction</li> </ul>	<ul style="list-style-type: none"> <li>• Ambuja's brand image matters a lot to promote the product and to earn the customer's trust. At the moment the Ambuja brand is good. However, the challenge is to maintain it, considering the other existing &amp; new players in the future.</li> <li>• High level of customer satisfaction fosters the business.</li> </ul>	<ul style="list-style-type: none"> <li>• Regular meetings happen with dealers.</li> <li>• Ambuja's Customer Support Group works in tandem with dealers and customers. It conducts regular meetings with them to ensure dealers and customers are satisfied and their concerns are addressed.</li> </ul>
<b>Policy makers/ Regulatory agencies</b>	<ul style="list-style-type: none"> <li>• Knowledge management</li> <li>• Health and safety</li> <li>• Product innovation</li> <li>• Regulatory requirements and compliance</li> </ul>	<ul style="list-style-type: none"> <li>• Policy makers felt that Ambuja is doing well in terms of sustainability through its True Value project &amp; other initiatives. Knowledge management across the different Company functions will help run their operations more efficiently.</li> <li>• Product innovation that leads to resource efficiency is the need of the hour.</li> <li>• Environmental norms are getting more &amp; more stringent. Ambuja will ensure that it meets all future requirements, howsoever stringent.</li> </ul>	<ul style="list-style-type: none"> <li>• Ambuja will relook at its knowledge management practices and prepare a framework to enhance the synergy between different functions to encourage the efficiency of its operations.</li> <li>• Ambuja will upgrade its environmental management and control systems to meet future compliance requirements.</li> </ul>

Site Specific Impact Assessment (SSIA), conducted by ACF, obtains a systematic and comprehensive overview of the plants' impact at the local level and helps identify risks and opportunities. The assessment is done through consultations with internal and external stakeholders. Interviews and focus group discussions are conducted,

involving the plant management team, employees, contract workers, trade unions, truckers, community members, contractors, and local authorities. A proactive plan is made to mitigate these risks. SSIA captures the perceptions of all stakeholders at all sites and enables the Company to address potential risks.



## Key Impacts, Risks and Opportunities

The Company perceives several risks in its operations that could impact its business. At Ambuja, it is our constant endeavour to see an opportunity in every risk.

We have taken positive steps to respond to these risks and convert them into opportunities.

Risks and/or Opportunities	Ambuja's Initiatives
<b>Energy</b>	
Energy is one of the major expense baskets in the cement industry. Coal price escalation, stressed supplies and faltering quality continue to remain a major area of concern.	We are constantly working towards reducing traditional energy consumption through measures such as use of greener fuels and increasing the production of blended cements. 'Energy Activation across Regional Network' (EARN) is an in-house initiative that Ambuja has embarked upon, to build a lean energy culture across the Company.
<b>Water Availability</b>	
Availability of water has become a significant risk area, considering the mounting pressure on the available water resources. Our operations require water for use in cooling, dust suppression, and domestic needs.  Rising concern for ready and continued water availability at manufacturing sites owing to unpredictable weather patterns, coupled with increase in costs for water procurement, may pose risks to our operations.	Water conservation remains a key element of our sustainability agenda. As in previous years, we have maintained our focus on water sustainability. Ambuja is committed to conserve & use water resources in a responsible manner. All our plants track water withdrawal & consumption. Plants send monthly Water Management Reports (WMRs) to Corporate Office for information & discussion in regional as well as national executive committees of Top Management. Thus, the Water KPI (key performance indicator) is used to compare the performance of different plants with respect to improvement over past performance.
<b>Mining</b>	
Our operations include mining activities. The key challenges associated with mining operations are land acquisition, mineral distribution, ground water table intersection, and mine rehabilitation.	The Company extracts limestone from its captive mines. These mines, being captive, allow better operational control from the quarry to the finished product, which supports quality enhancement. It continues to adopt state-of-the-art mining techniques with due regard to pollution control, environment preservation, and safe mining. We employ the best available technologies with minimal disturbance. The technologies employed include surface miners which cut limestone without blasting; and the latest controlled blasting technique which allows mineral extraction with minimal noise and vibration.  As a responsible company, Ambuja uses over land belt conveyor (OLBC) systems for transportation of limestone from the mine to the stockpile. Mine rehabilitation is an important environmental aspect and the Company takes it seriously. In order to prevent degradation of the mined out areas, the Company has meticulous plans for their rehabilitation and post mining use.

Risks and/or Opportunities	Ambuja's Initiatives
<p><b>Climate change</b></p> <p>Being an energy intensive industry, climate change poses risks which are evident in our operations and their mitigation represents a key aspect of our sustainability strategy.</p> <p>Potential risks emanating out of climate change include:</p> <ul style="list-style-type: none"> <li>• Exposure of our facilities around coastal regions to physical risks. These include one of our large manufacturing facilities as well as a bulk cement terminal. Rising sea levels can challenge the operations of our bulk cement terminals which are used to transport cement in bulk through the sea route.</li> </ul> <p>The Company also has two large manufacturing facilities in water scarce regions. Water availability issues in these regions due to climate change may put plant operations at risk.</p>	<p>We continue to focus on the four levers in our operations to address the challenges of climate change. These are -</p> <ul style="list-style-type: none"> <li>• Reduction in clinker factor;</li> <li>• Improving thermal energy efficiency &amp; process technology;</li> <li>• Optimising fuel composition, including the use of wastes as fuel; and</li> <li>• Waste heat recovery.</li> </ul> <p>The international standard ISO 50001:2011 is also being implemented to further strengthen our energy management system. Our Rabriyawas, MCW &amp; Darlaghat integrated plants have obtained certification. We have also been able to reduce our specific net carbon footprint by almost 28% in 2014 compared to 1990 levels. Currently we are monitoring and reporting GHG emissions through the WBCSD CSI Initiative CO<sub>2</sub> Emissions Inventory. We have continued to focus on production of fly ash based PPC as our major product.</p>
<p><b>Logistics</b></p> <p>Increasing logistics expense is another area of concern for the industry. One of the major costs is the distribution cost.</p>	<p>The industry has witnessed a rise in the movement of cement through the sea route to optimise distribution costs. Ambuja is continuously working towards strengthening its costal distribution network, while at the same time trying to bring down distribution and logistics costs. In 2014, around 24% of our dispatch (including exports) was via sea.</p>
<p><b>Local Communities</b></p> <p>The Company has manufacturing sites in rural areas of the country. The rural communities face widespread income inequalities, which are often a source of discontent and social unrest.</p> <p>The communities therefore have high aspirations from the Company. In addition, there are changes in society owing to the large inflow of migrant population, truck force in the area etc. Contented communities help in the smooth running of the business.</p>	<p>Ambuja Cement Foundation has institutionalised the process of community engagement over the years. The Community Advisory Panel established in locations comprises Company and community leaders. It is a platform to discuss issues faced by the community and achieve a consensus to implement programmes for them. All programmes are rigorously monitored through the Social Engagement Scorecard which maintains a score on activities and programmes of the Foundation through detailed group discussions and interviews with community representatives.</p>

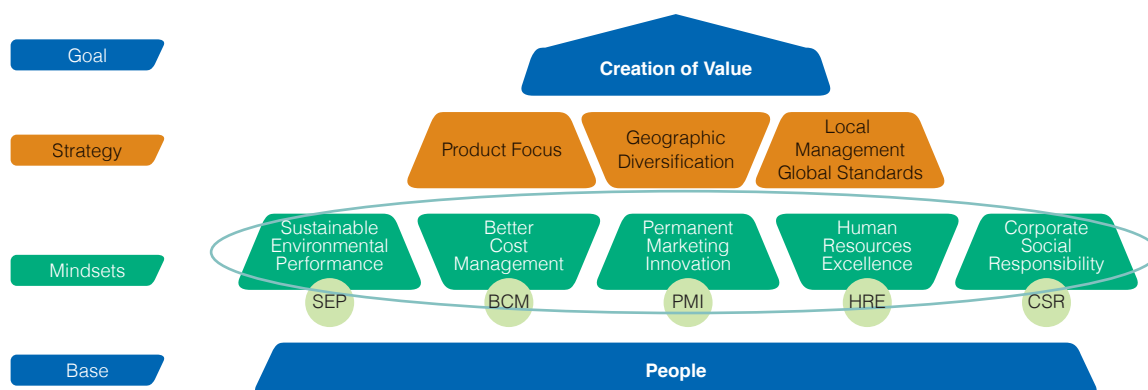
## Strategy of Business Risk/Opportunities Assessment & Management (BRM)

The **Risk Management Committee of the Ambuja Board** lays down the procedures for risk assessment and minimisation and the Board is 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. MD & CEO and CFO have confirmed that mitigation plans have been finalised and up to date, the owners have been identified and the progress of mitigation actions monitored. The Committee met once during the year.

The directors or the highest governance body of the Company also engage with the risk management process through bodies like the Risk Management Committee, CSR Committee & Compliance Committee. Ambuja has a well embedded business risk management (BRM) process for identifying risks and opportunities at corporate as well as operational levels. The overall objective is to improve awareness of the Company's risk exposure and manage it appropriately. Materiality reviews are conducted in conjunction with the annual business planning cycle. BRM includes assessment of social, economic, and environmental risks. Risk assessment and Management policy support sustainable business modules for increased profitability. Our risk management approach incorporates sustainability; it provides Management with useful data to identify emerging issues and develop new and better products and processes. These help protect the Company's reputation and improve shareholder value. Sustainability gives us an opportunity to look at risks in a broader rather than a traditional risk management framework; this entails looking beyond economic, strategic, and operational factors and including social and environmental considerations; sustainability allows corporations to consider emerging risk areas and to look for opportunities presented by risks that

are overlooked by other analytical and systems-driven approaches. A more holistic point of view assures sound financial management, ethical corporate governance and transparency with respect to information provided to employees and other stakeholders. Examples of emerging sustainability concerns for our industry include climate change, social justice, depletion of non-renewable resources, brand damage (including boycotts), shareholder actions related to sustainability issues and disclosure of historic environmental liabilities. Sustainability risk management also requires the evaluation of many aspects of the entity's operations that are not part of the most current corporate programmes. Examples include energy consumption, emissions of greenhouse gases, water use, waste generation/ consumption, AFR etc. At Ambuja, we address many aspects of sustainability, as it improves business efficiency and boosts profits. Efficient productivity includes reduced material requirements, reduced energy for production, lowering of toxic gas emission, improving recyclability, improving the durability & reliability of products, and maximising the use of renewable resources. Implementation of a sustainability programme starts with an understanding of corporate and regional principles and values. The fundamental values that unify an entity's actions are its way of thinking and its people; these are derived from where the Company has been, where it is today and its quest to continue delivering value into the future. The first step towards implementation is risks/opportunities assessment, where all the possible risks/opportunities are identified and then mapped. The next step is prioritising the risks/opportunities and formulation of action plans which then take form of projects. One such example is the ongoing 'Geocycle' Project.

### Ambuja's Strategy House forms the basis for the Business Risk Management Process



## Corporate Governance

### Company's Philosophy on Corporate Governance

At Ambuja Cement, corporate governance has been an integral part of the way we have been doing our business since its inception. We believe that good corporate governance emerges from the application of the best management practices and compliance with 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 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 the empowerment and integrity of its employees; safety of the employees and the communities surrounding our plants; transparency in the decision making process; fair and ethical dealings; a pollution-free environment; and last, but not the least, accountability to all its stakeholders. These practices are being followed since its inception and have contributed to the Company's sustained growth. The Company also believes that its operations should ensure that precious natural resources are utilised in a manner that contributes to the; 'triple bottom line'.

### The Governance Structure

Ambuja's governance structure is based on the principles of freedom, within a given framework, to the Executive Management to ensure that the powers vested in it are exercised with due care and responsibility to meet the expectations of all stakeholders. In line with these principles, the Company has formed three tiers of its corporate governance structure:

**(I) The Board of Directors** - The primary role of the Board is to protect the interests of and enhance value for all the stakeholders. It conducts overall strategic supervision and control by setting goals & targets, policies, reporting mechanisms & accountability, and agreeing on the decision making processes to be followed.

**(II) Committees of Directors** - Committees such as the Audit Committee, Compliance Committee, Capex Committee and CSR Committee are focused on financial reporting, audit & internal controls, compliance issues, critical assessment & review of large capacity

expansions, and implementation and monitoring of CSR activities.

**(III) Executive Management** - The entire business, including the support services, is managed with clearly demarcated responsibilities and authorities at different levels.

**A. Executive Committee (ExCo)** comprises the Managing Director (MD), & Chief Executive Officer (CEO), the Business Heads and a few Corporate Functional Heads. This is a brain storming committee where all important business issues are discussed and decisions taken. The Committee reviews and monitors monthly performances, addresses challenges faced by the business, draws strategies and policies and keeps the Board informed about important developments that have bearing on the operational and financial performance of the Company.

**B. Managing Director and Chief Executive Officer** is responsible for the entire operations of all the regions, business strategies, project execution, overall performance and growth, achieving the Company's vision and mission, mergers and acquisitions, significant policy decisions and all critical issues that have significant business & financial implications. He provides strategic direction, policy guidelines and support to the Executive Committee members and other functional heads. He also ensures implementation of the decisions of the Board of Directors and its various committees. He reports to the Board of Directors.

### Board Composition

The Board of Directors has a very balanced structure, which primarily takes care of the business needs and stakeholders' interests. The composition of the Board also complies with the provisions of the Companies Act, 1956, and the Listing Agreement. At the end of corporate financial year 2014, the total Board strength was as follows:

Independent directors	5
Non-independent directors- non-executive (including Chairman)	5
Non-independent and executive (MD & CEO)	1
Total strength	11



**GOVERNANCE BODIES: Age and Gender Distribution**

LEVEL	Male	Female	Under 30	30-50	OVER 50	Total
Board of Directors	10	1	0	2	9	11
Executive Committee	4	1	0	1	4	5

For more information, please refer to Ambuja Cements' Annual Financial Report, 2014 (<http://www.ambujacement.com/investor-relations/annual-reports/>)

With the Companies Act, 2013 coming into force, the Board appointed all the existing independent directors as independent directors until 31st March, 2019, under section 149 of the Act. The independent directors have submitted the Declaration of Independence, as required pursuant to section 149 (7) of the Act, stating that they meet the criteria of independence as provided in sub-section (6). Directors are appointed or re-appointed with the approval of the shareholders and shall remain in office in accordance with the retirement policy as laid down by the Board from time to time. The Managing Director, and all the non-executive directors are liable to retire by rotation, unless otherwise specifically approved by the shareholders. The non-executive directors including independent directors on the Board are experienced, competent and highly renowned persons from their respective fields. They take active part in the Board and Committee meetings and play a critical role in strategic issues. This enhances transparency and adds value in the decision making process of the Board of Directors.

On appointment, the concerned director is issued a letter of appointment, setting out in detail the terms of appointment, duties, responsibilities, and expected time commitment. Each newly appointed independent director is taken through a formal induction programme including a presentation from the MD & CEO on the Company's manufacturing, marketing, finance, and other important aspects. The Company Secretary briefs the director about his/her legal and regulatory responsibilities. The induction for independent directors includes interactive sessions with Executive Committee members, business and functional heads, visit to the manufacturing sites, etc. On matters of specialised nature, the Company engages outside experts/consultants for presentation and discussion with the Board members.

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. More details can be found in Ambuja Cements' Annual Report 2014. (<http://www.ambujacement.com/investor-relations/annual-reports/>).

**Board Committees**

The following committees have been formed with specific objectives for controlling various operations within the system:

**Audit Committee**

The Audit Committee comprises of all non-executive directors. Majority of them, including the Chairman, are independent directors. The terms of reference of this Committee broadly include (i) approval of the annual internal audit plan, (ii) review of financial reporting systems, (iii) review of internal control systems, (iv) discussions on quarterly, half yearly, and annual financial results, (v) interaction with statutory, internal & cost auditors, (vi) recommendation for appointment of statutory & cost auditors and their remuneration, and (vii) the risk management framework concerning the critical operations of the Company.

**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 was put in place and a separate committee of directors called the 'Compliance Committee' constituted. It comprises three independent directors, two non-independent directors, and the Managing Director. The Chairman of the Committee is an independent director.

**Corporate Social Responsibility (CSR) Committee**

The CSR Committee is mandated under section 135 of the Companies Act, 2013. The Committee is headed by the Board Chairman. Other members include two independent directors and two non-independent directors including the MD & CEO. The ToRs of the Committee are as follows:-

- To frame the CSR Policy and review it from time to time.
- To ensure effective implementation & monitoring of CSR activities as per the approved policy, plans, & budget.
- To ensure compliance with the laws, rules and

regulations governing CSR, and to report periodically to the Board of Directors.

ACF makes consultation with community stakeholders. MD & CEO as well as Director, ACF appraise different aspects on consultation outcome to the highest governance body through CSR committee.

#### **Stakeholders Relationship Committee (Share Allotment and Investors' Grievance Committee)**

#### **Nomination and Remuneration Committee (formerly Compensation and Remuneration Committee)**

The Company follows a policy on remuneration of directors and senior management employees (available in the Annual Report). The policy is approved by the Nomination & Remuneration Committee and the Board. More information provided in the Ambuja Annual Financial Report 2014.

#### **Risk Management Committee**

This Committee of the Board lays down the procedures to inform the Board about the risk assessment and minimisation procedures. The Board is 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. The Committee got confirmation from MD & CEO, and CFO that mitigation plans and actions are monitored and up to date, and owners identified. The Committee met once in the year.

#### **Other Committees of Directors**

In addition to the above Committees which are mandatory under the Companies Act, the Listing Agreement and SEBI Guidelines, the Board of Directors has constituted the Capex Committee, Management Committee, and Share Transfer Committee to look into various business matters.

Although Ambuja has not appointed dedicated executive-level positions to report directly to the highest governance body regarding economic, environmental, and social concerns, these issues are addressed through the CSR Committee of the Board, CSSC, Chief Corporate Services Officer (a new position w.e.f January, 2015), Head (CSR) and Head (Environment & Sustainability). MD & CEO is the liaison between the Ambuja Board or the CSR Committee and the CSSC. MD & CEO is supported by Head (CSR), Head (Environment & Sustainability) and other relevant functional heads in taking forward the Company's sustainability performance. ACF consults with different communities and also addresses site-specific impact assessments.

#### **Corporate Sustainability Steering Committee (CSSC)**

The CSSC monitors the sustainability endeavours of the Company at the corporate level. The CSSC comprises three permanent members from the MD's office, who are Head (Environment & Sustainability) - (the convener), Head (CSR), and Senior Vice President (Business and Technical Coordination). In addition to this, corporate functional heads are invited depending on the topics of discussion. The CSSC reports to MD & CEO. This Committee also reviews and approves Ambuja's Sustainability Report and ensures that all material aspects are covered. CSSC also connects with Unit Sustainability Steering Committee (USSC) at each plant location.

Ambuja requires that business decisions are made in the best interests of the Company, and not based on personal interests. A conflict of interest may arise when personal interests interfere, or may be perceived as interfering, with the ability to perform effectively and fairly. Anyone engaged with Ambuja is required to avoid any relationship or activity that might impair, or even appear to impair our ability to make objective and fair decisions on behalf of the Company. When such relationships or activities cannot be avoided, it must be disclosed promptly to local Compliance Officer. In addition, one is required to similarly disclose any personal interest that could be perceived as having a connection with the execution of professional duties. Ambuja or Holcim property or information is not to be used for personal gain or to derive personal advantage of any opportunity that may arise in the course of our work.

All related party transactions are entered into on an arm's length basis and are in compliance with the applicable provisions of the Companies Act, 2013 and the Listing Agreement. There are no materially significant related party transactions made by the Company with promoters, directors or key managerial personnel which may be in 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 one per cent of the net sales of the Company for the next three years commencing 1 January, 2015. This disclosure has been made as a matter of prudence. All related party transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained for transactions that 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 a certificate from the MD & CEO, and the CFO. The Related Party Transactions Policy as approved by the Board can be viewed on [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).

Details of transactions with related parties are provided in the accompanying financial statements.

