





Directors' Report and Management Discussion and Analysis

Dear Members,

It is our pleasure to present the Annual Report of the Company for the year 2019.

1. An overview of the Indian economy and cement industry in 2019.

Indian Economy

India's GDP has expanded at a healthy rate over the last decade, with a CAGR of over 7%. This has resulted in improvements across key development indicators of the economy. Our country has witnessed a reduction in poverty rate by 10%, increase in pace of highway construction from 12 km/day to 27 km/day and a 6% CAGR increment in per capita income. India is currently the 5th largest economy in the world with an internal target of becoming a USD 5 trillion economy by 2024.

The agricultural, industrial, manufacturing and service sectors are the growth enabling pillars of the economy. The service sector is the largest contributor to the nation's GDP, followed by the manufacturing sector. With the intent to boost the domestic manufacturing sector output, the Government has spearheaded several campaigns, reforms and initiatives like Make in India, Sagarmala, Start-up India and has commissioned dedicated freight corridors to help the sector increase its pie in the overall contribution to GDP.

India's improved ranking (currently at 63rd position out of 190 countries) in Ease of Doing Business (improved by 67 positions over the past three years), is an outcome of the Government's efforts towards making the domestic environment conducive for attracting foreign capital. The reduction of corporate taxes was one such step taken in September 2019, the actual impact of which should reflect in the second half of 2020.

However, the GDP growth rate has witnessed a diminishing trend over the past few quarters. This can be attributed to the overall dip in consumption and muted manufacturing output and exports of goods and services.

Government expenditure on infrastructure and affordable housing waned in the second half of 2019. On the service sector front, the trade, hospitality, transport and communications businesses were amongst the ones which witnessed significant impact of slowdown.

To revive the economy and enhance consumer expenditure, fundamental reforms and consumer-centric policies are required coupled with heightened execution and implementation capabilities. In this regard, the Government has taken steps in the right direction by reducing repo rate to the tune of 135 basis points in 2019, exempting start-ups from payment of angel tax, infusion of ₹70,000 crores in public sector banks via two-stage bank recapitalization measures and planned expenditure on infrastructure development to the tune of ₹102 lakh crores.

Cement Industry

In 2019, growth in demand for cement hovered around 2-3% amid tough macro-economic conditions, muted demand in housing sector, pre-budget cutbacks in infrastructure spending and weak private sector contribution.

The year began on a positive note with the industry reporting double-digit growth in the first quarter (Jan-Mar 2019). But owing to the general election, labor shortages, weakness in realty sector and prolonged monsoon, the growth momentum was arrested and thereon the industry witnessed a downturn. In particular, the negative impact could be felt in the eastern and southern regions, while the central and northern regions stabilized the downward pressure on the overall industry growth rate.

The broader outlook for the cement sector remains positive bearing in mind the Center's renewed focus on infrastructure development and housing sector.

2. Operational and Financial Performance -2019.

The Company cemented its position in 2019

• Sales Volume

- Cement sales volume decreased by 0.9% from 24.18 million tonnes in 2018 to 23.96 million tonnes
- Cement production reduced by 1.7% from 24.34 million tonnes to 23.93 million tonnes

• Sales Value

- Sales value increased by 3.4% from ₹10,977 Crores to ₹ 11,353 Crores
- Average sales realization increased by approx. 4.4 %, at ₹ 4,738 per tonne against ₹ 4,540 per tonne in previous year 2018

• Expenses, Profit and Margin

- Total operating expenses for the year 2019 were almost at the same level of year 2018, marginal increase of 0.5%
- During the year, Company earned EBITDA of ₹ 2,149 Crores, an increase of 13.6 % as compared to EBITDA of ₹ 1,891 Crores for the year 2018
- Profit Before Tax and exceptional item was at ₹ 1,948 Crores, up by 19.1% as compared to ₹ 1,636 Crores for the year 2018

- Net Profit (Adjusted*) was up by 19%, at ₹ 1,426 Crores as compared to ₹ 1,200 Crores earned during the year 2018

* Adjusted for

- a. Reversal of deferred tax of ₹ 103 Crores on account of change in income tax rate, in year 2019, Write-back of tax provision of ₹ 372 Crores in previous year 2018
- b. Exceptional item ₹ 85 Crores in previous year 2018

Performance of the Material Subsidiary, ACC Limited

The Company's material subsidiary, ACC Limited, is one of the oldest and leading cement manufacturers of India.