### Remuneration and Incentives

The Company has a Remuneration Policy (available in Annual Report 2014) for directors and senior management employees. The policy is approved by the Nomination & Remuneration Committee and the Board. The remuneration of the MD & CEO is based on the Company's size, industry practice, current trend, and the overall performance of the Company. The Nomination and Remuneration Committee submits its recommendation to the Board, which after due consideration approves the remuneration (which also includes annual increments and performance bonus) payable to the MD & CEO within the overall limits prescribed under the Companies Act, 1956. Approval of the shareholders is obtained wherever required. The non-executive directors are paid applicable sitting fees per meeting for attending Board and other Committee meetings except Share Transfer Committee meetings, for which no sitting fees are paid. In addition to the sitting fees, the Company also pays a commission to the non-executive directors for their overall engagement and contribution to the Company's business. The commission is paid on a uniform basis to reinforce the principle of collective responsibility. Considering the accountability and the complexities of issues handled by the Audit and Compliance Committees respectively, the Company has provided additional commission for each non-executive member director of the Audit Committee and Compliance Committee. The maximum commission payable to each non-executive director has however been capped. None of the directors holds any convertible instruments. Appointment of the MD is governed by a service contract for a period of five years and a notice period of three months.

### Values, Ethics, and Integrity

#### Managing the Risks of Fraud, Corruption, and Unethical Business Practices

A fraud-free and corruption-free work culture is core to the Company's operations. In view of the potential risk of fraud and corruption due to therapid growth and geographical spread of our operations, the Company has laid great emphasis on addressing this risk. To meet this objective, a

comprehensive Fraud Risk Management (FRM) Policy, akin to a 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 the Annual Report.

In furtherance to the Company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down **Anti-Bribery and Corruption Directives (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 held for select vendors based on their risk profile and business relationship with the Company. The above policies and their implementation are closely monitored by the Audit and Compliance Committees of the directors and periodically reviewed by the Board.

The Company believes in 'zero tolerance' towards bribery and corruption in any form. In keeping with our governance philosophy of doing business in the most ethical and transparent manner, the Company has laid down the Anti-Bribery and Corruption Directives which forms part of the Code of Conduct and Business Ethics. The policy relating to ethics, bribery and corruption covers the directors and employees of the Company. The Whistleblower Policy covers directors, employees, vendors and customers. The Fraud Risk Management Committee received 41 complaints during the year 2014. The Committee reviewed every complaint on its merits and took suitable action including detailed investigation and disciplinary action. Thirty seven out of 41 complaints were resolved, & the remaining are being resolved. The action ranges from preventive to punitive action, including transfer and termination of services of employees for fraud & misconduct; and termination of contracts of vendors for indulging in fraudulent practices. There were no public legal cases regarding corruption brought against the organisation or its employees during the reporting period. As part of continuous education on ABCD to the employees, mandatory on-line training through a web-based application tool was undertaken by approximately 4,000 employees during 2014.

The total monetary value of financial & in-kind political contributions made directly & indirectly by Ambuja was zero.



# Business...

## Moving past the blocks



### Economic Performance

Business performance is one of our main growth drivers. To improve competitiveness, we are working on reducing costs, optimising the supply chain and boosting the productivity of our plants. Efficiency is improved through better procurement management, preventing waste and increasing use of alternative fuels. The cost of **major raw materials**, fly ash and gypsum, increased by two per cent on a 'per tonne' basis. During the year, the royalty on limestone was hiked by 27%. Overall, the raw material cost per tonne increased by approximately 13% over the previous year. **Power and fuel** costs account for approximately 26% of the total operating cost of the Company. Coal costs for kilns and captive power plants increased by 4% and 10% respectively, mainly due to the higher cost of imported coal. However, substitution of high- cost coal by petcoke helped restrict the overall cost increase. Besides, there was a five per cent increase in the usage of alternative fuels over that in 2013. Alternate fuels accounted for four per cent of the total thermal energy consumption in 2014. Overall, power and fuel cost increased by seven per cent on a per tonne basis as compared to the year 2013. To remain competitive, several cost mitigation & efficiency improvement measures are in place:

- Keeping in line with the Company's philosophy of sustainable operation, focus was maintained on production of fly ash based PPC. Several initiatives were taken up to enhance fly ash consumption in PPC while maintaining its quality.
- The Company worked on fuel flexibility to mitigate risks associated with a dynamic fuel market, and began developing the abilities to switch to the most economical fuel mix.
- The 'GEO 20' project is a part of the Company's

efforts to create a cost efficient fuel mix. It is now in operation and will be stabilised by Q1-2015.

As a result of handling, storing and processing of waste materials, the Company will be able to reduce energy costs by ensuring better use of greener fuels.

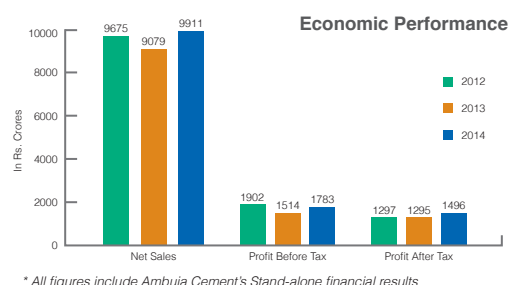
- The revision of load lines for captive ships will lead to greater cargo movement by sea, which is environment-friendly and will result in savings in coastal freight cost.
- Replacement of the MP turbine with an HP turbine at Maratha Cement Works should help improve the efficiency of the captive thermal power plant and lower power generation costs. The Company has also replaced most of its major drives with VVFDs, which will help reduce power consumption and energy costs.
- 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 achieved by direct dispatches to customers through fleet and route optimisation.

The Company has also embarked on a Customer Excellence (CE) (erstwhile Marketing and Commercial Excellence) programme to sharpen its marketing, sales and distribution functions. Customer centricity is in our DNA, with the vision of Holcim CE to be the most customer focused company, creating more value for our customers leading to the highest customer loyalty in our industry.

Net cement sales grew by 2.5% by volume to reach 22.15 million tonnes from 21.6 million tonnes in the previous year. Our net sales were 9.1% higher than the previous year. The Company's efficiency & cost optimisation initiatives partly mitigated inflationary pressures and restricted overall cost increases. This helped the Company earn higher EBITDA

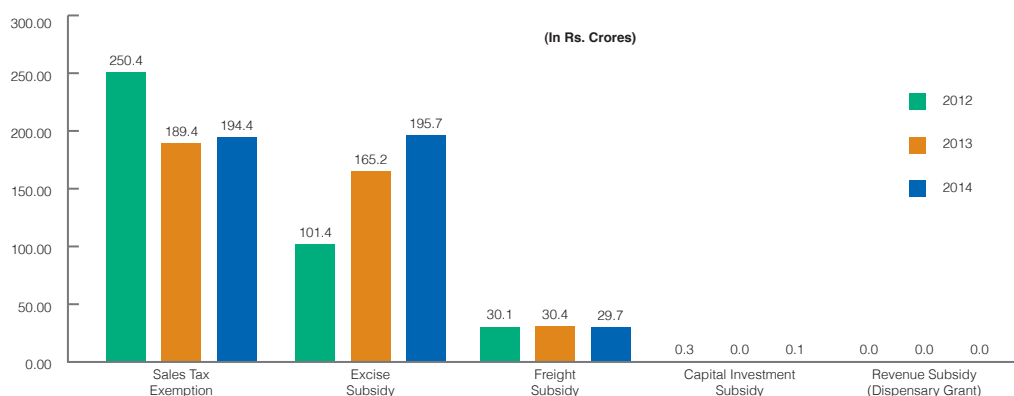


at Rs. 1,928 crore as compared with the previous year's Rs.1,667 crore, posting growth of 15.7%. The net profit after tax (PAT) was also higher at 15.5 % during the year as compared to the previous year. Our cement production increased by two per cent to reach 21.43 million tonnes, from 20.96 million tonnes, while clinker production increased to 14.84 million tonnes, up four per cent from 14.27 million tonnes in 2013.



Response Point	2012 (Crore Rs.)	2013 (Crore Rs.)	2014 (Crore Rs.)
Direct economic value generated	11,064.8	10,795.15	11,666.54
<b>DIRECT ECONOMIC VALUE DISTRIBUTED</b>			
Operating costs	7,086.2	7,200	7,534.14
Employee wages and benefits	461.7	499.3	562.16
Payments to providers of capital	630.4	621.4	839.09
Payments to governments	2,269.4	1,684.3	1,941.13
Community investments	43.1	48.9	34.02
Total direct economic value distributed	10,490.9	10,053.9	10,910.54
<b>ECONOMIC VALUE RETAINED</b>	573.8	741.1	756.0

The total monetary value of financial assistance received by Ambuja from governments in various forms of exemptions/ subsidies is Rs. 419.8 Crores.



**Notes: Roorkee Unit:** Roorkee is excise exempted unit. The amount of excise exemption shown is for 2014. **Suli Unit:** Suli is excise exempted unit. The amount of excise exemption shown is for 2014

## Product Quality Management

'Assured quality' is one of the prime factors for sustainability of the industry. Corporate product quality management (PQM) plays a significant role in this respect by ensuring cement quality, boosting consumers' confidence, and leading to new products. Our PQM is a comprehensive set of tools used to control and manage product quality across the Company. This system involves monitoring of five quality principles; (i). Measurement of customer satisfaction; (ii). Product benchmarking;

(iii). Internal product specification; (iv). Application oriented product testing; and (v). Manufacturing quality targets and key performance indicators. These parameters are integrated into a product quality index (PQI), which is used for analysing manufacturing performance and is tuned with ISO 9000. The system starts with customer requirements and ends with the final evaluation of customer satisfaction, including all the intermediate processes to ensure that the delivered product has the right quality.



In addition, the Company has also constituted a **Quality Committee**, which refers to an institutionalised, regular meeting between regional marketing and sales teams, customer support service teams and manufacturing teams (Plant Manager, quality control & production). The objective of the 'Quality Committee' is the continuous

alignment between manufacturing, customer support, and marketing & sales. This entails review of the regional market situation, customer feedback and product benchmarking as well as manufacturing issues relevant to product quality. Several ongoing PQM quality monitoring strategies are summarised in the table.

S. No.	Activity	Frequency
1	Approved quality parameters test data	Daily
2	5 Indicators for monitoring the quality <ul style="list-style-type: none"> <li>• CoV of 3D strength</li> <li>• CoV of 28 days strength</li> <li>• Clinker quality</li> <li>• Customer satisfaction</li> <li>• Product bench marking</li> </ul>	Over a month, based on daily strength Over a month, based on daily strength Over a month, based on daily data Attending customers' issues (if any) immediately Bi-monthly
3	Application- oriented product testing	Bi-monthly
4	Random market (cement) sample testing	Monthly
5	Bag quality index	Monthly
6	Quality meets (each region)	Quarterly

#### New Products Initiatives



We conducted several laboratory trials for successful commercial production and development of new products with advanced Special Performance Enhancer (SPE) technology that makes concrete stronger and easier to work with. This led to the successful launch of our new product- **AMBUJA PLUS** which attracted very good response from the market.

#### Low Carbon Cement (LCC)

A low-clinker ternary blend developed through international collaboration between the University of Las Villas, Cuba and École Polytechnique Fédérale de Lausanne, Switzerland, and funded by the Swiss Government. Its end product can lower clinker factors to 40%; and emissions by 50%

compared to OPC, and 11% compared to PPC containing 35% fly ash. LC3 takes advantage of the synergetic hydration of clinker, calcined clay and crushed limestone to achieve the performance required from commercial cements, even at a clinker factor as low as 0.40.

Our PQM department was associated with IIT-Delhi/ Bombay/ Chennai & TARA (Technology and Action for Rural Advancement) for development of LC3 cement to support sustainable growth by reducing emissions, energy consumption, capital and product costs, and wastage of raw materials. The Ambujanagar plant was commissioned to provide all required materials for development of this product.

#### Regional Innovation Exchange South Asia Team

This team was constituted by Holcim to create an innovation roadmap with value-creating opportunities, innovative solutions and successful practices across South Asia. Our PQM team will facilitate reduction of the clinker factor and leverage of opportunities around cement additives; it will also research innovative solutions for affordable housing.

To create a positive perception of our brand, product, services, profile, reputation and image, the PQM department reaches out to prospective and potential



clients by participating in conferences, delivering technical presentations and publishing technical papers.

### Knowledge Sharing

For the benefit of customers and other stakeholders in construction industry, eleven (11) technical lectures were delivered and five (5) new technical booklets were published on different topics. External trainings were also organised at Ambuja Knowledge Centres (AKCs), institutions/ colleges, and consumers' sites, totaling 28 programmes and benefitting 2,231 participants.

As part of our Cement Sustainability Initiative (CSI), internal training was conducted within all the Ambuja plants to improve skill, knowledge, and competency to meet challenges in using alternative raw materials and fuels, with the following objectives:

1. To support product management in cement chemistry and mineralogy.
2. Development of QC training modules to build capacity and address problems.
3. To follow established safety practices and eliminate hazards to achieve ZERO harm in all Ambuja QC laboratories.
4. To develop competency especially in the field of basic research.
5. To develop basic technology and new test

procedures as a platform for future product development.

6. Product and quality optimisation with the use of alternative raw materials and fuels.

### Quality Lab Audit

Corporate PQM carries out a laboratory audit of all Ambuja cement testing laboratories annually. The non-compliances are evaluated and addressed. During 2014, three concrete laboratories (regional) were audited by a team of experts from Corporate PQM. Similarly, a quality audit of 15 cement mortar labs (in plants) was carried out.

The product quality is governed by the Bureau of Indian Standards (BIS). As per the BIS mandate, the information is displayed on the bag. No other label is displayed apart from what is mandated. The test report is available and can be produced on demand. However, the Company is planning to display sustainable product-related information on the bag, over and above what is mandated by law. The Company complies with all statutory requirements mandated by the Bureau of Indian Standard (BIS) Weights and Measures norms. All cement bags carry a toll-free number on which customers can call with complaints or to seek information. The PQM team also tests cement bag samples from all regions every month and does a quarterly benchmarking exercise.

## Customer Care and Support

Ambuja has always focused on its customers. Our approach in the market is to give our customers the greatest value. We make continuous efforts to provide the best quality product, accompanied by the best marketing and technical support. Customer Support Group (CSG) offers guidance & support to targeted segments as per their needs. This includes awareness programmes, training & skill development, and knowledge sharing. CSG supports customers in assuring, demonstrating, and providing guidance for stronger construction. Customer support engineers (CSEs) meet customers during construction site visits, at channel partners' shops, during awareness programmes like individual house builder (IHB) meets, group meets, etc.

Consistent excellence in quality, innovative products and customer delight are important for the success of Ambuja.

We engage in a comprehensive manner with all customer segments like individual house builders (IHBs), small & large builders, small & large contractors as well as the Government. The IHB segment is addressed through our channel of dealers and retailers. Institutional buyers are directly serviced by Ambuja. The institutional customer segment, although smaller, is growing at a faster rate. With continuous urbanisation and new government projects, this segment would play a significant role in our business growth. We aim to be a complete solution provider to this segment. We engage with the institutional segment regularly on a one-to-one basis through sales calls and through our Ambuja Knowledge Centres (AKCs). Our Key Account Management (KAM) group engages with these consumers. Satisfaction and feedback measurement are carried out through formal and informal methods with consumer segments as well as channels.

Brand health studies are conducted with individual customers to measure brand equity. Net Promoter Score methodology is used to gauge the satisfaction levels of dealers. The Customer Complaint System (CCS) addresses customer complaints about product quality.

### Awareness Initiatives

**Site Visits:** CSEs visit construction sites to observe construction, material quality and construction practices. They offer suggestions & guidance to customers & contractors to improve construction practices:

- Use of Portland Pozzolana Cement.
- Use of other ingredients (Alccofine, concrete bricks) and/or adoption of different practices like modular curing & insulated wall method for sustainable construction.
- Safety while working on site.
- Encouraging masons to adopt correct practices to make strong & durable structures.

**Awareness Programmes:** CSG organises awareness programmes & demonstrations to show customers how to observe & monitor construction. Customers are either nominated by channel partners or identified during site visits & sent individual invitations. These programmes give

Segment	No. of Participants	No. of Man Days
Masons	1,453	2,906
Contractors	3,329	3,329
Supervisors	1,957	3,914
Professionals	7,505	11,257
Total	14,244	21,406

an opportunity for active interaction with customers and in turn get us their valuable feedback. Our customer support

group (CSG) team carried out 21,406 man days of training/awareness sessions for masons, contractors, supervisors and construction professionals during 2014.

### Brand Promotion

The Ambuja brand boasts about strong and unbreakable walls. We have developed effective communication tools to take our brand to the next level, without compromising our core brand position of strength. For more details read the 'Brand Story' on our website.

We have been providing technical services to our customers through our Customer Support Group. We started a toll-free service in our primary markets and released advertisements in leading newspapers in Maharashtra, Gujarat, and Punjab, creating awareness about our services and directing interested customers to call our toll-free number.

The Company carries out periodic customer satisfaction and consumer perception surveys to fine tune its products and other marketing offerings. These surveys are carried according to global standards like Nielsen's Brand Equity Index (BEI), Net Promoter Score (NPS) & those of other research agencies. The feedback from various programmes is used for customer/influencer education. The NPS survey was also conducted through a web portal by our dealers. We received 133 queries during the year. No customer complaints or consumer cases were pending at the end of the year. The Company has set up a system of receiving customer/consumer complaints via a toll-free number. Quality related complaints are addressed by a dedicated team of civil engineers in the CSG.

Ambuja does not/has not sold products that are banned in certain markets or are the subject of stakeholder questions or public debate.

There are no complaints received/pending regarding breaches of customer privacy and losses of customer data.

## Sustainable Supply Chain

We have a vendor base of over 10,000 suppliers including reputed manufacturers and trusted brand names, spread across the country. Our vendors are technically and financially sound and have the intrinsic capacity to supply material of the desired quality on time. They are usually ranked among the top four vendors in their particular industry segment. We prefer vendors who demonstrate

good corporate citizenship and promote sustainable development. The vendors supply material as per our specifications. They are treated as business associates, with respect and dignity. Adequate care is taken to ensure transparency in the procurement processes. Our procurement policy has a clearly defined code of practice for procurement conduct and encourages fair and open



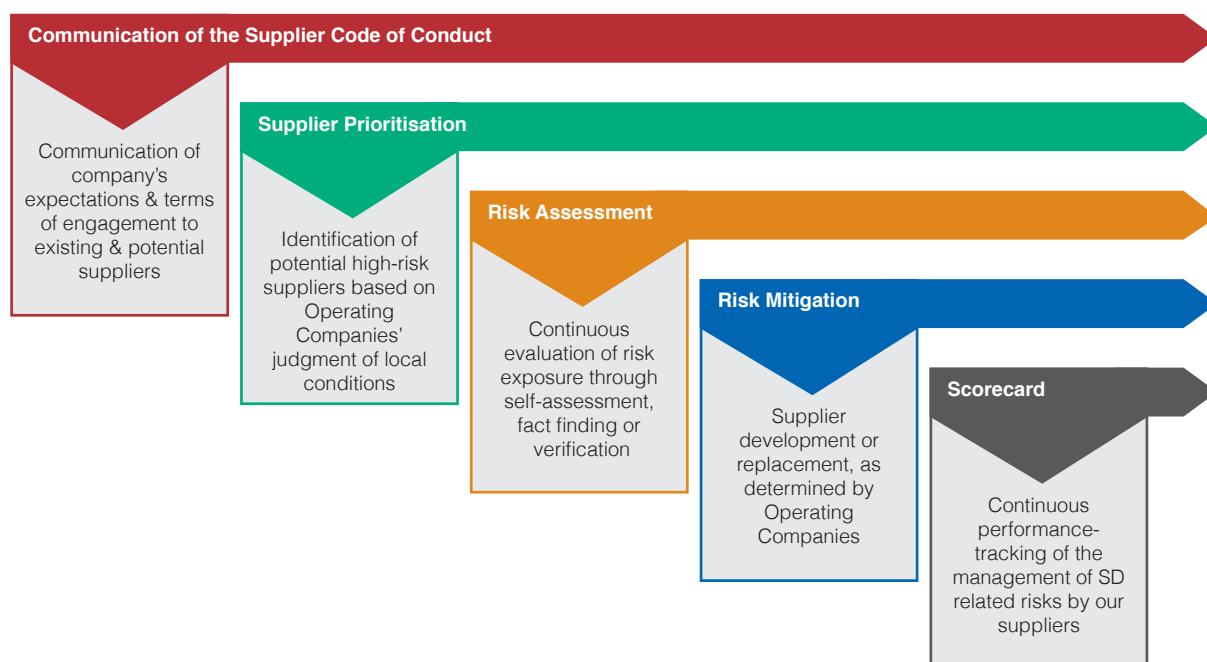
competition in markets. We attempt to build synergy and long term relationships with our suppliers. To ensure that they understand and comply with our requirements, we provide them with training on ethics, anti-corruption and anti-bribery. These sessions, each of which covers close to 50 suppliers, are conducted for high risk, high spend suppliers across all our areas of operation at regional levels. In the last year we conducted six such training sessions. Regular interaction with the vendors takes place through phone, virtual conferences, e-mail or in person. The key concerns identified are related to quality, quantity and sometimes payments. Our supplier relationship helpdesk takes up such concerns with the relevant plants as soon as possible.

During 2014, Holcim engaged a global consultant, PICS, to assist in educating existing and new vendors in various aspects pertaining to OH&S, HR, legal, environmental & ethical issues as defined in the Supplier Code of Conduct. It is proposed to continue the same in 2015 and cover those four to five per cent of vendors who fall in the high

risk, high spend category and account for 50% by value of procurement (excluding Government spend).

A high standard of professional conduct is expected from all our suppliers. We also continued our efforts to assess critical suppliers based on their sustainability practices. It has been a challenge to engage with our suppliers, as they do not yet fully appreciate the importance that sustainability can play in improving their businesses. But once they have been evaluated, this information will help us map our suppliers' practices and will be used to establish corrective action wherever required. Suppliers will receive feedback on their practices, which will allow them to work with Ambuja (and Holcim) on improving their performance. Thereafter they will also be able to grow their businesses.

Optimised sourcing through Central Procurement Organisation (CPO), cost optimisation, engineering and the supply chain are also important levers to improve performance.



The supply chain process of a manufacturing company constitutes a major part of its operating cost. Apart from being a prominent cost centre, our supply chain operations involve many key internal and external stakeholders who are affected by Ambuja. Procurement and supply operations involve a large group of multi-disciplined personnel. It is thus important to ensure efficiency and transparency in our operations. Our corporate and plant

procurement department ensure that they assess and contract suppliers whose practices comply with SA8000 and ISO 14000 standards. We have clauses pertaining to corporate social responsibility (CSR) and occupational health and safety (OH&S) which are included in the purchase orders/ agreements. We encourage our suppliers to take up 'self-assessment' based on a checklist integrating SA8000, environmental management and legal

compliance requirements. **About 600 existing suppliers have been screened through this process.** In cases where suppliers are not able to meet these minimum requirements, we engage in a dialogue with them and adopt mechanisms to help them improve their standards. In cases of persistent non-compliance or obvious violation, we decide to terminate these relationships.

### Contractual Agreement of Compliance

All our purchase orders or agreements that we enter into incorporate different clauses related to safety, environment management, and corporate social responsibility. We have started the implementation of sustainable procurement through the **Supplier Code of Conduct** which is meant to provide a clear summary of the Company's expectations from its suppliers in all procurement dealings. Transparency and accountability should be strictly adhered to in all procurement activities. There are nine listed standards that suppliers are expected to adhere to, in addition to complying with local and national laws and regulations, which are:

- Occupational health and safety
- Working conditions
- Freedom of association and non-retaliation
- Forced labour
- Child labour
- Non-discrimination
- Environmental regulatory compliance
- Management of environmental impact
- Bribery and corruption

### Environmental Principles in Procurement

**Contractual Agreement of Compliance:** All agreements with suppliers, such as purchase orders, purchase agreements, service agreements and frame agreements have to refer to the supplier's compliance with SA8000, environmental management and legal compliance requirements. With its signature or order confirmation, the supplier accepts and agrees to adhere to these requirements. In the reporting period, around four to five per cent of our new suppliers were screened using environmental criteria.

All Suppliers operating from within Indian territory (national suppliers) are treated as local suppliers. Also, wherever viable, Ambuja considers vendors located in the proximity of its plants.

	Response Point	2012	2013	2014
(a)	Expenditure on Raw Materials	%	%	%
	Imported	7.61	4.17	5.27
	Indian	92.39	95.83	94.73
(b)	Expenditure on Spares			
	Imported	21	13.87	6.06
	Indian	89	86.13	93.94

	Nos. Engaged	Amount spent (Rs. Crore)
Total no. of suppliers	9,976	7,758.28
Indian suppliers (local)	9,853	7,154.29
International suppliers	123	603.99

Our operations are well connected with the manufacturing units and sales units spread across the country. We have local procurement teams to take care of day-to-day purchase requirements. Central Procurement Organisation (CPO) engages in high value purchase of various commodities such as coal, raw materials (gypsum, iron ore and bauxite etc.), capex items, steel and various other essential services. Most of these requirements are directed to CPO and purchases are carried out centrally.





# “Environment... Being future ready”

## A Green Footprint

Today, environmental & development issues are at loggerheads in many parts of the world. We at Ambuja Cement have adopted sustainability as our way of doing business with due regard to the environment, energy management, efficiency enhancement, safety and community concerns. We invest in environment protection measures with a view to leave no or low traces of our operations. We have installed continuous emission monitoring systems (CEMS) at all our nine kilns and continuous ambient air quality monitoring systems (CAAQMS) at all our plants for real-time monitoring of all vital pollution parameters. The Company places considerable stress on emission monitoring and management.

The Company is assessing and initiating steps to meet the newer and tighter environmental standards in India. 'New Emission Standards for Cement Industry' was released by the Government in August, 2014. This requires significantly newer technologies and investments which are currently under evaluation. We believe that our vision of sustainable development and environment conservation can be achieved more effectively through a structured and systematic approach. Ambuja is empowered by its overarching 'Corporate Environment Policy' along with unit-specific policies. The corporate policy is in conformity with the Ministry of Environment and Forests' guidelines. In addition, we also have various specific policies like the Corporate Sustainability Policy, Climate Change Mitigation Policy, and Green Procurement Policy which mention the Company's approach towards sustainable development, climate change mitigation, and greening of the supply chain. All our manufacturing locations have an environment team equipped with laboratory facilities to enable complete monitoring of stack emissions, ambient air quality, noise level, and water quality. These teams are also responsible

for implementing various environment initiatives at the units. A key element of our strategy towards environmental management is the environmental assessment system. We have implemented Holcim's Plant Environmental Profile (PEP) system for the annual monitoring of plant's environment performance. In addition, corporate requirements including CO<sub>2</sub> Emissions Reporting Protocol, AFR Directive, Asbestos Directive, PCB Directive, Quarry Rehabilitation Directive, Water Directive, Biodiversity Directive, and Environment Monitoring and Reporting (EMR) protocol, were also followed.

### PEP System

The Plant Environment Profile (PEP) is the Company's internal annual environment performance assessment system. The assessment is based on a detailed & standardised online questionnaire, which incorporates key elements of ISO 14001 along with key performance indicators covering a wide range of topics. These include atmospheric emissions, energy and material consumption, water, and waste and quarry management. At the end of the assessment the environment performance index score is calculated. The score is used to rate plants internally and to benchmark them against the Group's other operating plants.

### Management of Natural Resources

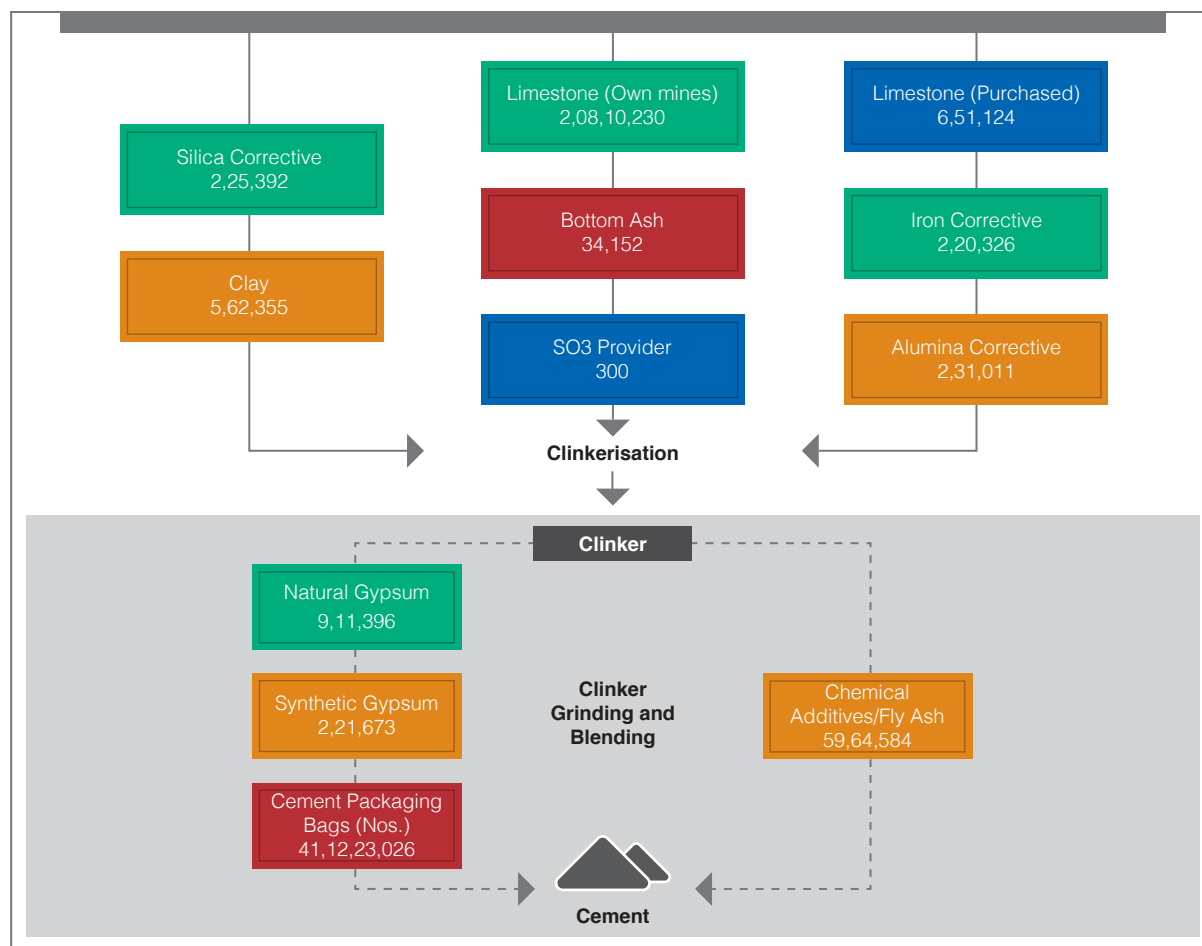
Cement production involves use of natural resources as key raw materials. As a responsible Company, Ambuja recognises the global pressures on natural resources. Efforts are in place for better material management, like the use of low grade limestone, synthetic gypsum waste from other industries, as well as fuel. As part of our sustainability initiative, we aim to increase biomass use to 10% by 2017;



increase AFR use; and reduce the use of limestone by reducing the clinker factor with increased use of fly ash. Cost of **major raw materials**, fly ash and gypsum, increased by two per cent on a 'per tonne' basis. During

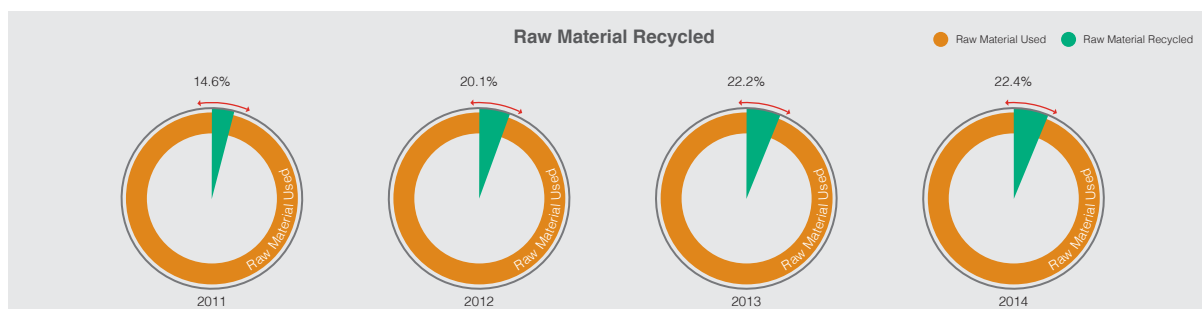
the year, the royalty on limestone was hiked by 27%. Overall, the raw material cost per tonne increased by approximately 13% over the previous year.

#### Clinker Production Materials (Non-renewable) (In tonnes)



Total Raw Material Used (EN1)	2,98,32,544 tonnes
Total Recycled Raw Material	66,71,747 tonnes
Total% of Recycled Raw Materials Used	22.4%

**22.4% of total raw materials consumed are recycled materials.**





## Energy Management

Power and fuel costs account for approximately 26% of the total operating cost of the Company. Coal cost for kilns and captive power plants increased by 4% and 10% respectively, mainly due to the higher cost of imported coal. However, substitution of high cost coal by petcoke helped in restricting the overall cost increase. Besides, there was increased use of alternative fuels as compared to the previous year. Use of alternative fuels accounted for four per cent of the total thermal energy consumption in 2014. The cost of grid power remained stable on a per unit basis. However, the cost of captive power increased by 10% in 2014 mainly due to the higher coal prices. Captive power generation contributed 67% of the total power requirement. Overall, power and fuel costs increased by seven per cent per tonne as compared to the year 2013. Depleting coal

linkages and volatility in the Indian rupee are escalating concerns regarding coal. The Company is constantly working on efficiency improvement measures by plugging heat losses at every possible stage of coal consumption. In addition, it is seriously looking at cost-effective fuel mixes and increasing the use of alternative fuels and petcoke. As a long term solution to energy security, the Company has invested in Project Geocycle, under the banner of 'Geo 20'. Waste heat recovery (WHR) systems that improve fuel utilisation by tapping renewable energy sources are given top priority. New AFR pre-processing platforms have been installed at our plant locations to increase the use of AFR.

Use of biomass is another focus area for Ambuja but its seasonal availability & rising price have been a limiting factor.

### Direct Energy Consumption by Primary Energy Source in TJ/Yr.

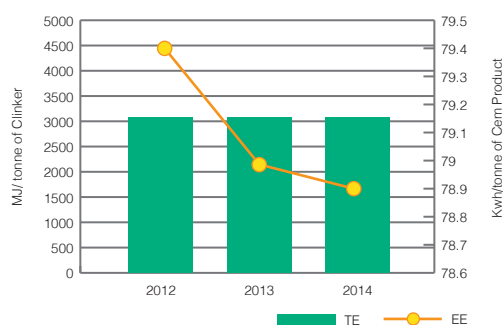
Kiln Fuel Consumption	Unit	Value
Coal	[TJ/yr]	23,885
Petrol coke	[TJ/yr]	20,326
Diesel oil	[TJ/yr]	87
Alternative fossil & mixed fuel	[TJ/yr]	1,682
Biomass fuels	[TJ/yr]	139

Non - kiln Fuel Consumption	Unit	Value
Coal	[TJ/yr]	15,180
Ultra heavy fuel	[TJ/yr]	97
Diesel oil	[TJ/yr]	118
Petrol coke	[TJ/yr]	2,238
Alternative biomass fuels	[TJ/yr]	636

Direct Energy Consumed from Wind and Solar Power Generation	2013	2014
Net units (Kwh) crore in reporting period	0.99	1.01
Total energy consumed in TJ in reporting period	35.64	36.46

Indirect Energy Consumption by Primary Energy Source	
Net units (Kwh) crore purchased in reporting period	58.59
Indirect energy consumed in TJ in reporting period	2,109

### Energy Intensity



\* Excluding onsite power production. Thermal energy (TE) expressed as MJ/tonne of clinker.  
Electrical energy (EE) expressed as KWh/tonne of cementitious product.

Ambuja continuously does its best to reduce the power, LDO, coal and other fuels consumed per unit of cement produced.

Consumption Per Unit of Production	Industry Norms	2014 (Jan-Dec)	2013 (Jan-Dec)
LDO (Ltr/T of clinker)	N.A.	0.20	0.16
Coal & Other Fuels (K.Cal/Kg of Clinker)	800	741	735

Currently industry standards for energy requirement for the use of cement at user level are not prevalent. Ambuja will pay attention to adopt best practices.

## Water -Over Four times Water Positive

Since its inception the Company has shown great commitment towards water management. We value water immensely, as it is a scarce natural resource. We not only continue to reduce the water footprint of our operations, but also promote responsible water management in partnership with various government and other local stakeholders. This is done for the benefit of the community. We track water withdrawal, consumption, reuse/ recycling and discharge. We also endeavour to save water by constructing water harvesting structures and employing water-efficient techniques. The Company defines 'Water Balance Index' as the ratio of water credit over water debit at each site. 'Water debit' denotes the total volume of water consumed; and 'water credit' is the summation of the volume of recycled/ reused water, harvested rain water, recharged ground water, water saved through better agro-practices/ techniques (drip, sprinkler, systematic rice intensification), and value-added services. If, the water balance index is greater than one, it indicates a positive water balance.

A combination of various water harvesting programmes and revolutionary techniques were employed. Through rainwater harvesting, large quantities of water were

grew with each year. **Today Ambuja is possibly the first cement company in the world to be assured 'water positive'.** The Company was assured as 'two times water positive' in 2011, and the team increased its efforts to ensure that we remained water positive in 2014 as well. The Company made a significant achievement with a 4.03 times water positive assurance in 2014. Our ambition now is to become five times water positive by 2017. It is a difficult task, but every drop added is a victory for our team, and the planet.

A third party was specially commissioned by the Company to carry out a limited assurance of its water accounting data covering the period 1 January to 31 December, 2014. The data considered included the water balance index for the facilities, water debit, and water credit. The results of the exercise showed that the Company was 4.03 times water positive in 2014 whereas the target for the year was a water positive index of 3.0. Our total credit for 2014 was about 31,192,523 m<sup>3</sup>. The amount of water credit we put back to the planet by promoting water savings and harvesting more than doubled in 2014 compared to 2011. In 2014, our Customer Support Group saved 5,175 m<sup>3</sup> of curing water through cement users. Water saving through

systematic rice intensification in eastern India benefits farmers. Our team has built over 170 check-dams and small barriers across the country, to avoid water runoff from streams and rivers.

Ambuja has been committed to conserve and use water resources in a responsible manner for long term water sustainability. Monthly water management reports (WMRs) are generated by all our plants to track water withdrawal, consumption, discharge and water harvesting practices. Water and environment champions from our plants discussed various aspects of water management at a water workshop in March 2014.

Overall, as compared to 2012, our total water withdrawal volume reduced by about seven per cent in 2014. There was a 15% reduction in withdrawal of ground water. There was no

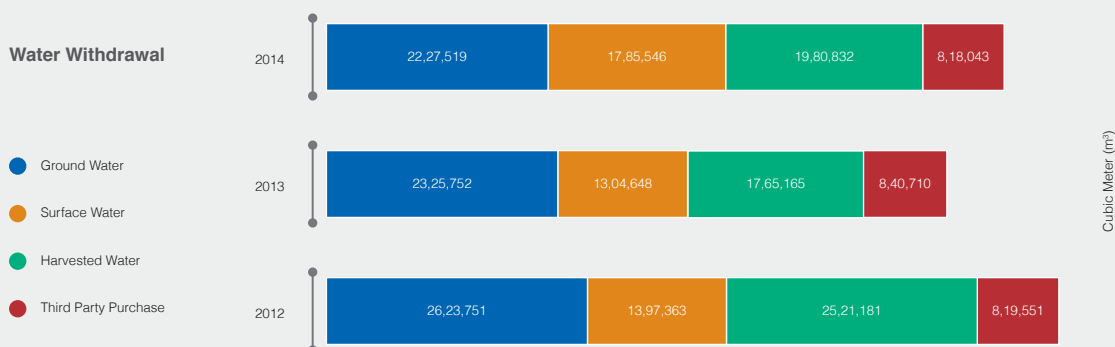
increase in water purchase from municipal supply and third parties. However, water withdrawal from surface water sources in 2014 increased by 28% as compared to 2012.

collected that would have otherwise gone unused. Even used quarries were given a new life by converting them into manmade lakes and wetlands. Steadily, the results



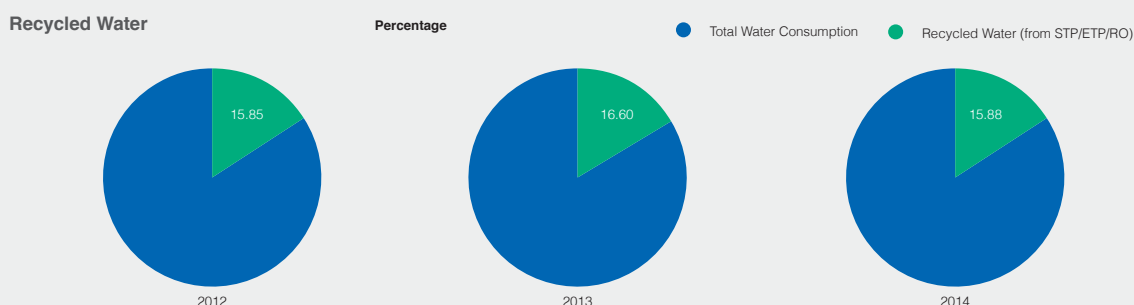


## The Total Volume of Water Withdrawn From Various Sources (Jan-Dec, 2014)



We reused/ recycled more water in 2014 (10,81,607 m³) than in 2013. The quantity recycled corresponds to about 15.9% of our total water withdrawal from various sources.