The summary of operational and financial performance of ACC is as under:

- Cement sales volumes in 2019 were up by 1.8% at 28.89 million tonnes
- Operating EBITDA for the year was ₹ 2,413 Crores, as compared to ₹ 2,048 Crores in the previous year, up by 17.8%
- Profit Before Tax for the year was up by 35.9% to ₹ 2,053 Crores as compared to ₹ 1,510 Crores in the previous year

Amount ₹ in Crores

Particulars	Standalone		Consolidated	
	Current Year 31-12-2019	Previous Year 31-12-2018	Current Year 31-12-2019	Previous Year 31-12-2018
SUMMARISED PROFIT AND LOSS				
Sales	11,352.76	10,977.00	26,538.62	25,418.90
Profit Before Finance Cost, Depreciation & Amortisation Expense and Exceptional Items	2,575.37	2,266.44	5,177.73	4,382.23
Finance Costs	83.52	82.33	169.87	170.50
Gross Profit	2,491.85	2,184.11	5,007.86	4,211.73
Depreciation and Amortisation Expense	543.83	548.09	1,152.52	1,153.94
Share of Profit of Associates and Joint Ventures	—	—	19.97	12.53
Exceptional Items	—	129.95	—	151.78
Profit Before Tax and Non-controlling Interest	1,948.02	1,506.07	3,875.31	2,918.54
Tax Expense	419.48	19.06	1,092.15	(54.15)
Net Profit for the Year	1,528.54	1,487.01	2,783.16	2,972.69
Less: Non-controlling Interest	—	—	688.16	795.29
Profit for the Year Attributable to Owners of the Company	1,528.54	1,487.01	2,095.00	2,177.40
MOVEMENT IN RETAINED EARNINGS				
Balance as Per Last Account	2,342.84	1,303.52	3,542.04	1,843.76
Net Profit for the Year	1,528.54	1,487.01	2,095.00	2,177.40
Add: Other Comprehensive Income	(4.39)	2.09	(29.09)	(0.17)
Less: Dividend on Equity Shares (Including Interim)	297.85	397.13	297.85	397.13
Less: Corporate Dividend Tax on Above	34.18	52.65	61.40	81.82
CLOSING BALANCE	3,534.96	2,342.84	5,248.70	3,542.04

There are no significant changes in the key financial ratios during the year under review.

3. Dividend for the year 2019.

The Company has a robust track record of rewarding its shareholders with a generous dividend pay-out. However, with a view to conserve resources for the upcoming expansion and other capital expenditure projects, the Board of Directors is pleased to recommend a dividend of ₹1.50/- per share (75%) which will result in the total pay-out of ₹298 Crores. This represents a pay-out ratio of 20%. The dividend pay-out is in accordance with the Company's Dividend Distribution Policy which is provided as 'Annexure – I' to this Report. The policy is also available on the website <http://ambujacement.com/Upload/PDF/dividend.distribution.policy.pdf>

Credit Rating

The Company's sound financial management and its ability to service financial obligations in a timely manner, has been affirmed by the credit ratings agency CRISIL with Long-term instrument rated as AAA/STABLE and Short-term instrument rated as A1+.

4. Market situations that tested our cement's strength.

The year 2019 was a challenging year from demand perspective. Even as the Indian economy continued to struggle and the market analysts continued to look for answers, the weather played havoc with unusually high rains and storms, virtually stalling construction activity in large parts of the country.

The pollution levels in north reached a new high and National Green Tribunal banned construction activity in the National Capital Region, just when the weather seemed to ease out.

The GDP growth rate declined to 6.1% from the level of 7.2% in previous year. The Index of Industrial Production growth also slowed down to 3.6% from 4.4% as the secondary effects of RERA, Demonetization and GST kicked in.

Despite the headwinds, Ambuja's sales volume de-grew by only 0.9% over the entire year with the last quarter registering a healthy growth of 6.6%.

Product Rationale

Our product development team has worked extensively on understanding the market dynamics in terms of demand for and supply of certain types of products with specific features. This has helped us develop and launch products in segments and markets where we foresee significant growth potential over the coming years.

As part of our renewed approach towards optimal product-mix, we introduced 'Ambuja Kawach', which is a premium water-proof cement along with Dry Mortar segment products including Ready Mix Plaster, Wall Putty, Tile Adhesive and Seelan Seal.