The recycled water was used in dust suppression, gardening and other purposes after treatment in sewage or effluent treatment plants (STPs/ETPs) and reverse osmosis (RO) plants.



Most of our plants do not discharge any water or waste-water into natural resources like land, streams, lakes or ponds. In 2014, the total water discharged by few of our plants was about 31,570 m³ which is about 0.5% of our total water withdrawal. Thus, no water bodies and related habitats are affected by water discharge.

Due to its continuing effort towards water resource management, local water sources are not significantly affected by withdrawal by Ambuja. A water resource estimation study is undertaken for ground or surface water conservation in addition to regulatory requirements. The Company's efforts on water resource development have been well appreciated by the community. The community takes an active part in execution of these partnership programmes with support from the local government, and other NGOs. No water source or protected area (nationally or internationally) is disturbed for water withdrawal. In fact, the Company's water resource

management programmes have positively impacted the biodiversity in some areas. This has been appreciated by different stakeholders. Ambuja is aware of the value of water source to local communities and indigenous peoples in its areas of operation and takes their support in conjunctive development of water resources.

### India Water Tool with WBCSD

We continued our active participation in the development of India Water Tool Version 2 (IWT v 2.0) of World Business Council for Sustainable Development (WBCSD) along with WRI, CII Triveni Water Institute and 10 other Indian companies. This tool is a step towards improved water management by industry in India. The tool (IWT v 1) was launched in 2012. It helps companies understand and respond to the growing challenges of managing water effectively. Version 2 of the tool will be launched in February 2015.

## Carbon and Other Emissions

We have continued to focus on climate change mitigation and footprint-conscious growth as an integral part of our sustainability strategy. We focus on low carbon growth, use of alternative fuels, renewable energy, biomass etc. We continue to progress on our renewable and clean energy roadmap. As a part of that, we installed a 330 KV solar power station at Bhatapara, Chhattisgarh in 2012, in addition to the existing 7.5 MW wind energy plant at Kutch, Gujarat, which was commissioned in 2011. A 6.5 MW waste heat recovery based power generation system is being installed, which is expected to be operational by 2015.

### Partnership for Climate Mitigation

The Company is one of the Co-chairs of CSI India and has been part of the working group on 'A Low Carbon

Technology Roadmap for Indian Cement Industry'. The strategies mentioned in the roadmap are now being piloted at our Ambujanagar unit with the help of CII. The focus is on energy efficiency opportunities in the operations.

### Carbon Disclosure Project

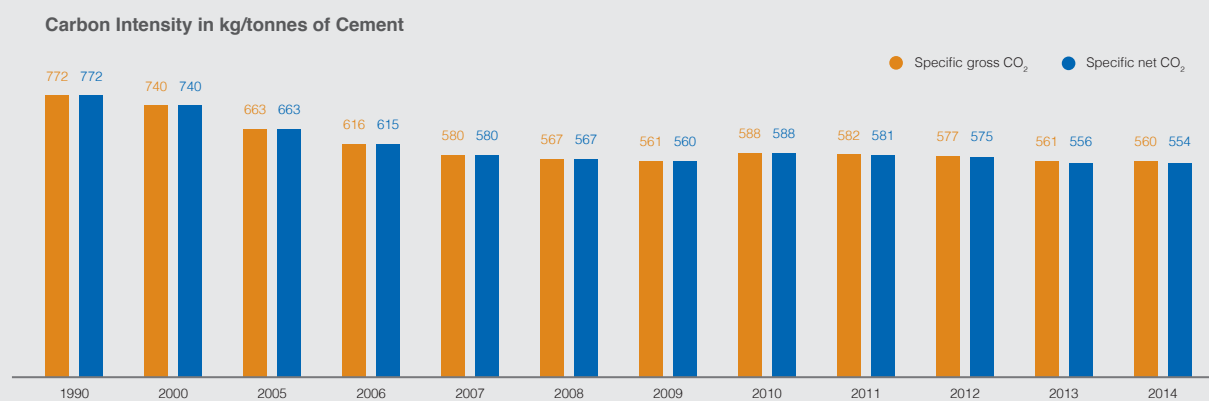
The Company is currently monitoring and reporting CO<sub>2</sub> emissions as per the WBCSD Cement Sustainability Initiative (CSI) protocol. Ambuja proactively discloses its carbon emissions and strategies to address climate risks annually in the Carbon Disclosure Project (CDP). The Company scored 92 out of 100 on the CDP 2014 cycle. **The Company has been rated among the top 10 in the Climate Disclosure Leadership Index 2014, issued by CDP for India.**

Direct Emissions (including on-site power generation) in 2014	1,39,97,274 tonnes of CO <sub>2</sub>
GHG Gases included in the calculation	The major source of GHG in cement manufacturing is CO <sub>2</sub>
CO <sub>2</sub> from Combustion of Biomass*	85,193 tonnes of CO <sub>2</sub>
Methodology	WBCSD CSI Cement CO <sub>2</sub> & Energy Protocol Ver 3.1

\*Kiln & non-kiln fuels including biomass content of mixed fuels

Indirect Emissions from imported electricity in 2014	7,07,362 tonnes of CO <sub>2</sub>
Emission Factor Used	0.97 tonnes per MWh of electricity
Source of Emission Factor	Central Electricity Authority CO <sub>2</sub> Baseline Database for the Indian Power Sector; Ver. 10.0

Measurement of Scope 3, other indirect GHG emissions, has just been initiated in the Company.



Note: From 2011 onwards, emissions from power plants are excluded from the scope due to a change in HARP (Holcim Accounting and Reporting Practice) which led to changes in the methodology of calculation of CO<sub>2</sub> emissions. Emissions from BCTs, corporate office and marketing offices are excluded. Emissions due to AFR, biomass and indirect sources are excluded.



In 2014, Ambuja utilised over five million tonnes of fly ash which resulted in PPC constituting over 92% of its overall cement production. The carbon footprint of our product has reduced by over 28% from 1990 levels (for direct emissions). We continue to participate in the Global Programme of Clean Development Mechanism (CDM). Currently we are pursuing our CDM project on waste heat recovery based power generation in our integrated unit in Rabriyawas, Rajasthan.

Our cement production process does not emit ozone-depleting substances (ODS). We have ascertained that the offices within our plants are also free from ODS emitting equipment like air conditioning systems, fire suppression equipment, refrigerators etc.

## Responsible Mining

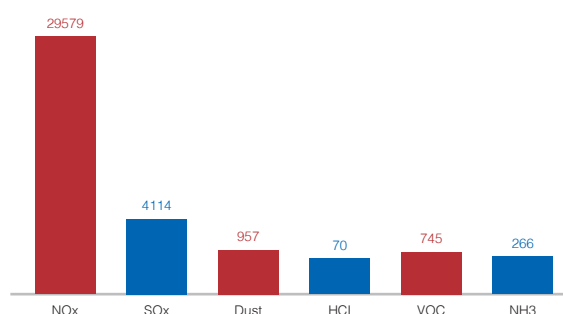
Ambuja's most distinctive attribute is its approach to business. The Company firmly believes in sustainable development of all its stakeholders. In this process, an eco-friendly mining strategy has been adopted for all Ambuja locations. This fosters a safe environment and positive work culture in the vicinity of the mines. Ambuja Cements Limited has mining operations in Gujarat, Rajasthan, Himachal Pradesh, Maharashtra and Chhattisgarh. To penetrate the market and overcome logistic barriers, Ambuja has installed eight grinding units and three bulk cement terminals in various parts of country. To support such huge volumes of production, limestone, the prime raw material, is obtained through 10 captive mines located in the vicinity of the integrated cement plants.

Limestone excavation is carried out by highly mechanised, modern, open-cast mining technology. The mining methodology varies according to the geographical conditions, nature of occurrence of the deposit, geology of the area, physical and chemical characteristics of the mineral, topography, hydrogeology, structural features, and the quantum of waste material/ soil to be removed. Two basic methods are used to obtain the raw material:

**Surface Miner Technology:** This technique is suitable for soft to moderately hard limestone and is used in and around Gujarat. It avoids primary crushing. The method offers substantial reduction in vibration, noise, and dust development.

**Controlled Drilling and Blasting:** Controlled blasting is adopted at mine sites by the use of electronic detonators for higher precision, this technique results in improved blasting due to a wide range of delays and reduction of air

Emission Profile (in Tonnes/year) for 2014



NOx, SOx, and other significant air emissions by type and weight emissions from the nine kiln/raw mill stacks are reported, excluding captive power plants and other stacks.

blast/ ground vibration. It is safe in extraneous electric environments, and offers the possibility of limiting the amount of detonators per shot. In this technique of mining, drilling is carried out by deploying a 150 mm dia. drill (Atlas Copco/ ROC L8), equipped with an in-built arrangement of water sprinkling for dust suppression. A separate dust extraction system makes the operation practically dust free. Along with the drilling equipment, hydraulic excavators for excavation and loading, and dumpers for transportation are deployed. Blasting operations are carried out in a controlled manner to minimise generation of fly rock.

Amount of land (owned or leased, & managed for production activities or extractive use) disturbed or rehabilitated:

Total land disturbed but not yet rehabilitated till 31 Dec 2013	1,048.78
Total land disturbed in 2014 (Jan-Dec) (ha)	89.38
Total area rehabilitated in 2014 (Jan-Dec) (ha)	28.86
Total area disturbed and not yet rehabilitated (ha)	1,109.31

None of the sites are operating in the immediate vicinity of specific biodiversity zones. Biodiversity (flora and fauna) studies have been conducted by third parties around almost all our mining areas. Additionally, we are implementing the Holcim Biodiversity Directive with a mandate to prepare a Biodiversity Action Plan for our sites. The study has been completed at Ambujanagar and Darlaghat sites.



A total of 42,61,369 tonnes of overburden/ interburden or waste material was generated during the reporting period. There was no generation of tailings and sludge. Waste material is disposed through an excavator-dumper-dozer combination. Dumping is carried out in non-mineralised areas. No associated risks have been identified so far. The dumps are well designed and maintained with a predefined slope angle for maximum stability.

There were no strikes or lockouts at our mines in the reporting period.

Our operating sites are not located adjacent to indigenous peoples' territories.

We follow a consultative approach to address concerns of local communities if any, involving all the stakeholders.

There are no operating sites where artisanal and small-scale mining takes place.

Lands are purchased on a one-to-one basis after negotiations. There were no significant disputes related to resettlement.

Progressive mine closure plans are available as per statute for all the locations. Additionally, concurrent rehabilitation plans are available for the working mines in Gujarat.

## Biodiversity Management



Several measures are implemented to improve the environmental performance and address health & safety issues at Ambuja's integrated cement plants and mining sites. Our water positive programme around our mining sites is designed to minimise the water requirement from natural resources in order to preserve biodiversity and the ecosystem. Trees are planted at the mine sites to improve biodiversity. After years of hard work, a green belt has been created in and around the plant and mine areas; it has transformed the dry and barren land into a verdant landscape. The green belt fulfils Ambuja's commitment to have a high percentage of green cover and also helps reduce dust pollution and carbon sequestration. It also builds a rapport with the local villagers, providing both social and ecological value.

Ambuja's community welfare initiatives help in improving the livelihoods of the local people. Check dams aid in

conserving water during the rainy season, which helps in recharging the ground water table. The increased availability of water in the water scarce regions of Gujarat and Rajasthan enables the local people to grow crops for a longer duration in the year, thus improving their livelihood. This also helps the biodiversity and ecosystem of the area. The Company uses local agricultural fodder as biomass for power generation. This helps in minimising the emission of green house gases and provides additional income to the farmers through the sale of biomass to Ambuja.

All Ambuja's operating sites have been assessed for their environmental impact; systems have been put in place to prevent the occurrence of adverse impact. The Company continuously strives to operate in an environmentally responsible manner. At Darlaghat, and Ambujanagar the area within 10 km of our mining or plant operations has been designated as a protected area. The Company has



initiated a wildlife conservation plan and biodiversity action plan at these locations. Additionally, our Rabriyawas plant has initiated a natural capital profile assessment with the guidance of Indian Business Biodiversity Initiative (IBBI).

The Company has prepared a conservation plan for schedule-1 species which has been authenticated and approved by the Principal Chief Conservator of Forests (Wildlife)-cum-Chief Wildlife Warden, Government of Himachal Pradesh. This plan is also due for Ambujanagar.

The total number of IUCN Red List species and National Conservation List species with habitats in areas affected

by the operations of the organisation, by level of extinction risk, are:

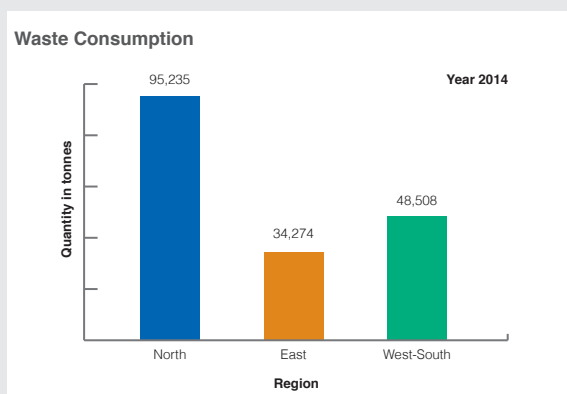
	Ambujanagar	Darlaghat	TOTAL
Critically endangered	0	13	13
Endangered	0	6	6
Vulnerable	1	3	4
Near threatened	3	74	77
Least concern	100	1	101

## 'Waste' as Wealth

As an organisation, Ambuja is conscious about creating a positive impact on our environment and society. It is our constant endeavour to find ways to bring about change that will positively impact the environment without compromising our operational standards. Safe waste management is one of the biggest environmental challenges faced by the country today. Ambuja is aiming to provide state-of-the-art waste management services to the industry and society through waste co-processing in cement kilns under our Geocycle brand. We aim to utilise wastes from different industrial, agricultural, and municipal sources as alternative fuels and raw materials (AFR) that can help in conserving scarce conventional fuels used in our kilns and captive power plants (CPPs), to achieve our goal for sustainable development and mitigation of climate change. The quality of the end product, operational control and occupational health & safety of the employees remain the chief concern during co-processing. Co-processing helps in substitution of fuels, recycling and elimination of waste, and also facilitates the scientific destruction of wastes that cannot be recycled and/or reused. In some cases, trial runs becomes necessary for regulatory approval. Business

advantage accrues in the form of energy costs, energy security, and reduced consumption of scarce resources. Ambuja has been working with Geocycle to expand waste streams and ensure that they are available & used efficiently through better sourcing and marketing. Other measures by the Company include advocacy for enabling a policy framework to promote the use of AFR; plant AFR potential profiling; installation of infrastructure & machinery for handling and storage of AFR; and testing facilities for AFR.

Waste consumption increased substantially in 2014. The range of waste streams also increased significantly and catered to new customers. With higher utilisation of alternative fuels and raw materials, Geocycle has also made significant contribution towards replacing traditional fuels. The year 2014 also marked the year of the final set up of our pre- processing platforms in four locations. New and more automated installations will enable Geocycle to accept varied waste streams from across India & make them compatible for co-processing in kilns. Geocycle has also focused on strengthening the ACert implementation for comprehensive assessment of all operations related to co-processing.



### Co-processed Waste

Geocycle has been instrumental in co-processing 1.78 lakh tonnes of alternative fuel in 2014 as compared to 1.74 lakh tonnes in 2013. Through this activity, Ambuja decreased the negative impact of the waste on the environment. It also decreased its overall ecological footprint by reducing its reliance on natural resources. Apart from co-processing agricultural and industrial waste and that obtained from the public sector, we have also provided solutions for sorted municipal waste under the aegis of the Geocycle brand.

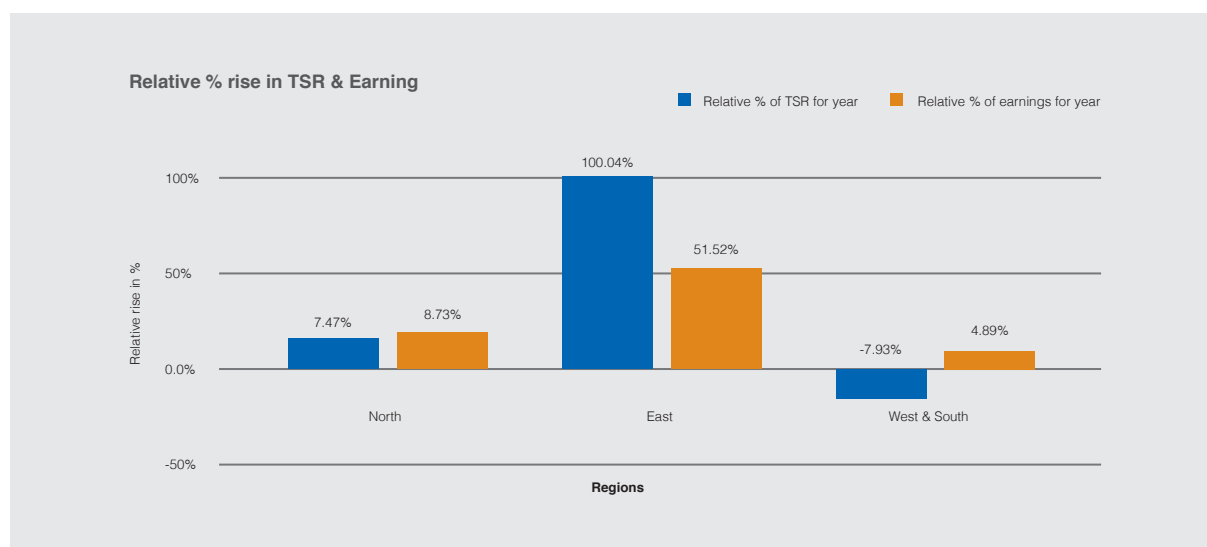


### Trial Burns

In compliance with regulatory requirements, Ambuja conducted six trial burns in 2014 to demonstrate the suitability of co-processing wastes in cement kilns, taking into account environmental, health, and quality criteria.

### TSR and GAV

Ambuja achieved a thermal substitution rate (TSR) of 3.95% in 2014 as compared to 3.65% in 2013, showing an increase of more than eight per cent. This added financial value is important to ensure that the waste management model being adopted under the Geocycle brand is sustainable in the long term. Geocycle has succeeded in defraying some of the costs incurred towards the provision of safe waste management services.



### Pre-processing Platforms

To add momentum to our efforts in providing sustainable waste management services to industry and society, four new pre-processing facilities have been set up at our Rabriyawas, Ambujanagar, Maratha, and Bhatapara plants. Pre-processing is a procedure by which a wide variety of waste materials are combined into a homogeneous product of defined size and chemical composition. It involves size reduction and blending operations.

Pre-processing is carried out in state-of-the-art facilities. The designing, commissioning, and installation of these facilities are carried out with the highest regard to safety in every aspect. In addition to these facilities, feeding systems as well as waste storage facilities at various co-processing locations have been ramped up for handling increased volumes. As part of our internal safety and risk management programme, ACert, we continuously train our people, systematically assess risks, and raise the bar for our performance.

Waste Generation	2012	2013	2014
Hazardous waste (In tonnes)	653	469	315
Non-hazardous (In tonnes)	2,53,130	3,12,992	3,24,839

*Note: Waste from BCTs excluded.*

The Company tracks significant spills through the plant environment profile. There were no incidents of significant oil spills recorded in the reporting period.

No hazardous wastes were transported to or from locations abroad.



## Responsible Products

### A Label for Our Sustainability!

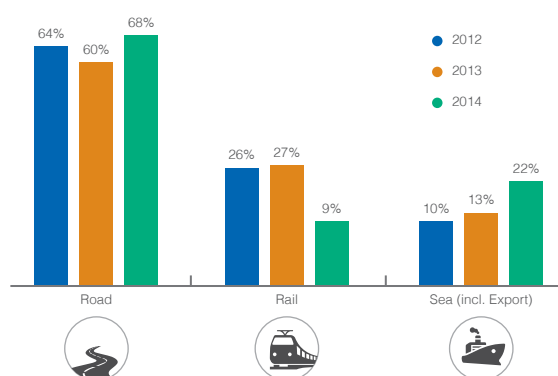
Ambuja Cement has become the first Indian cement company to qualify and be awarded the prestigious certification on sustainable product labelling, **'PRO-SUSTAIN'** by a leading global certification body, **DNV Business Assurance**. It has been obtained for our Darlaghat operations. The 'PRO-SUSTAIN' 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. The 'PRO-SUSTAIN' product label will be used on our cement bags. This extensive and detailed assessment became necessary when we realised that our stakeholders wanted to be assured on the sustainability performance of our products and business processes. To this end, Ambuja embarked on this initiative with independent experts. The initiative involved a robust assessment and labelling process in keeping with the best sustainability practices. The entire process has been very gratifying as it enabled us to measure, improve, and demonstrate the sustainability performance of our value chain including product manufacture, distribution, and marketing. This certification has provided recognition to both the sustainability management efforts of Ambuja, and the performance of our product.



Being one of the trusted, leading cement manufacturers in India, Ambuja strives to set a benchmark for the quality of cement. The major areas of focus are raw materials, fuel, and innovative product development. The environmental impact of our cement production has reduced over the years. Cement being a commodity, use-oriented figures are not measured.

The Company uses HDPE bags for packing cement; it also uses bio-degradable paper bags for selected cement markets. As it is practically not possible to collect cement bags from markets, Ambuja has demonstrated its leadership as a responsible company by co-processing more plastic wastes collected from other sources than the quantity of HDPE bags it uses.

The environmental impact of transporting goods and materials for the organisation's operations, and even transporting members of the workforce, has reduced over the years. Bulk cement transportation through sea routes has been in practice since 1993. Today, Ambuja owns 10 ships for transportation of products and other raw materials. Ambuja has just initiated Scope 3 emissions measurement.



We have invested in energy efficient equipment, upgradation of pollution control equipment (air, water, noise, waste), dust suppression systems, rainwater harvesting systems, green belt development, environmental training and awareness, road sweeping machines, certifications etc. The Company incurred an expenditure of over Rs. 420 million for environment protection during the year.

As on 31 December, 2014, there were eight cases pending in different courts. No formal grievance has been filed about environmental impacts through grievance mechanisms during the reporting period.



“

**Society...**  
Together we grow

”

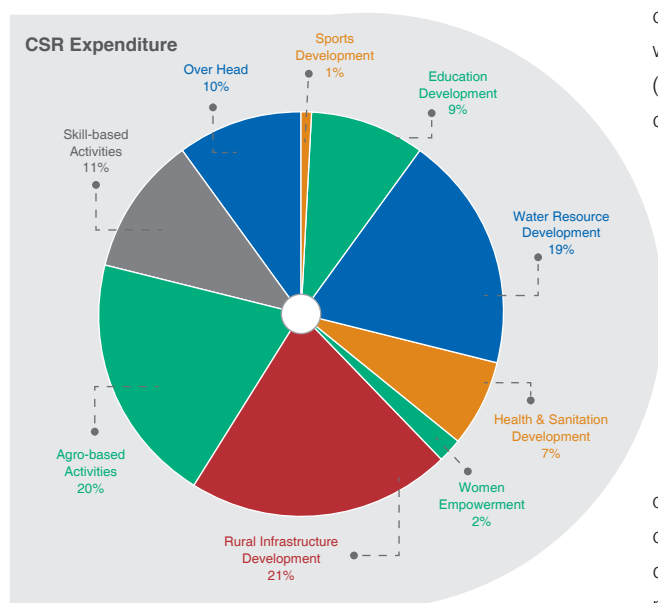
## Empowering Communities

At Ambuja, the corporate social responsibility (CSR) has been an integral part of the business since our inception. The founders of the Company always believed that it was imperative for the surrounding communities and stakeholders to progress with the Company. This vision resulted in the establishment of the Ambuja Cement Foundation (ACF) in 1993. ACF is the CSR arm of the Company. ACF operates in 12 states and 22 locations (including all our operating locations), reaching out to more than 14 lakh people in over 860 villages. ACF programmes are in line with its mission statement - **‘Energise, involve and enable communities to realise their potential’**.

**Stakeholder Engagement** is the key to implement CSR programmes; several tools and processes have been

established to aid this objective. To integrate business and community needs, community engagement plans (CEPs) are prepared in close consultation with the community and then the unit. A community advisory panel (CAP), which is an advisory body, representing community leaders, the local administration, NGOs, and the Company, has been formed at each location. This is a platform for exchange of information and views, hearing out community concerns, and deciding about future programmes. The social engagement scorecard (SES) tool rates the initiatives of the Company across locations. The methodology used is to collect information and reviews the work done through detailed group discussions and interviews. In 2014, all our locations scored in the range of 75% to 100%, indicating positive reviews. These processes ensure that the programmes introduced are relevant and dynamic. Based on an assessment of the needs and priorities of the host communities, ACF works in identified thrust areas such as water resource management, livelihood generation (agro-based & skill-based), and socio-economic development including health, education, and women's empowerment. All the programmes are designed, developed, and implemented with the direct participation of the community. ACF projects are in complete alignment with the requirement of the region, involving the people at every stage. We believe that involvement of people coupled with hand-holding support leads to progressive programmes that are sustainable. ACF's programmes are owned by the people. The nuances of the projects differ according to the varied geographies. ACF also partners with numerous other organisations who share the dream of working with communities for a better future. The Foundation has a well developed process to initiate, plan, and implement programmes and conducts participatory rural appraisals

### CSR Expenditure breakup 2014



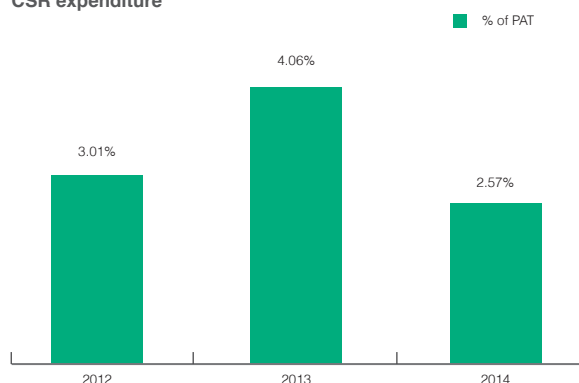
The Company spent Rs. 38.40 crore on CSR activities during 2014 .



before introducing any programme in the community. This ensures complete community participation from the planning to the implementation stage. Environment impact assessments (EIAs) are undertaken for any new or expansion projects at our plants and mines according to guidelines specified by the Government. Public disclosure of EIA reports and public consultation are essential elements of this process. ACF has also developed a detailed monitoring system to monitor inputs and outputs. The work is regularly subjected to evaluation and impact assessment. As projects evolve, evaluation studies, both internal and external, are undertaken to review direction and make course corrections as required. On maturity or completion of the projects, impact assessments are done by reputed external parties. Through these assessments we have seen very positive outcomes and benefits for the people of our areas.

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 Ambuja plants.

#### CSR expenditure



#### Water Resource Management

Every plant strives to give back more water than it utilises. This is achieved through community based water projects that have at least one of the following objectives:

1. To increase the availability of water through harvesting and recharge
2. To revive and protect local traditional water bodies
3. To stop salinity ingress into fresh groundwater in coastal areas
4. To create awareness about judicious use of precious water resources

The programme was initiated in the salinity ingress areas of Kodinar, and has now spread to the dry arid regions of Rajasthan, and the hilly regions of Darlaghat. Since every location has a unique topography, strategies & programmes are moulded to suit the needs of the region and the



communities within it. ACF has been waging a tough battle against salinity in Gujarat through methods like RRWHS, construction of check dams and pond recharge. In Rajasthan, ACF revived traditional water conservation systems like *khadins*. This, coupled with technical advances, has ensured the availability of good quality water for household & agricultural purposes. In Himachal Pradesh, watershed management is used as a means of water conservation and livelihood. Creation of community institutions like water user associations (WUAs) and *pani samitis* are a part of the planning and execution of water projects. They also ensure post project repair and maintenance of the assets created. Our water resource management work has created a ripple effect in the lives of the people. The availability of water in the households has vastly improved the quality of life, especially of the women and children who would spend most of their time procuring water for their homes and fields. Collaboration with various state governments, local NGOs, and academic institutions to implement state specific water conservation programmes has also ensured the success of the programme.

#### Agro Based Livelihood

In Kodinar and Rajasthan, availability of clean and usable water has enabled farmers to grow more than one crop in their fields, directly impacting livelihoods. The use of drip and sprinkler irrigation instead of flood irrigation has ensured optimum utilisation of water in the fields. The farmers benefit from numerous training programmes conducted by ACF across locations. The ACF-managed Krishi Vigyan Kendra (KVK) at Ambujanagar, is a one stop shop for the latest and best agricultural technologies in the region.



KVK has reached out to 265 villages through numerous training programmes, fairs, demonstrations. The KVK runs a community radio station which broadcasts agriculture related programmes reaching to about 70 villages around Ambujanagar. According to the geographical suitability,



programmes like organic farming in the north and SRI in the east have enhanced agricultural practices. ACF promotes **Better Cotton Initiative (BCI)**, a global initiative for sustainable cotton production. The implementation of BCI practices has promoted work ethics on farms, ensured soil health coupled with safe environment practices and generated better profit margins. About 70,565 MT of cotton, all licensed as 'Better Cotton' were produced by our farmers in 2014, as compared to 29,894 MT in 2012 covering 17,213 farmers (up from 7,116 in 2012). Almost all farmers qualified their produce as 'Better Cotton' (up from 92% in 2012).

Animal husbandry is an essential alternate income source for many rural families. ACF's animal husbandry programme aims to ensure good health of the cattle belonging to the community. Regular cattle health camps coupled with training for farmers on the importance of green fodder and animal feed are organised. In Darlaghat, ACF has trained para-vets known as *pashu swasthya sevikas* (PSS). The PSS are village women trained by ACF to ensure animal care in their villages.

### Skill Training

ACF imparts skill training through its 16 Skill & Entrepreneurship Development Institutes (SEDIs) established across locations. SEDIs have changed the social & economic dynamics of villages by creating assured jobs for skilled youth and addressing industry's demand for skilled personnel. Till December 2014, SEDIs have trained 19,908 youth with a placement rate of 76%. In Kodinar, young girls who have undergone bed side attendant training are now allowed to work in nearby towns. This is a big change from the days when they were not allowed to be trained at all. Today,

these girls contribute to their family income after completing the training course. In Chandrapur, unemployed youth find jobs in industries or take up construction assignments in nearby villages after completing their mason training course. In 2014, SEDI also provided supplementary skill training to Ambuja workers along with valid certification. SEDI provides training in 45 different trades and complements these skills by providing training in computer-related work, English & soft skills. A number of the courses at SEDI are Government-affiliated.

### Comprehensive Health Care and Sanitation

ACF works extensively in its neighbouring communities to promote comprehensive healthcare. Our initial activities addressed the immediate clinical needs of the people through curative care. Gradually, the programme developed to prevent diseases and promote health. The clinical services include mobile medicare units (MMUs), specialised health camps, community health clinics, diagnostic centres, and primary health care services through trained community health volunteers called *sakhis*. A sakhi is a member of the village especially trained by ACF to address maternal and child health issues. Till date, ACF has trained 337 sakhis out of which 110 have been absorbed as ASHAs (Accredited Social Health Activists). Today, the sakhi is also an active participant in promoting sanitation, tobacco control, and adolescent issues. ACF is also District ASHA Resource Centre (DARC) for Haridwar district under the National Rural Health Mission (NRHM). In the year 2014, ACF initiated APEKSHA (Adolescent Peer for Enhancement of Skill and Healthy Association). APEKSHA reached out to 6,200 adolescents through its peer support system and discussed issues related to personality changes during adolescence, HIV/ AIDS, nutrition awareness, gender equality, safety (road, fire and household), first aid, self-defence, and stress management. Anaemia is prevalent in many areas especially amongst pregnant/lactating mothers and adolescent girls. Apart from regular sessions on a healthy and nutritious diet, and maintaining personal hygiene especially amongst women, ACF has promoted the intake of iron rich indigenous food. The anemia control programme reached out to 6,400 women. ACF has been working extensively to promote total sanitation in its communities much before it was declared as a national agenda. Through active participation of the VDC (Village Development Committee), communities promote sanitation as a campaign. **ACF has been able to register 17 villages for the Nirmal Gram Puraskar, out of which 11 villages have received the award.** ACF has facilitated construction of over 10,000 individual as well as



community toilets, apart from soak pits, drains, and dustbins. ACF also promoted school sanitation through 69 trained *swachhata doots* in Darlaghat. An anti-tobacco drive covering 60 villages is being implemented at Chandrapur, in partnership with the Salaam Bombay Foundation. We have been able to make four villages and 10 schools tobacco free. ACF has also joined hands with various SACS (State AIDS Control Societies) to implement 10 targeted intervention projects on HIV/ AIDS in Punjab, Uttarakhand, West Bengal, and Gujarat. ACF also runs five HCCs (Health Care Centres) in collaboration with Apollo Tyres for STI (Sexually Transmitted Infections) management for truckers. ACF is regularly strengthening village level institutions, and health systems like ASHAs, *anganwadis*, and Panchayati Raj Institutions (PRIs) to promote village self-reliance.

### Women Empowerment

Women's Empowerment is deeply embedded into ACF's DNA and is interwoven into all its programmes. Assured access to water, developing a cadre of women to ensure health & education, and relevant skills training provide an opportunity for women to showcase their leadership. Access to finance and knowledge of running small businesses has also boosted the confidence of many women. In Kodinar, Chandrapur, and Darlaghat, women have grown from small Self Help Groups (SHGs) of 15-20 members, to form a federation consisting of 2,000-3,000 women. The Sorath Mahila Sahkari Mandali in Kodinar, Gujarat, has opened a retail outlet and promotes entrepreneurship by running a stitching course for its members. The group got its much needed recognition when the Government reached out to it with its insurance scheme. The federation extends its support to members in times of emergencies. These initiatives have played a critical role in elevating the status of women. Since the process has been

participatory, the changes brought about are irreversible and have become a permanent feature. The women's federation has also joined hand with the Swachhata Mission by promoting sanitation in the villages. The federation undertakes sanitation awareness programmes and provides revolving fund support to purchase material for the construction of toilet blocks for the needy families.

### Promoting Education

ACF promotes education through varied programmes across its locations. Innovative teaching and learning methodologies introduced in schools coupled with teacher training, make subjects interesting & easier to understand. ACF-trained *balmitras* (friends of children) support children in math & science. ACF also provides infrastructural support like establishment of science centres, libraries etc. to schools. Locations like Bathinda, Roorkee, and Nalagarh have a large population of children who are out of school. The NFEs (Non-formal Education Centres) cater to their needs by providing basic literacy and encouraging them to be a part of the mainstream education system. The Ambuja Manovikas Kendra (AMK) is a special school for mentally challenged children in Ropar. Through a range of activities and programmes like therapies, sports, cultural activities, etc., AMK helps them grow as independent & productive individuals. The children have been winning awards at the State Level Olympics Championship and at the World Special Olympics for the last nine years. AMK also extends its services to children who cannot travel to school, through its Home-based Rehabilitation Programme. ACF-supported village knowledge centres (VKCs) are frequented by youth to learn computer-use and English. Other community members also visit the centre to get agriculture-related information through the magazines & journals in the library.



Retail Outlet run by Self Help Group

## Employees are Our Building Blocks

Human resources (HR) at Ambuja play a vital role in realising business objectives by leading organisational change, fostering innovation and effectively mobilising talent to sustain the organisation's competitive edge. Our HR strategy is aimed at integrating processes to result in overall organisational effectiveness, which positively impacts business growth. HR aligned with our business strategy, clarifies the business direction, performance expectations, and actively feeds into the approach required to manage talent in order to achieve business goals.

Our 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 management and non-management staff for their future growth and development. The Workforce Development Initiative is designed to build the capability and competence of the workforce and to ensure safety, productivity, and quality. Under this initiative, training opportunities were provided to 70% of our workforce. The Company has always provided a congenial working atmosphere that is free from discrimination & harassment including sexual harassment. It has provided equal opportunities of employment to all without regard to their caste, religion, colour, marital status, and gender. 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. These efforts have led to a significant increase in manpower productivity. Efforts have also been made to design progressive and empowering HR policies and other welfare measures.

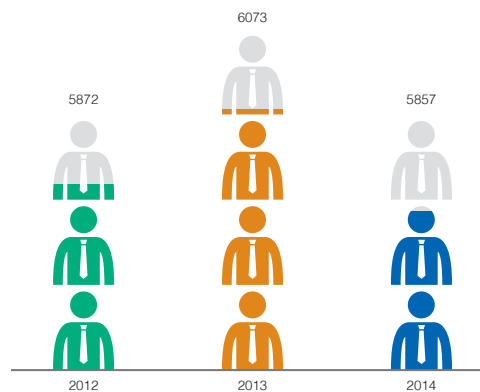
### Talent Management

**We maintain our competitive edge by honing our talent and carving out leaders from the best talent.** Talent management initiatives at Ambuja play a vital role in combination with other business processes in driving shareholder value through management, development, and retention of superior talent. This is what gives us our competitive advantage. Structured talent reviews across levels supported by individual development plans (IDPs) and cross-functional and cross-location assignments have helped develop wholesome leadership skills. All the



development efforts have shown 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. The core values of the organisation also emphasise the need to develop and build leaders who will lead the organisation up the path of high performance. Keeping this in mind, the STEP (Sustainable Talent for Enhanced Performance) programme was institutionalised in 2012 along with other talent management initiatives. The prime objective of STEP 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 has successfully completed the programme.

### Number of Permanent Employee





#### TOTAL WORKFORCE BY EMPLOYMENT TYPE, EMPLOYMENT CONTRACT AND REGION.

Regions	North		West and South		East		Total	
Type	Permanent	Contract	Permanent	Contract	Permanent	Contract	Permanent	Contract
MALE	2,236	3,005	2,458	3,989	1,009	1,955	5,703	8,949
FEMALE	32	18	89	35	33	6	154	59

#### EMPLOYEES NUMBER BY AGE & LEVEL

LEVELS	MALE			FEMALE			TOTAL	No. Of Employees with Disability
	Under 30	30 - 50	Over 50	Under 30	30 - 50	Over 50		
TML		4	16			2	22	0
SML		175	124		3	1	303	0
MML	3	525	162		10	8	708	3
FML & WAGE BOARD	675	3,247	772	56	64	10	4,824	19
TOTAL	678	3,951	1,074	56	77	21	5,857	22

#### GOVERNANCE BODIES

LEVELS	AGE DISTRIBUTION			GENDER DISTRIBUTION		TOTAL
	UNDER 30	30 - 50	OVER 50	MALE	FEMALE	
Board of Directors	0	2	9	10	1	11
Executive Committee	0	1	4	4	1	5

#### TOTAL NUMBER AND RATE OF EMPLOYEE TURNOVER BY AGE GROUP AND GENDER

Attrition by Gender			Attrition by Age			
LEVELS	MALE	FEMALE	UNDER 30	30 - 50	OVER 50	TOTAL
TML	4			1	3	4
SML	33			14	19	33
MML	51	3		38	16	54
FML & WAGE BOARD	332	26	154	136	68	358
TOTAL ATTRITION	420	29	154	189	106	449
TOTAL EMPLOYEES	5,703	154	734	4,028	1,095	5,857
ATTRITION RATE	7.36	18.83	20.98	4.69	9.68	7.67

Note: TML- Top Level Management, SML- Senior Level Management, MML- Middle Level Management, FML- First Level Management

There is a marginal difference in some of the benefits between full-time employees (FTEs) and temporary/part-time employees (PTEs). Health care, disability and invalidity coverage, are available to both categories. Life insurance, parental leave, stock ownership is not available to both categories. Retirement provisions are almost similar barring few schemes like superannuation which is not

available to categories of FTEs and all PTEs. Med claim benefit which is standard for full-time employees but are not provided to temporary/part-time employees. All this applies to whole Ambuja, irrespective of locations of operation.

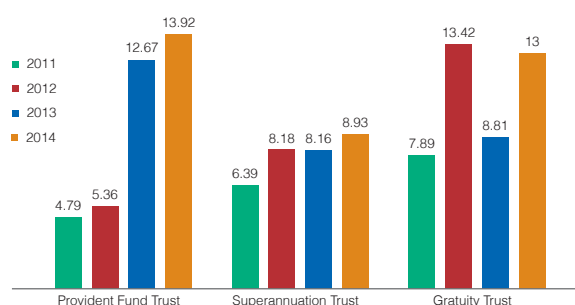
All our women employees are entitled to maternity leave. In the reporting period, five women employees availed



the same; and all of them returned to work and remained employed for rest of the year after resuming work.

Regarding conditions of service, a minimum of three weeks' notice period is provided to employees and their elected representatives prior to the implementation of significant operational changes that could substantially affect them. It is also specified in the Industrial Relations Act, 1947.