These products will help us increase our consumer wallet share and scale it to 3x of current share and penetrate retail markets. With the aid of green-product launches in 2019, the Company has delivered greater value proposition to end-consumers. Our constant endeavor is to make available high-quality products meeting the requirements and demands of our partners and customer-base and these launches further consolidate our belief.

In addition to cementing the Company's relationships with existing customers and partners through the retail channel by way of diverse offerings, these products have also enabled the retailers to expand their businesses.



Marketing Approach -Product Eco-system for Wall Solutions

The Company is transitioning from product-based offerings to application-based offerings — Ambuja Wall Solution. This entails bundling products for the same application area and creating a product basket, which can then be taken to the market and offered as a complete package.

Ambuja Wall Solution



5. Logistics and Surface Transport.

Distribution Safety

Continuing its commitment towards the LH group's 'Zero Harm' policy, sustainable initiatives taken by the Company have resulted in significant increase in Safe Kilometers. More than 9,000 vehicles are plying with in-vehicle management system (IVMS) technology on-board and 6,000 drivers have been extensively trained with the objective of improving distribution safety. Behavioural trainings to drivers have substantially reduced incidences of speeding and negligent driving.

Technology

The Company has embarked upon a journey to digitize the entire supply chain in order to render quality customer services at optimal cost and enhance visibility. This has enabled end-to-end control, right from the planning to the execution stage. Transport Analytics Center (TAC) set up to improve operational efficiencies and distribution safety, is yielding positive returns. To make a difference in customer servicing, real-time inputs of in-vehicle management system (IVMS) are used, through TAC.

Talent Management in Logistics

Internal re-structuring within the logistics department has benefitted both the inbound and outbound logistics. Structured recruitment process of young and talented professionals and training under LafargeHolcim Logistics Excellence Process is enabling the Company to create a pipeline for future leadership positions.

6. Cost developments.

The Company witnessed significant pressure on costs due to increase in various input costs. Crude prices, raw material costs and fuel costs saw a rise in prices. Through fuel mix optimization and strategic sourcing, the Company could restrict cost increases.

Major Cost Movements

Raw Material

Cost of raw material constituted 10% of the total expenses, which is similar to last year. On a per tonne basis, raw materials cost was down by 1%.

Major component of raw material is Fly Ash and Gypsum. The cost of both materials was flat during the year due to optimal sourcing and a judicious change in the mix. During the year, clinker purchase was reduced, resulting in overall saving in cost of raw materials.

The Company is working on identifying new sources of materials and alternative low cost materials. Notwithstanding the initiatives, our mining team maintained the consistent quality of limestone, which helped simultaneously the optimum usage of additives in Raw Mix design.

Power and Fuel

Power and fuel costs constituted 25% of the total expenses. Optimizing power and fuel costs is one of the major drivers for improving the Company's operational performance. The Company constantly endeavors to reduce fuel costs by judicious procurement of imported fuel, change in fuel mixes in Kiln and CPP by using a relatively lower cost fuel, higher use of cheaper coal and use of alternative fuels. As a result of these initiatives, in spite of increase in pet coke and coal prices, overall increase of power and fuel cost on a per tonne basis was 2%. Furthermore, the Company consumed 68% of the total power requirement from captive sources, including an increased usage of the Waste Heat Recovery System.

Freight and Forwarding

Freight and forwarding costs constituted 30% of the total expenses. On a per tonne basis, the cost decreased by 5%. This is mainly due to various logistical initiatives such as the reduction of lead by increasing the market share in home markets, benchmarking and renegotiation of contracts with the transporters and continuous efforts to improve efficiency. Though, there was an increase in Clearing and Forwarding charges due to hiring of additional godown space and higher handling of premium products.

Employee Cost

Overall employee costs during the year decreased by 1.1%. This decrease is due to continual efforts to improve productivity and optimize employee cost.

Other Expenses

Other expenses constituted 20% of the total expenses. Stringent fixed cost optimization saw savings in many fixed cost elements. Overall increase in absolute terms was just 1% over the previous year, in spite of increase in branding and promotion cost. Packing cost shows reduction of cost by 8%.

7. Expansion Projects and New Investments.

While bolstering its market position, the Company made progress on several projects to serve its customers in an efficient, cost-effective, reliable and environment-friendly manner.