### Employee Benefits



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 plans. Retirement benefits in the form of gratuity, post-retirement medical benefit and death and

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. Employee benefit, in the form of contribution to Provident Fund is managed by a Trust set up by the Company.

The average ratio of the standard entry level wage for both males and females to the local minimum wage at significant locations of operation is 1.98. This implies that Ambuja pays about twice the minimum wage at entry level hiring. 'Significant locations of operation' include all our operating plants.

The Company believes that merit is the chief parameter for recruitment. However, preference is given to local hiring. On an average, more than three-fourths of the Company's workforce at different locations is local.

We are an equal opportunity employer providing equal remuneration for women and men. However, due to the low number of women employees in a manufacturing industry like ours, the ratio of the basic salary of women to men falls in the range of 0.75 to 1.29 in different management grades considering all locations of operation of Ambuja.

We have recognised trade unions at respective locations representing blue collar employees. About 25% of our permanent employees are members of these recognised employee associations.

### Employee Learning and Development

Average Hours of Training Per Year Per Employee by Employee Category					
Employee Category	No. of Training Programmes	Average Training Man Days	Training Days	Average Man Hours	Training Duration
TML	28	1.36	30	11.02	243
SML	219	3.66	1,109	29.25	8,864
MML	419	4.11	6,354	32.85	50,789
FML & WAGE BOARD	657	2.85	17,130	22.79	1,36,963
TOTAL	1,323	11.98	24,623	95.91	1,96,858

**ACC Ambuja Leadership Academy (AALA)** was launched on 6 February, 2012 as a joint Academy of ACC and Ambuja. Its objective was to provide training in technical areas, workforce development, leadership development, procurement, sales & marketing and field activities for employees of both the operating companies. The Vision of AALA is to build capability and competence in the cement manufacturing arena, by designing, developing & executing robust, and standardised training modules with

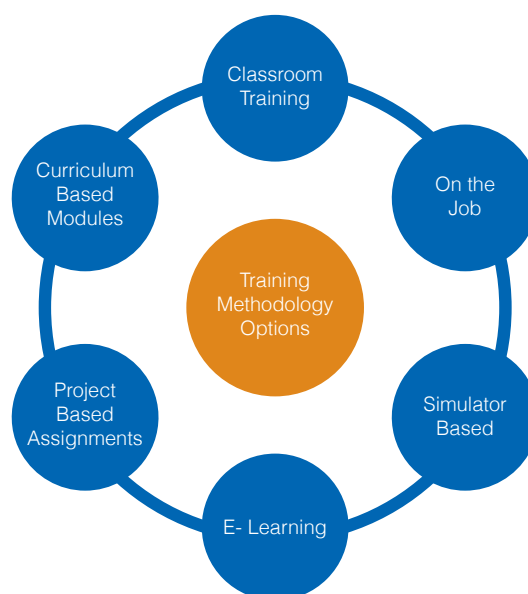
strong emphasis on quality, and most important, through effective application at the workplace. About 50% of the staff time at the Academy is spent in understanding and inculcating the strong work practices that are provided by the training. AALA aims at using innovative training methodologies to deliver the best-in-class quality training; to this end, it partners with the best management and technical institutes like the Indian School of Business (ISB), IIM-Indore, CRISP, ESAB etc. to build competence in areas



where internal expertise support is required. The training plan of AALA is aligned to the business needs of both ACC and Ambuja. AALA's mandate is to:

- Build strong basic skills on the shop floor to improve productivity. This includes improving basic mechanical, electrical, instrumentation & process skills.
- Build amenability for multi-skilling wherever required and possible. For example, develop electrical and instrument technicians who can perform both tasks.
- Improve supervision skills on the shop floor and build hands-on capability of supervisors.
- Improve communication and performance dialoguing on the shop floor.
- Create more champions and change agents on the shop floor.
- Develop a regional pool of experts with rare skills so as to reduce dependence on original equipment manufacturers.
- Develop team/execution & ownership skills of managers.
- Develop strong performance orientation and coaching skills in managers to manage the transformation process.

- Develop change agents as role models at plants for hastening the manufacturing transformation.



All employees received a regular performance and career development review during the reporting period. Timely and regular Performance Management System (PMS) appraises all eligible Ambuja employees.

## Towards 'Zero Harm'

Ambuja respects all human life whether connected with its business or not, irrespective of any differentiation. The overall goal of Ambuja's occupational health and safety (OH&S) policy is 'zero harm to people'. Ambuja believes that injuries, occupational illnesses and diseases are preventable. We apply OH&S standards and directives, define organisational accountabilities, provide necessary resources and training, manage performance and minimise risk to our employees, contractors, visitors, and the community. OH&S is integrated with our business processes spanning people, systems, technologies, and facilities. OH&S is driven by commitment from Top Management and visible leadership across all levels.

A systematic reporting system enables Top Management to evaluate the overall direction and efficacy of the health and safety system and develop strategies for improving it. To that end, we compare our own health and safety results regularly with the goals we have set for ourselves and with available benchmarks for the cement sector. Regular audits ensure that external and internal regulations/standards are implemented and complied with.

Ambuja employees, contractors, vendors, and visitors at all Ambuja locations are expected to comply strictly with the Company's cardinal rules without compromise and with zero tolerance for error. Additionally, DGMS has also specified guidelines on OH&S for mines, which are complied with.

Being a cement company, the volume of raw material (fly ash, slag, and coal) and product transportation by road increases the risk of vehicle and traffic-related accidents. Road safety remains one of the biggest issues, largely among contract transporters delivering the product. We are committed to improving transport safety. We started rolling out road safety and supply chain workshops in our plants and offices in order to engage with our employees, workers, and contractors. The medical and physical fitness of our employees and workers is also in focus. We have sought engineering and logistics solutions for plant layouts and machinery, to make transportation more efficient and safer.

1. RFID (Radio Frequency Identification Device) technology is used to control the number of vehicles moving within our plants at any point of time; and a



GPS (Global Positioning System) tracks vehicle movement against various parameters from 'Gate Out' to 'Gate In'.

2. Driver fatigue is regularly addressed to control accidents.
3. Intensive transporter engagement is undertaken to sensitise them to improve the conditions of their vehicles, and the quality & skills of their manpower (drivers).
4. Defensive driving training is provided across all plants.

Safety awareness has been intensified for the plant and office staff to sensitise them about our OH&S policy, principles and management system. 'Visible Safety Leadership' programmes were conducted across business units for senior line managers and Top Management. This training prepares them to be a role model to their subordinates by visibly leading safety in the field. A contractor safety management (CSM) standard has been developed for a section of our contractors. The standard outlines the requirements for developing and implementing adequate processes to control or minimise the risks associated with contracted activities.



We Care: Our OH&S Transformation

Our efforts over the last five to six years have helped us in establishing good OH&S organisation and standards. However, disappointing OH&S performance in 2013 made us introspect seriously and carry out a detailed management review. These actions highlighted the following focus areas:

- Real on-ground implementation
- Making OH&S a way of life rather than a functional obligation
- Demonstrating OH&S commitment by living the ideal
- Engaging and motivating people at all levels to contribute to OH&S performance

Based on this analysis, 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 five to six years, we found significant gaps in implementation on the ground. We have significant complexity of operations with 17 operating

plants/ sites and about 15,000 people, most of whom are not adequately literate and have a culturally poor OH&S mindset. The lack of an OH&S mindset in the communities around us also posed a challenge. We felt that the best way to deal with this was to sensitise and engage with our people emotionally. They would form the building blocks of Ambuja's OH&S transformation journey. At the same time, we would work with subject experts to prioritise and address all issues related to unsafe conditions and unsafe acts, since both are equally important. To address these challenges and transform our OH&S culture, we kick-started the 'We Care' initiative which 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 can be possible only when we connect and engage with every single person entering our sites. To this end, we reinforced the idea that OH&S is primarily line-accountability; and we were able to achieve the right balance between people, engineering solutions, and OH&S systems. Thus, through the 'We Care' initiative, we were able to create the right organisation and processes to achieve our OH&S ambitions.

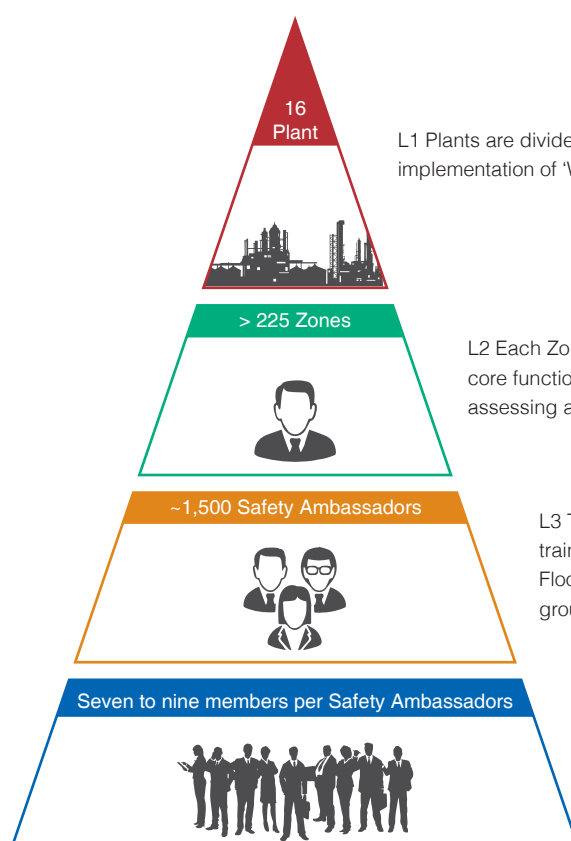
In the 'We Care' programme, each plant is divided into small manageable geographical areas called 'zones'. Each zone is led by a zone owner, who also has line responsibility for his core function. The zone owner is typically supported by seven to nine safety ambassadors. A typical safety ambassador is a direct supervisor of a group of workmen. Around 250 identified zone owners and around 1,600 safety ambassadors were trained on technical and behavioural aspects. These trained employees became the change agents to improve the OH&S culture and to implement the programme by directly connecting to our workforce of approximately 15,000 people. This was done through four to six hours of sensitisation and idea generation workshops.

A dedicated OH&S Performance Excellence Officer and the PMO team at each plant, region, and office helped the on-ground implementation of the 'We Care' agenda. All this helped in getting the line team to take ownership of OH&S performance. We introduced a company-wide reward and recognition programme to encourage safe behaviour and exceptional contribution to safety. The impact and result of the programme was evident, with significant improvement in OH&S performance. No on-site fatality was reported for 10 consecutive months. A visible change was observed in the safety behaviour of our people at all levels. The participation of workmen has significantly increased. They feel proud to be a part of the OH&S transformation journey.



"Ambuja Cement received Holcim Safety Awards 2014 (chosen jointly with Holcim Ecuador out of 82 entries across Holcim) for its 'We Care' campaign, which engages employees on the importance of occupational health and safety through organisational measures, performance management, capability building and communication. Since implementation, the programme has led to a reduction in fatalities, increased reporting of critical incidents, greater employee engagement, and personal pride in health and safety achievements. The juries assessed the entries against the five excellence criteria, namely, leveragability (replicability), investment in people, sustainability, traceability of results, involvement and innovation."

## Safety Ambassadors



L1 Plants are divided into zones, more than 225 zones across Ambuja for the implementation of 'We Care', which include OH&S priorities e.g. FPE, CSM.

L2 Each Zone is led by a Zone Owner who has also the line responsibility for his core function. All Zone Owners were trained and formally empowered for assessing annual performance of Zone members.

L3 Typically five to seven Safety Ambassadors per Zone identified and trained - they are our Change Agents for improving OH&S Culture on Shop Floor. Typically Safety Ambassadors are Direct supervisor of workmen group. We identified ~1,500 Safety Ambassadors.

L4 All Employees at our Sites are assigned to Zones to ensure direct guidance from Zone Owners/ Safety Ambassadors, on an average one Safety Amdassador per eight Zone Members.

To drive OH&S transformation proactively, we identified six key areas to work on. Work groups were formed to address focus issues, tapping expertise from all corners of the organisation. A work group is a blend of senior functional experts from the line and OH&S. They focus on consistency

and completion in what we do. They prioritise issues and recommend practical solutions. The work groups became an example of excellent team work and also succeeded in getting 'buy-in' on their recommendations from the line and OH&S teams.



Ambuja Cement receives Holcim Safety Awards 2014

For 2015, we have prepared a clear strategy and implementation plan to keep up the momentum and drive the next level of initiatives to further strengthen 'We Care'. In 2015, we will focus on workmen's capability building, effective implementation of fatality prevention elements and contractor safety management directives. Procedures will be simplified to achieve scale and speed. We are in the process of preparing

a structure to address occupational health related issues proactively. We will directly connect to all people entering our sites again to update them about the progress and our plan for 2015; we will also listen to them so that collectively we can transform our OH&S culture. 'We Care' is a big change management programme and will help us in achieving our goal of **'ZERO HARM'** in near future.

Year	2009	2010	2011	2012	2013	2014
LTI FR	1.74	1.44	1.04	1.12	0.91	0.8
Fatalities	3	6	2	7	12	6*
LTI SR	36.7	20.38	15.3	30.9	89.6	72

\* Including 3 offsite fatalities.

Our employees were given safety and skill upgradation training during the year with the following coverage:

Permanent employees: 100% safety training & skill upgradation by way of working OJT: Casual/ temporary/ contractual employees: 100% safety training: and Employees with disabilities: 100% safety training.

Workers in cement packing and loading sections have a relatively higher risk of occupational health issues. Ambuja has launched drives such as 'Clean Packing Plant' to improve their working conditions. This includes awareness

and training for use of PPEs, technology upgradation, automation, and better housekeeping.

Formal agreements with local trade unions in plants cover health and safety. The India chapter of Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD) has initiated focus on 'safety' aspects, especially traffic and third party safety issues. This will help in effectively addressing these challenges in the Indian cement industry. Ambuja is part of this initiative.

## Respecting Human Rights

The Company does not have a specific policy on human rights for the time being. However, as part of the Holcim group, Ambuja follows Holcim's approach to manage business-related human rights risks. Holcim has long been committed to upholding human rights and to engaging with stakeholders. This is exemplified by its membership of the

UN Global Compact since 2003 and its public support for the Universal Declaration of Human Rights expressed in the CSR Policy. The group-wide management system formalises existing processes and reinforces proactive risk identification. In October 2012, the Holcim Executive Committee approved the group-wide management system



for business-related human rights risks. The approach is lean and risk-based. Group companies operating in business environments with high levels of human rights risks (e.g. India) are required to conduct an impact assessment by 2015 (supported by a trained facilitator). Action plans to mitigate potential risks will be defined by local Ambuja management, based on the results of the assessment. Implementation of the approach will be monitored through the annual CSR Questionnaire. Ambuja is highly conscious about respecting human rights. We have ensured all measures towards the same across our operations and supply chains. Respecting the rights of women, preventing child labour or any other forms of forced labour and non-discrimination are among our areas of focus. We have put in place systems and measures for ensuring that the labour engaged by our contractors is governed by the Contract Labour (R&A) Act; and there are mechanisms to report any grievances or human rights violations. The principal responsibility for implementing the Holcim approach rests with the CSR or SD Coordinator in coordination with line and functional managers.

Ambuja also requires all its suppliers to complete the supplier CSR (Corporate Social Responsibility) and OH&S (Occupational Health and Safety) management system questionnaire as a condition for eligibility. The questions in the self-declaration cover the aspects of employee safety, occupational health, corporate social responsibility and environment management. All procurement agreements of the Company include conditions pertaining to labour standards and occupational health and safety.

Currently significant investment agreements do not include human rights clauses.

Currently Ambuja is not monitoring training hours or number of employees trained in human rights but employees are trained and sensitised on human rights through initiatives on sustainable procurement, CSR, and labour practices.

No operations and suppliers have been reported or identified where employee rights to exercise freedom of association or collective bargaining is violated or is at significant risk.

No operations and suppliers have been reported or identified with significant risk for incidents of child labour.

No operations and suppliers have been reported or identified with significant risk for incidents of forced or compulsory labour.

Currently Ambuja is not monitoring training hours of security personnel. However, they are sensitised on human rights through initiatives on labour practices.

Ten out of 13 manufacturing locations of Ambuja (77%) have been subjected to human rights reviews or human rights impact assessments as a part of Site Specific Impact Assessment (SSIA). The locations reviewed are Bhatapara, MCW, Rabriyawas, Ambujanagar, Darlaghat, Surat, Roorkee, Bathinda, Nalagarh, and Ropar. SSIA has also been completed at BCT-Panvel.

The total number of incidents, complaints or grievances reported, as well as the backlog of earlier incidents of discrimination or violations of human rights or rights of indigenous peoples during the reporting period is zero. No complaints regarding child labour, forced/ involuntary labour, sexual harassment and discriminatory employment were received or are pending. Ambuja promotes equality and diversity amongst its employees and there were no incidents of discrimination in the reporting period.

## Compliance Management

Ambuja believes in going beyond compliance. This has been exemplified by us since the Company's inception, in different areas such as environment protection, corporate social responsibility, customer centricity, quality and much more. Compliance is monitored by Top Management and the Board Committee.

The Competition Commission of India (CCI) issued an order dated 20 June, 2012, imposing a penalty on certain cement manufacturers including Ambuja Cements Limited, concerning alleged contravention of the provisions of the Competition Act, 2002. A penalty of Rs. 1,164 crore was imposed on the Company. The Company has filed an appeal against the said order with the appropriate authority, which is pending disposal. The State of Haryana

has filed a complaint to order an investigation into the matter of the alleged cartelisation in the tender for the supply of cement by some cement companies including Ambuja Cements Limited. The CCI has issued an investigation order and 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.

There are no incidents of non-compliance with regulations and voluntary codes concerning our products and services with respect to information & labelling, health and safety impacts, provision and use, or marketing communications, including advertising, promotion, and sponsorship.

## Annexure

# 'True Value' for Ambuja Cement

(Not a part of G4 Assurance but separately Assured by KPMG)

## Calculating Ambuja's True Value

Ambuja's vision is to be the most sustainable and competitive company in the cement industry. Achieving this vision is critical for our long-term business success and several goals are already in place to help us realise it. They include our aspiration to become five times water positive by 2017 and to be one of the lowest emitters of CO<sub>2</sub> per tonne of cement produced. Stand-alone goals like these are an important focal point for our sustainability programme. But now, it is time for Ambuja to take the next step in its sustainability journey.

The world is changing quickly and so is India. Our population is growing, fuelling ever-increasing demands for limited resources, including water. The warming climate and extreme weather are affecting people and their livelihoods, and supplies of key commodities. Social expectations are changing; and people demand that companies give more to society and take less from it. In India, a company's ability to do business increasingly depends on being granted a 'license to operate' by local communities.

Policy makers are responding to these challenges through regulation, taxes and standards. For example, in many countries, governments require companies to pay for their carbon emissions and are restricting access to and increasing the cost of precious water. Here in India, through market-based mechanisms like PAT (Perform Achieve and Trade), RPO (Renewable Purchase Obligation), and clean energy cess on coal, the Government is pushing for energy efficiency improvements and thereby lowering CO<sub>2</sub> emissions. Regulation limiting NOx and SOx emissions are another example.

## What is True Value?

As outlined above, financial information alone provides a limited and rather short term view of the value a company creates. True Value provides a more holistic view by taking into account social and environmental value as well.

In order to assess True Value, we need to identify the key elements of a company's social and environmental value- both positive and negative - and attribute a financial value to them. For example, a company could create *positive* social value through activities that protect people's health and wellbeing, such as providing healthcare services for communities. Conversely, it could create *negative* social value through activities that damage people's health, such as air pollution.

New legislation now requires companies to invest a percentage of their profits into community projects.

These changes have important implications for Ambuja. It means that we need a much clearer understanding of our environmental and social performance in addition to our financial performance.

Financial information like cash flows, profit and loss statements and balance sheets can tell us a lot about the financial health of the business and the money we make for our shareholders. However, there is growing acceptance that short term financial performance provides a limited view. It does not adequately reflect the challenges and opportunities that companies face in the long term. It does not tell us much about the value we create for people and the environment.

We need a broader picture of our Company's value so that we can make the right decisions not only for our future as a business, but also for the future of the society that we are part of. We need a more holistic view to help us set priorities and to achieve the best possible return of our investments financially, socially, and environmentally.

That is why in 2013 Ambuja took the next step by assessing its True Value in cooperation with KPMG. To our knowledge, we are the first listed Indian company to do so. Thereafter, Ambuja worked on creating awareness about the concept through articles in national newspapers. We encouraged KPMG to use the Ambuja case study in their internal communications, articles & presentations at WBCSD. We also participated in panel discussions in forums like CEO Meet and India Conference at Harvard Business School.

In the same way, a company could generate *positive* environmental value by activities that rehabilitate ecosystems, such as restoring cleared land. It could generate *negative* environmental value through activities that damage ecosystems, such as mining.

The True Value methodology seeks to encapsulate financial, social and environmental value into a single financial figure. The True Value of a company conveys a more complete picture of its total value creation and hence differs from the balance sheet approach. It can be integrated into the financial profit and loss accounts and used to help companies make better informed decisions on their strategy and investments. The True Value process consists of three key steps:

## 1. Assess True Value

Calculate the net social and environmental value created by the company. This is done by using the best available information from third party data providers, governmental agencies, and academic studies.<sup>1</sup> An indication of the

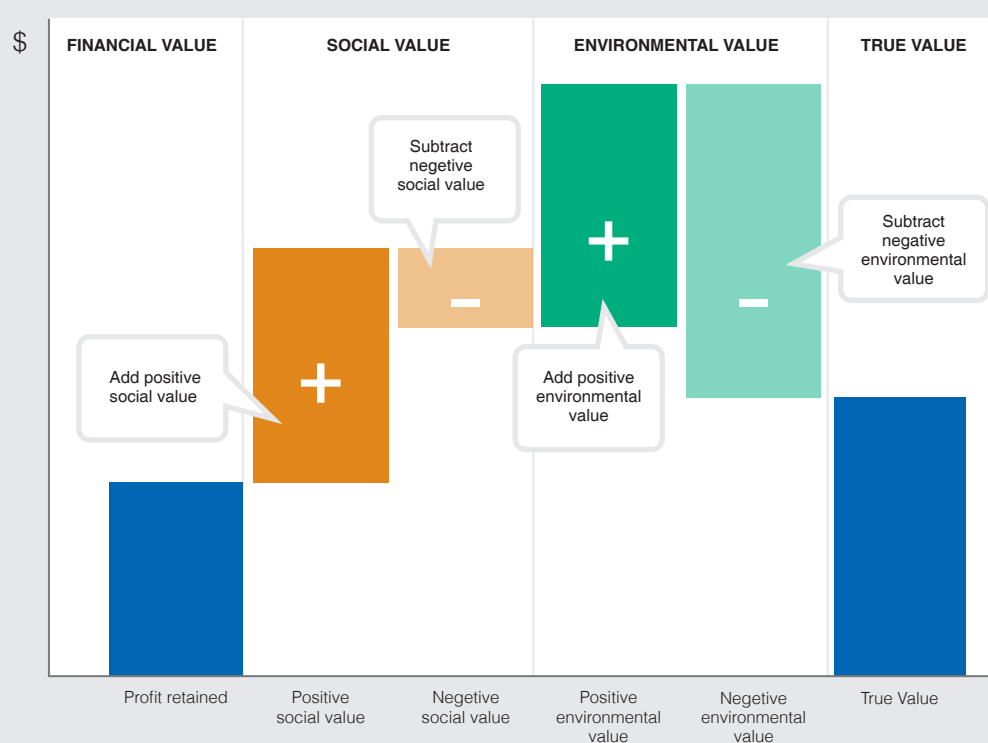
company's net True Value is reached by adding the value created by positive social and environmental impacts to the company's financial results, and subtracting the value destroyed due to negative social and environmental impacts.<sup>2</sup>

<sup>1</sup> We use the best available information but the resulting figures should be taken as indicative rather than final, factual conclusions. We acknowledge that assumptions can and should be debated.

<sup>2</sup> The technique used to reach True Value is also known by some as an integrated financial, social and environmental profit and loss statement (S E P & L)

## The True Value Bridge

True Value combines financial, social and environmental value to reach a single True Value expressed as a financial figure.



## 2. Analyse impacts on profitability

The True Value bridge identifies the key elements of a company's social and environmental value. The next step is to understand how these elements impact the company's future profitability.

For example, new social and environmental regulations, taxes and standards could impose future costs on the company. On the other hand, improved community relations, strengthened brand value or innovation could improve profitability.

In step 2, scenario planning and modelling techniques are used to understand the most likely ways in which the company's social and environmental performance could affect its future financial performance.

## 3. Develop strategic responses

Develop a range of strategic responses to reduce negative environmental and social value, and increase positive environmental and social value. The ultimate aim is to find the most cost effective ways to increase net True Value.



### Putting True Value into action at Ambuja

In 2013 and 2014, Ambuja worked with True Value experts from KPMG. In 2014, Ambuja made a net positive contribution of INR 1,250 crore to environment & society compared to about INR 750 crore contribution in 2012.

Major contributors to this increase are:

- Increased water credits from efforts on water resource management and reduced water usage at our plants. We are certified to be four times water positive in 2014 by an external agency.
- Increased use of waste generated by other industries in our operations.
- Activities related to agro-based livelihood.

### Benefits of the True Value project

The True Value project has put Ambuja in a stronger position to respond to the social and environmental

changes taking place in India and in the world. It has helped us to identify a portfolio of cost-effective projects that will continue to reduce costs, increase earnings and importantly increase our True Value in the future, thereby benefiting our local communities, society and the environment.

### Next Steps

Ambuja will continue sharing its True Value approach with customers, shareholders, communities, policy makers and also competitors. We want to use our experience to drive change and encourage a shift to True Value in the cement sector, both in India and globally, and more widely in the Indian and global business communities. One way we are doing this is by working with the World Business Council for Sustainable Development (through Holcim), and other platforms to encourage discussion and move towards standardising the True Value processes.

*Note: The True Value process is an innovative approach which is still being developed. It is intended to raise awareness of social and environmental impacts that may or may not affect Ambuja's business, and to assess their relative importance. It contains preliminary considerations which may be subject to change. Furthermore, the True Value process itself may also change as valuation techniques and methodologies evolve. True Value should be considered as indicative. It does not represent final factual conclusions nor is it intended to assert any factual admission by any person regarding the impact of Ambuja or any of its related parties on environment or society.*



MD & CEO receiving the 'Best Sustainability Risk Management Company' of the year by CNBC TV18.



# INDEPENDENT ASSURANCE STATEMENT

## Introduction and objectives of work

**BUREAU VERITAS Certification (India) Pvt. Ltd.** has been engaged by **Ambuja Cements Limited** to conduct an independent assurance of its **Sustainability Report 2014**. This Assurance Statement applies to the related information included within the scope of work described below.

This information and its presentation in the **Sustainability Report 2014** are the sole responsibility of the management of **Ambuja Cements Limited**. Bureau Veritas was not involved in the drafting of the Report. Our sole responsibility was to provide independent assurance on its content.

## Scope of work

The assurance process was conducted in line with the requirements of the Assurance Standard AA1000AS (2008) Type 2 assurance. The scope of work included:

- Data and information included in Sustainability Report 2014 for the **reporting period 1<sup>st</sup> January 2014 to 31<sup>st</sup> December 2014;**
- Appropriateness and robustness of underlying reporting systems and processes, used to collect, analyse and review the information reported;

Evaluation of the Report against the main principles of the AA1000 Assurance Standard (2008) published by AccountAbility: The Institute of Social and Ethical Accountability <http://www.accountability.org.uk>

- o Inclusivity
- o Materiality
- o Responsiveness
- Evaluation of the Report against the principles of Accuracy, Accessibility, Balance, Clarity, Comparability, Reliability, Timeliness and Stakeholder Inclusiveness, as defined in the GRI Sustainability Reporting Guidelines G4;

The level of assurance has been applied as **“Moderate”** for all sections of the report.

## Methodology

As part of its independent assurance, Bureau Veritas undertook the following activities:

1. Interviews with relevant personnel of Ambuja Cements Limited;
2. Review of documentary evidence produced by Ambuja Cements Limited;
3. Audit of performance data, on a sampling basis
4. Site visits to the i) Ambujanagar Integrated Cement Plant at Taluka Kodinar, District Gir Somnath, Gujarat, India (11.05.15 to 14.05.15) ii) Grinding Unit at Dadri, Dist Gautam Budh Nagar, Uttar Pradesh, India (05.05.15 to 06.05.15) iii) Bulk Cement Terminal at Muldwarka, District Junagadh, Gujarat (13.05.15) iv) Limestone Mines at Sugala near the ICP at Ambujanagar in Gujarat (13.05.15) and v) Corporate Office at Andheri, Mumbai (15.05.15);
5. Review of Ambuja Cements Limited data and information systems for collection, aggregation, analysis and review;
6. Review of stakeholder engagement activities by review of the Stakeholder Engagement Report prepared by a consultant who was engaged by Ambuja Cements Limited

Direct interviews with a few stakeholders during the site visit. The Bureau Veritas assessment team also interviewed Ambuja Cements Ltd. Management. We interviewed the President (CSR), Vice President (Product Development), Vice President (Procurement). We interviewed the Unit Head and the Head-Environment Team at the Ambujanagar plant in Gujarat. During our visit to the occupational health centre at Ambujanagar plant, a detailed interview was conducted with the medical professionals responsible for managing the centre. Our team also interviewed a number of middle and junior level personnel in charge of the plant operations. The management at the Sugala mines near the Ambujanagar plant as well as at the Bulk Cement Terminal at Muldwarka also were interviewed as a part of this assessment. Our work was conducted against Bureau Veritas' standard procedures and guidelines for external Assurance of Sustainability Reports, based on current best practice in independent assurance.

The work was planned and carried out to provide **moderate**, rather than absolute assurance and we believe it provides an appropriate basis for our conclusions.

### **Our findings**

On the basis of our methodology and the activities described above, it is our opinion that:

- Nothing has come to our attention to indicate that the reviewed statements within the scope of our verification are inaccurate and the information included therein is not fairly stated;
- It is our opinion that Ambuja Cements Limited has established appropriate systems for the collection, aggregation and analysis of quantitative data such as Environmental, Health & Safety, Human Resource, Labour, Social & Community welfare as well as Product, Customer and Investor related data. The Plant Environmental Profile (PEP) records performance on various Environment aspects and CSR Questionnaire captures HR and CSR data. Data is also gathered in the form of monthly and annual reports which were shown to the team.
- On some indicators, where the GRI guidelines recommend reporting in the form of numerical data, Ambuja Cements Ltd. may explore suitable means to report such data as "percentage or proportion achieved" data
- The organisation may consider widening its use of industry and sectoral benchmarks and reporting of its performance against the same.

### **Alignment with the principles of AA1000AS (2008)**

#### ***Inclusivity***

Ambuja Cements Limited has processes in place for engaging with a range key stakeholders including socially responsible investors, government officials, representatives from a range of NGO's, charities and industry associations and has undertaken a number of formal stakeholder engagement activities in 2014 covering a range of topics such as Supply Chain, Human Rights and Environment.

#### ***Materiality***

The Report addresses the range of environmental, social and economic issues of concern that Ambuja Cements Limited has identified as being of highest material importance. The identification of material issues has considered both internal assessments of risks and opportunities to the business, as well as stakeholders' views and concerns. The material issues were identified by a structured process of stakeholder engagement and interaction and the entire process was conducted by an independent third party who was engaged by Ambuja Cements Limited for that purpose. In all, a total of 17 issues in the 3 categories of Business, Environment and Social were identified as material through this process.

#### ***Responsiveness***

Ambuja Cements Limited is responding to those issues it has identified as material and demonstrates this in its policies, objectives, indicators and performance targets. The reported information can be used by the organisation and its stakeholders as a reasonable basis for their opinions and decision-making. The Company has taken various initiatives towards making an environmentally friendly product, waste disposal, water conservation, occupational health and safety at work and community and village development.

### **Specified Sustainability Performance Data**

Performance data within the report continues to be gathered through a variety of data systems and processes. We consider the data as presented in the report to be reliable but also highlight our recommendation that Ambuja Cements Limited reviews the data, gathering inputs against the key performance indicator stated in the report to ensure that performance against these metrics can be consistently and regularly reviewed and continue to provide accurate and reliable information.

### **Evaluation against Global Reporting Initiative (GRI) G4 Sustainability Reporting Guidelines**

Bureau Veritas undertook an evaluation of **Ambuja Cements Limited Sustainability Report 2014** against the G4 Sustainability Reporting Guidelines. This included cross checking the GRI index table against all the reference documents to provide an opinion on the self-declared GRI application level.

Based on our work, it is our opinion that the **Sustainability Report 2014** has been prepared in accordance with the GRI Reporting Framework including appropriate consideration of the Reporting Principles and necessary indicators to meet the requirements of GRI Application Level **"In accordance- Comprehensive"**

### **Limitations and Exclusions**

Excluded from the scope of our work is any assurance of information relating to:

- Activities outside the defined assurance period stated hereinabove;
- Positional statements (expressions of opinion, belief, aim or future intention) by Ambuja Cements Limited and statements of future commitment;
- Our assurance does not extend to the Annexure "True Value for Ambuja Cement" in the Sustainability Report 2014 activities and operations outside of the scope geographical boundaries as well as the operations undertaken by any subsidiaries or joint ventures of the Company.

This independent statement should not be relied upon to detect all errors, omissions or misstatements that may exist within the Report.

### **Statement of independence, impartiality and competence**

Bureau Veritas is an independent professional services company that specialises in Quality, Health, Safety, Social and Environmental management with almost 180 years history in providing independent assurance services, and an annual turnover in 2014 of Euros 4.17 billion in 2014.

Bureau Veritas has implemented a Code of Ethics across the business to maintain high ethical standards among staff in their day to day business activities. We are particularly vigilant in the prevention of conflicts of interest.

No member of the assurance team has a business relationship with Ambuja Cements Limited, its Directors or Managers beyond that required of this assignment. We have conducted this verification independently, and there has been no conflict of interest.

The assurance team has extensive experience in conducting assurance over environmental, social, ethical and health and safety information, systems and processes, has over 5 years combined experience in this field and an excellent understanding of Bureau Veritas standard methodology for the Assurance of Sustainability Reports.

### **Bureau Veritas Certification (India) Pvt. Ltd.**

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#### **Sanjay Patankar**

Lead Assuror

Product Manager, Sustainability & Climate Change Services



#### **Anirban Chatterjee**

Technical Reviewer

Manager, Sustainability Services

Date: 27-May-2015



## GRI G4 - Content Index

'In accordance' Comprehensive

General Standard Disclosures	General Standard Disclosures	Page	Omissions	External Assurance
	<b>STRATEGY AND ANALYSIS</b>			
G4-1	Statement from the most senior decision-maker of the organisation	2	Not Applicable	Yes (pg. 59)
G4-2	Key impacts, risks, and opportunities	19	Not Applicable	Yes (pg. 59)
	<b>ORGANISATIONAL PROFILE</b>			
G4-3	Name of the organisation	10	Not Applicable	Yes (pg. 59)
G4-4	Primary brands, products and services	10	Not Applicable	Yes (pg. 59)
G4-5	Location of the organisation's headquarters	10	Not Applicable	Yes (pg. 59)
G4-6	Names, number of countries where the organisation operates	10	Not Applicable	Yes (pg. 59)
G4-7	Nature of ownership and legal form	10	Not Applicable	Yes (pg. 59)
G4-8	Markets served	10	Not Applicable	Yes (pg. 59)
G4-9	Scale of the organisation	10	Not Applicable	Yes (pg. 59)
G4-10	a. Report the total number of employees by employment contract and gender. b. Report the total number of permanent employees by employment type and gender. c. Report the total workforce by employees & supervised workers & by gender. d. Report the total workforce by region and gender. e. Report whether a substantial portion of the organisation's work is performed by workers who are legally recognised as self-employed, or by individuals other than employees or supervised workers, including employees and supervised employees of contractors. f. Report any significant variations in employment numbers (such as seasonal variations in employment in the tourism or agricultural industries)	48-49	Not Applicable	Yes (pg. 59)
G4-11	Percentage of total employees covered by collective bargaining agreements	48	Not Applicable	Yes (pg. 59)
G4-12	Organisation's supply chain	12, 32	Not Applicable	
G4-13	Significant changes in reporting period regarding the organisation's size, structure, ownership, or its supply chain	12	Not Applicable	Yes (pg. 59)
G4-14	Precautionary approach or principle	21	Not Applicable	Yes (pg. 59)
G4-15	Externally developed economic, environmental and social charters, principles, or other initiatives	11	Not Applicable	Yes (pg. 59)
G4-16	List memberships of association	11	Not Applicable	Yes (pg. 59)
	<b>IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES</b>			
G4-17	List all entities included in the organisation's consolidated financial statements or equivalent documents	26	Not Applicable	Yes (pg. 59)
G4-18	Process for defining the report content and the Aspect Boundaries	12	Not Applicable	Yes (pg. 59)
G4-19	All the material Aspects identified	12	Not Applicable	Yes (pg. 59)
G4-20	For each material Aspect, report the Aspect Boundary within the organisation	13	Not Applicable	Yes (pg. 59)
G4-21	For each material Aspect, report the Aspect Boundary outside the organisation	13	Not Applicable	Yes (pg. 59)
G4-22	Any restatements	13	Not Applicable	Yes (pg. 59)
G4-23	Report significant changes from previous reporting periods in the Scope and Aspect Boundaries	11	Not Applicable	Yes (pg. 59)
	<b>STAKEHOLDER ENGAGEMENT</b>			
G4-24	Provide a list of stakeholder groups engaged by the organisation	14	Not Applicable	Yes (pg. 59)
G4-25	Report the basis for identification and selection of stakeholders	14	Not Applicable	Yes (pg. 59)
G4-26	Report the organisation's approach to stakeholder engagement	15	Not Applicable	Yes (pg. 59)
G4-27	Report key topics and concerns that have been raised through stakeholder engagement, and how the organisation has responded to those key topics and concerns	16	Not Applicable	Yes (pg. 59)

	REPORT PROFILE			
G4-28	Reporting period for information provided	11	Not Applicable	Yes (pg. 59)
G4-29	Date of most recent previous report	11	Not Applicable	Yes (pg. 59)
G4-30	Reporting cycle	11	Not Applicable	Yes (pg. 59)
G4-31	Provide contact point for questions regarding the report content	11	Not Applicable	Yes (pg. 59)
G4-32	a. Report the 'in accordance' option the organisation has chosen b. Report the GRI Content Index for the chosen option c. Report the reference to the External Assurance Report, if the report has been externally assured	11	Not Applicable	Yes (pg. 59)
G4-33	Report the organisation's policy and current practice with regard to seeking external assurance for the report	11	Not Applicable	Yes (pg. 59)
	GOVERNANCE			
G4-34	Report the governance structure of the organisation	22	Not Applicable	Yes (pg. 59)
G4-35	Report the process for delegating authority for economic, environmental and social topics from the highest governance body to senior executives and other employees	24		Yes (pg. 59)
G4-36	Report whether the organisation has appointed an executive-level position or positions with responsibility for economic, environmental and social topics, and whether post holders report directly to the highest governance body	24		Yes (pg. 59)
G4-37	Report processes for consultation between stakeholders and the highest governance body on economic, environmental and social topics	23-24		Yes (pg. 59)
G4-38	Report the composition of the highest governance body and its committees	22		Yes (pg. 59)
G4-39	Report whether the Chair of the highest governance body is also an executive officer	22		Yes (pg. 59)
G4-40	Report the nomination and selection processes for the highest governance body and its committees, and the criteria used for nominating and selecting highest governance body members	23-24		Yes (pg. 59)
G4-41	Report processes for the highest governance body to ensure conflicts of interest are avoided and managed	24-25		Yes (pg. 59)
G4-42	Report the highest governance body's and senior executives' roles in the development, approval and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental and social impacts	24		Yes (pg. 59)
G4-43	Report the measures taken to develop & enhance the highest governance body's collective knowledge of economic, environmental & social topics	23	Partially reported	Yes (pg. 59)
G4-44	Report the processes for evaluation of the highest governance body's performance with respect to governance of economic, environmental and social topics	23		Yes (pg. 59)
G4-45	Report the highest governance body's role in the identification and management of economic, environmental and social impacts, risks, and opportunities. Include the highest governance body's role in the implementation of due diligence processes	21		Yes (pg. 59)
G4-46	Report the highest governance body's role in reviewing the effectiveness of the organisation's risk management processes for economic, environmental and social topics	21		Yes (pg. 59)
G4-47	Report the frequency of the highest governance body's review of economic, environmental and social impacts, risks and opportunities	21		Yes (pg. 59)
G4-48	Report the highest committee or position that formally reviews and approves the organisation's sustainability report and ensures that all Material Aspects are covered	11, 24		Yes (pg. 59)
G4-49	Report the process for communicating critical concerns to the highest governance body	21, 24		Yes (pg. 59)
G4-50	Report the nature and total number of critical concerns that were communicated to the highest governance body and the mechanism(s) used to address and resolve them	21		Yes (pg. 59)
G4-51	Report the remuneration policies for the highest governance body and senior executives	25		Yes (pg. 59)
G4-52	Report the process for determining remuneration	25		Yes (pg. 59)
G4-53	Report how stakeholders' views are sought and taken into account regarding remuneration, including the results of votes on remuneration policies and proposals, if applicable	25		Yes (pg. 59)



G4-54	Report the ratio of the annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median annual total compensation for all employees		Omitted	No
G4-55	Report the ratio of percentage increase in annual total compensation for the organisation's highest-paid individual in each country of significant operations to the median percentage increase in annual total compensation for all employees		Omitted	No
<b>ETHICS AND INTEGRITY</b>				
G4-56	Describe the organisation's values, principles, standards, and norms of behavior such as codes of conduct and codes of ethics	25	Not applicable	Yes (pg. 59)
G4-57	Report the internal and external mechanisms for seeking advice on ethical and lawful behavior, and matters related to organisational integrity, such as helplines or advice lines	25		Yes (pg. 59)
G4-58	Report the internal and external mechanisms for reporting concerns about unethical or unlawful behaviour, and matters related to organisational integrity, such as escalation through line management, whistleblowing mechanisms or hotlines	25		Yes (pg. 59)

## SPECIFIC STANDARD DISCLOSURES

DMA and Indicators	Page Number (or Link)	Page	Omission (s) & Reasons	Explanation for Omission(s)	External Assurance
<b>CATEGORY: ECONOMIC</b>					
<b>MATERIAL ASPECT: ECONOMIC PERFORMANCE</b>					
G4-DMA	Disclosure on Management Approach	27			Yes (pg. 59)
G4-EC1	Direct & indirect economic value generated and distributed	27			Yes (pg. 59)
G4-EC2	Financial implications and other risks and opportunities for the organisation's activities due to climate change	38			Yes (pg. 59)
G4-EC3	Coverage of organisation's defined benefit plan obligations	50			Yes (pg. 59)
G4-EC4	Financial assistance received from government	27			Yes (pg. 59)
<b>MATERIAL ASPECT: MARKET PRESENCE</b>					
G4-DMA	Disclosure on Management Approach	50			Yes (pg. 59)
G4-EC5	Ratios of standard entry level wage by gender compared to local minimum wage at Significant locations of operation	50			Yes (pg. 59)
G4-EC6	Proportion of senior management hired from the local community at significant Locations of operation	50			No
<b>MATERIAL ASPECT: INDIRECT ECONOMIC IMPACTS</b>					
G4-DMA	Disclosure on Management Approach	46			Yes (pg. 59)
G4-EC7	Development and impact of infrastructure investments and services supported	46			Yes (pg. 59)
G4-EC8	Significant indirect economic impacts, including the extent of impacts	46			Yes (pg. 59)
<b>MATERIAL ASPECT: PROCUREMENT PRACTICES</b>					
G4-DMA	Disclosure on Management Approach	32			Yes (pg. 59)
G4-EC9	Procurement practices with regard to local supplier and significant location of operation	32			Yes (pg. 59)
<b>CATEGORY: ENVIRONMENTAL</b>					
<b>MATERIAL ASPECT: MATERIALS</b>					
G4-DMA	Disclosure on Management Approach	33			Yes (pg. 59)
G4-EN1	Total weight or volume of materials used to produce and package the organisation's primary products and services	34			Yes (pg. 59)
G4-EN2	Recycled input materials used to manufacture the organisation's primary products and services	34			Yes (pg. 59)
<b>MATERIAL ASPECT: ENERGY</b>					
G4-DMA	Disclosure on Management Approach	35			Yes (pg. 59)
G4-EN3	Total fuel consumption from non-renewable & renewable sources	35			Yes (pg. 59)

G4-EN4	Energy consumption outside of the organisation	35			Yes (pg. 59)
G4-EN5	Energy intensity ratio	35			Yes (pg. 59)
G4-EN6	Reductions in energy consumption achieved as a direct result of conservation and efficiency initiatives	35			Yes (pg. 59)
G4-EN7	Reductions in energy requirements of sold products & services	35			Yes (pg. 59)
<b>MATERIAL ASPECT: WATER</b>					
G4-DMA	Disclosure on Management Approach	36			Yes (pg. 59)
G4-EN8	Total volume of water withdrawn from sources	37			Yes (pg. 59)
G4-EN9	Water sources significantly affected by water withdrawal	37			Yes (pg. 59)
G4-EN10	Percentage and total volume of water recycled and reused	37			Yes (pg. 59)
<b>MATERIAL ASPECT: BIODIVERSITY</b>					
G4-DMA	Disclosure on Management Approach	40			Yes (pg. 59)
G4-EN11	Operational sites owned, leased, managed in/adjacent to, protected areas & areas of high biodiversity value outside protected areas	40			Yes (pg. 59)
G4-EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas	40			Yes (pg. 59)
G4-EN13	Habitats protected or restored	41			Yes (pg. 59)
G4-EN14	Total no. of IUCN red list species & national conservation list species with Habitats in areas affected by operations, by level of extinction risk	41			Yes (pg. 59)
<b>MATERIAL ASPECT: EMISSIONS</b>					
G4-DMA	Disclosure on Management Approach	38			Yes (pg. 59)
G4-EN15	Direct Greenhouse Gas (GHG) emissions (Scope 1)	38			Yes (pg. 59)
G4-EN16	Energy indirect Greenhouse Gas (GHG) emissions (Scope 2)	38			Yes (pg. 59)
G4-EN17	Other indirect Greenhouse Gas (GHG) emissions (Scope 3)	38			Yes (pg. 59)
G4-EN18	Greenhouse Gas (GHG) emissions intensity	38			Yes (pg. 59)
G4-EN19	Reduction of Greenhouse Gas (GHG) emissions	39			Yes (pg. 59)
G4-EN20	Emissions of ozone-depleting substances (ODS)	39			Yes (pg. 59)
G4-EN21	NOx, SOx, and other significant air emissions	39			Yes (pg. 59)
<b>MATERIAL ASPECT: EFFLUENTS AND WASTE</b>					
G4-DMA	Disclosure on Management Approach	36, 42			Yes (pg. 59)
G4-EN22	Report the total volume of planned & unplanned water discharges	37			Yes (pg. 59)
G4-EN23	Report the total weight of hazardous and non-hazardous waste	42	Partially Reported	Disposal method-wise break-up yet to be initiated.	Yes (pg. 59)
G4-EN24	Total number and volume of significant spills	42			Yes (pg. 59)
G4-EN25	Weight of transported, imported, exported, or treated waste deemed hazardous under the terms of the basel convention 2 annex i, ii, iii, & viii, & percentage of Transported waste shipped internationally	42			Yes (pg. 59)
G4-EN26	Identity, size, protected status, and biodiversity value of water bodies and related Habitats significantly affected by the organisation's discharges of water and runoff	37			Yes (pg. 59)
<b>MATERIAL ASPECT: PRODUCTS AND SERVICES</b>					
G4-DMA	Disclosure on Management Approach	43			Yes (pg. 59)
G4-EN27	Environmental impacts of products and services	43			NO
G4-EN28	Percentage of products sold and their packaging materials that are reclaimed by category	43			Yes (pg. 59)
<b>MATERIAL ASPECT: COMPLIANCE</b>					
G4-DMA	Disclosure on Management Approach	43			Yes (pg. 59)
G4-EN29	Report significant fines and non-monetary sanctions	43			Yes (pg. 59)
<b>MATERIAL ASPECT: TRANSPORT</b>					
G4-DMA	Disclosure on Management Approach	43			Yes (pg. 59)
G4-EN30	Significant environmental impacts of transporting products & other	43			Yes (pg. 59)

	goods and materials for the organisation's operations, and transporting members of the workforce				
<b>MATERIAL ASPECT: OVERALL</b>					
G4-DMA	Disclosure on Management Approach	43			Yes (pg. 59)
G4-EN31	Total environmental protection expenditures & investments by type	43			Yes (pg. 59)
<b>MATERIAL ASPECT: SUPPLIER ENVIRONMENTAL ASSESSMENT</b>					
G4-DMA	Disclosure on Management Approach	31			Yes (pg. 59)
G4-EN32	New suppliers screened using environmental criteria	32	Partially Reported		Yes (pg. 59)
G4-EN33	Significant actual and potential negative environmental impacts in the supply chain and actions taken	31			No
<b>MATERIAL ASPECT: ENVIRONMENTAL GRIEVANCE MECHANISMS</b>					
G4-DMA	Disclosure on Management Approach	43			Yes (pg. 59)
G4-EN34	Total number of grievances about environmental impacts if led through formal grievance mechanisms	43			Yes (pg. 59)
<b>CATEGORY: SOCIAL</b>					
<b>SUB-CATEGORY: LABOUR PRACTICES AND DECENT WORK</b>					
<b>MATERIAL ASPECT: EMPLOYMENT</b>					
G4-DMA	Disclosure on Management Approach	49			Yes (pg. 59)
G4-LA1	Total number and rate of new employee hired and rate of employee turnover by age group, gender and region	49			Yes (pg. 59)
G4-LA2	Benefits for standard for full-time employees of the organisation not provided to temporary or part-time employees	49			Yes (pg. 59)
G4-LA3	Parental leave	49			Yes (pg. 59)
<b>MATERIAL ASPECT: LABOUR/MANAGEMENT RELATIONS</b>					
G4-DMA	Disclosure on Management Approach	50			Yes (pg. 59)
G4-LA4	Minimum number of weeks' notice provided to employees & elected representatives prior to implementation of significant operational changes	50			Yes (pg. 59)
<b>MATERIAL ASPECT: OCCUPATIONAL HEALTH AND SAFETY</b>					
G4-DMA	Disclosure on Management Approach	51			Yes (pg. 59)
G4-LA5	Formal joint management-worker health and safety committees	51			Yes (pg. 59)
G4-LA6	Types of injury, Injury Rate (IR), Occupational Diseases Rate (ODR), Lost Day Rate (LDR), Absentee Rate (AR), & work-related fatalities, for the total workforce (that is, total employees plus supervised workers), and independent contractors working on-site	54			Yes (pg. 59)
G4-LA7	Workers with high incidence or high risk of diseases related to their occupation	54			Yes (pg. 59)
G4-LA8	Health & safety topics covered in formal agreements with trade unions	54			Yes (pg. 59)
<b>MATERIAL ASPECT: TRAINING AND EDUCATION</b>					
G4-DMA	Disclosure on Management Approach	50			Yes (pg. 59)
G4-LA9	Average hours of training employees have undertaken during the reporting period	50			No
G4-LA10	Programs implemented & assistance provided to upgrade employee skills	50			Yes (pg. 59)
G4-LA11	Percentage of total employees by gender & by employee category who received regular performance & career development review	51			Yes (pg. 59)
<b>MATERIAL ASPECT: DIVERSITY AND EQUAL OPPORTUNITY</b>					
G4-DMA	Disclosure on Management Approach	48			Yes (pg. 59)
G4-LA12	Composition of governance bodies & breakdown of employees per employee Category according to gender, age group, minority group membership, and other Indicators of diversity	48			Yes (pg. 59)
<b>MATERIAL ASPECT: EQUAL REMUNERATION FOR WOMEN AND MEN</b>					
G4-DMA	Disclosure on Management Approach	50			Yes (pg. 59)
G4-LA13	Ratio of basic salary and remuneration of women to men by employee category, by significant locations of operation	50			Yes (pg. 59)
<b>MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR LABOUR PRACTICES</b>					
G4-DMA	Disclosure on Management Approach	31			Yes (pg. 59)

G4-LA14	Report the percentage of new suppliers that were screened using labour practices criteria	31-32			Yes (pg. 59)
G4-LA15	Significant actual and potential negative impacts for labour practices in the supply chain and actions taken	31	Partially Reported		No
<b>MATERIAL ASPECT: LABOUR PRACTICES GRIEVANCE MECHANISMS</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-LA16	Report the total number of grievances about labour practices filed through formal grievance mechanisms during the reporting period	55			Yes (pg. 59)
<b>SUB-CATEGORY: HUMAN RIGHTS</b>					
<b>MATERIAL ASPECT: INVESTMENT</b>					
G4-DMA	Disclosure on Management Approach	54			Yes (pg. 59)
G4-HR1	Total number and percentage of significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	55			Yes (pg. 59)
G4-HR2	Total hours of employee training on human rights policies or procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	55			Yes (pg. 59) Yes (pg. 59)
<b>MATERIAL ASPECT: NON-DISCRIMINATION</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR3	Total no. of incidents of discrimination & corrective actions taken	55			Yes (pg. 59)
G4-HR4	Operations & suppliers identified in which the right to exercise freedom of association & collective bargaining may be violated or at significant risk and measures taken to support these rights	55			Yes (pg. 59)
<b>MATERIAL ASPECT: CHILD LABOUR</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR5	Operations & suppliers considered to have significant risk for incidents of child labour, young workers exposed to hazardous work	55			Yes (pg. 59)
<b>MATERIAL ASPECT: FORCED OR COMPULSORY LABOUR</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR6	Operations & suppliers at risk for incidents of forced or compulsory labour	55			Yes (pg. 59)
<b>MATERIAL ASPECT: SECURITY PRACTICES</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR7	Percentage of security personnel trained in the organisation's human rights policies or procedures that are relevant to operations	55			Yes (pg. 59)
<b>MATERIAL ASPECT: INDIGENOUS RIGHTS</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR8	Total number of incidents of violations involving rights of indigenous peoples and actions taken	55			Yes (pg. 59)
<b>MATERIAL ASPECT: ASSESSMENT</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR9	Total number and percentage of operations that have been subject to human rights reviews or impact assessments	55			Yes (pg. 59)
<b>MATERIAL ASPECT: HUMAN RIGHTS GRIEVANCE ASSESSMENT</b>					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-HR10	Percentage of new suppliers that were screened using human rights criteria	31			Yes (pg. 59)
G4-HR11	Significant actual and potential negative human rights impacts in the supply chain and actions taken		Omitted	Data not available for 2014	No
G4-HR12	Report the total number of grievances about human rights impacts if led through formal grievance mechanisms during the reporting period and their redressal	55			Yes (pg. 59)
<b>SUB-CATEGORY: SOCIETY</b>					
<b>MATERIAL ASPECT: LOCAL COMMUNITIES</b>					
G4-DMA	Disclosure on Management Approach	46			Yes (pg. 59)
G4-SO1	Report the percentage of operations with implemented local community engagement, impact assessments, & development programmes	46			Yes (pg. 59)
G4-SO2	Operations with significant actual and potential negative impacts on local Communities	39, 46			Yes (pg. 59)

MATERIAL ASPECT: ANTI-CORRUPTION					
G4-DMA	Disclosure on Management Approach	25			Yes (pg. 59)
G4-SO3	Total number and percentage of operations assessed for risks related to corruption	25			Yes (pg. 59)
G4-SO4	Communication & training on anti-corruption policies & procedures	25			Yes (pg. 59)
G4-SO5	Number and nature of confirmed incidents of corruption	25			No
MATERIAL ASPECT: PUBLIC POLICY					
G4-DMA	Disclosure on Management Approach	25			Yes (pg. 59)
G4-SO6	Total value of political contributions by country & recipient/beneficiary	25			Yes (pg. 59)
MATERIAL ASPECT: ANTI-COMPETITIVE BEHAVIOR					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-SO7	Total number of legal actions pending or completed during the reporting period regarding anti-competitive behaviour and violations of anti-trust and monopoly legislation	55			Yes (pg. 59)
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-SO8	Significant fines and non-monetary sanctions	55			Yes (pg. 59)
MATERIAL ASPECT: SUPPLIER ASSESSMENT FOR IMPACTS ON SOCIETY					
G4-DMA	Disclosure on Management Approach	32			Yes (pg. 59)
G4-SO9	Percentage of new suppliers that were screened using criteria for impacts on society	32	Partially Reported		No
G4-SO10	Significant actual and potential negative impacts on society in the supply chain and actions taken	32	Partially Reported		No
MATERIAL ASPECT: GRIEVANCE MECHANISMS FOR IMPACTS ON SOCIETY					
G4-DMA	Disclosure on Management Approach	32			Yes (pg. 59)
G4-SO11	Number of grievances about impacts on society filed, addressed, and resolved through formal grievance mechanisms	32	Partially Reported		Yes (pg. 59)
SUB-CATEGORY: PRODUCT RESPONSIBILITY					
MATERIAL ASPECT: CUSTOMER HEALTH AND SAFETY					
G4-DMA	Disclosure on Management Approach	27			Yes (pg. 59)
G4-PR1	Significant product and service categories for which health and safety impacts are assessed for improvement	27			Yes (pg. 59)
G4-PR2	Total no. of incidents of non-compliance with regulations & voluntary codes concerning the health & safety impacts of products & services	55			Yes (pg. 59)
MATERIAL ASPECT: PRODUCT AND SERVICE LABELLING					
G4-DMA	Disclosure on Management Approach	29, 43			Yes (pg. 59)
G4-PR3	Product and service information required by the organisation's procedures for information and labelling	29			Yes (pg. 59)
G4-PR4	Total number of incidents of non-compliance with regulations & voluntary codes concerning product & service information & labelling	55			Yes (pg. 59)
G4-PR5	Results of surveys measuring customer satisfaction	30			Yes (pg. 59)
MATERIAL ASPECT: MARKETING COMMUNICATIONS					
G4-DMA	Disclosure on Management Approach	30			Yes (pg. 59)
G4-PR6	Whether the organisation sells products that are banned in certain markets, subject of stakeholder questions or public debate	30		Company is into cement business	Yes (pg. 59)
G4-PR7	Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship	55			Yes (pg. 59)
MATERIAL ASPECT: CUSTOMER PRIVACY					
G4-DMA	Disclosure on Management Approach	30			Yes (pg. 59)
G4-PR8	Total number of substantiated complaints received concerning breaches of customer privacy	30			Yes (pg. 59)
MATERIAL ASPECT: COMPLIANCE					
G4-DMA	Disclosure on Management Approach	55			Yes (pg. 59)
G4-PR9	Total monetary value of significant fines for non-compliance with laws & regulations concerning the provision & use of products & services	55			Yes (pg. 59)

#### Awards and Accolades: 2014

- ✦ **CII-ITC Sustainability Award 2014**, Fourth consecutive year for 'Significant Achievement for Commendable Results From Deployment of Policies and Processes' under large industry category (Corporate).
- ✦ CII-ITC Sustainability Award Commendation for 'Significant Achievement in Corporate Social Responsibility (CSR)' (Bhatapara).
- ✦ **Yes Bank – Saevus Natural Capital Award 2014** as 'Eco-Corporate of the Year-Manufacturing' (Corporate).
- ✦ Srishti Green Cube Award 2014 for Commendable Work in Environment Protection and Conservation (MCW).
- ✦ Second Prize to Kashlog Limestone Mine for 'Overall Performance in the Mechanised Category' during Mines Environment and Mineral Conservation Week 2014-15 of Indian Bureau of Mines (Dehradun Region).
- ✦ **The Energy Efficient Unit Award** of CII National Award for 'Excellence in Energy Management' (Rabriyawas).
- ✦ **National Energy Conservation Award**: Certificate of Merit for 'Energy Conservation in Cement Sector' for the year 2013 by Bureau of Energy Efficiency (BEE) to Roorkee unit.
- ✦ First prize at **Punjab State Safety Award** for 'Largest Reduction in Accident Frequency Rate in 1 Lac to 5 Lac Man-hours' for the Year 2014 (Bhatinda unit).
- ✦ Greentech Safety Award 2014 in 'Gold Category' (MCW, Rauri-Darlaghat and Ambujanagar).
- ✦ **Greentech Environment Award- 2015** in Silver Category in cement sector for 'Outstanding Performance in Environment Management' (Dadri and Ropar units).
- ✦ ACF Darlaghat: **NABARD's Best Partnership Award** for 'Excellent Performance in Implementation of Watershed Development Projects in Himachal Pradesh (2013-14)'.
- ✦ ACF Ropar: **Rotary Vocational Service Award, Best agency Award** by the District Administration, NABARD recognition etc. for 'Implementing Various Community Welfare Activities across the Villages, Agriculture, Health and Sanitation, Rural Infrastructure and Ambuja Manovikas Kendra'.



Head (Corporate Environment & Sustainability) receives CII-ITC Sustainability Award 2014

Contact Person for any suggestions/feedback:

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#### **Feedback**

Your suggestions and feedback will help us improve our performance. Please spare few minutes of your valuable time and give us your feedback.



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