The Company focused on the consolidation and optimization of its existing capacities in all the three regions. In accordance with its policies of 'Zero Harm', clean & energy efficient infrastructure, cost efficiency and environment-friendly material handling systems and sustainability initiatives, the Company ensured the highest standards of safety with the help of the capital investments made over the course of the year.

Achievements at a glance

- i) The projects undertaken to comply with the new environmental regulations for Dust, SO₂ and NO₂, issued by the Ministry of Environment, Forests and Climate Change (MoEFCC), are completed and under stabilization / optimization. The estimated investment is ₹125 Crores. Latest relevant technologies are in use, at par with global practices
- ii) To meet the limestone requirement, the Company has invested ₹72 Crores to purchase 50 hectares of land in Darlaghat, Ambujanagar and Bhatapara
- iii) To strengthen the Company's logistical capability and to extend its reach to customers, a new railway siding project is in progress at the Rabriyawas unit in Rajasthan, at a cost of ₹210 Crores. Possession of land has been taken. 80% of the earth work and 50% of line-laying work is complete. Overall, 70% of the project is complete. As per current timelines, the project is expected to be completed by Q2 2020
- iv) Ambuja acquired a coal block at Gare-Palma sector IV/8 in Chhattisgarh at an e-auction of coal blocks conducted by the Government of India. This, with an estimated investment of ₹363 Crores, has helped in securing the Company's long-term requirement of coal. Open cast mining and commercial production commenced in April and October 2018, respectively. The mines development-cum-operation (MDO) contract has been finalized and site development activities are at an advanced stage. Underground mining is expected to begin by the end of Q1 2020
- v) To ensure adequate availability of dry fly ash for the north cluster, the Company has set up a 'fly ash dryer' at Ropar at an investment of ₹20 Crores and it is under stabilization

Upcoming Capacities and Investments

- i) Setting up of a Greenfield integrated plant with a capacity of 3.0 million tonnes clinker and 1.8 million tonnes cement grinding at Marwar-Mundwa in Nagaur District of Rajasthan, with a total investment of ₹2,350 Crores. The new plant will be commissioned during the current year 2020. Necessary orders have been placed for the clinker and cement projects. 40% of the civil work has been completed and Mechanical Erection will commence in Q1 2020
- ii) In order to secure long-term limestone requirement for the Bhatapara plant, Ambuja acquired a new mining lease at Maldi-Mopar. Environmental clearances as well as other required approvals for the mining lease have already been received. The following two projects are nearing completion:
 - Opening of limestone mining with mining infrastructure at Maldi-Mopar Mines at an approved cost of ₹120 Crores
 - Installation of the Limestone Transportation System for the said mines at an approved cost of ₹85 Crores
- iii) To secure long-term limestone requirement of the Ambujanagar plant in Gujarat, the Company has acquired a new mining lease in Loadhva. The environmental clearances and other required approvals for the mining lease have already been obtained; and mining equipment has been delivered. Land acquisition is underway; development and infrastructure work for the mine is in progress and is expected to be operationalized by March 2020
- iv) To secure long-term limestone requirement of Maratha Cement Works plant in Chandrapur, Maharashtra, the Company has acquired a new mining lease in Nandgaon Ekodi. Environmental clearances and other required approvals for the mining are in progress
- v) In order to minimize power cost, the Company has drawn up a plan to set up Waste Heat Recovery Based Power Plants at Darlaghat and Bhatapara, at a combined investment of ₹ 378 Crores. These are expected to be functional by Q2 2021



8. Key areas of concern.

The Company's comprehensive risk assessment and management framework effectively aids in identifying risks and opportunities along with preparing contingency plans to tackle internal and external variables and unknowns, which cannot always be accounted for.

Business Risk Management process involves identification and prioritization of risks through risk maps, business risk environment scanning and risk assessments. Both 'Top down' and 'Bottom up' approach is taken for risks/opportunities assessment, which is then consolidated/calibrated to get an overview of the entire organization.

The Risk management committee under the chairmanship of Mr. Rajendra Chitale, Independent Director, reviews and discusses the risk trends, exposure and potential impact analysis. All this is done while maintaining the appropriate controls to ensure effective and efficient operations and regulatory compliance.

The Company has formulated a risk management policy and has a mechanism in place to apprise the Board about risk assessment and mitigation process. Following key risks were identified for the year 2019:

Maintaining Market Position

Nature of Risk: Cement industry in India is a myriad aggregation of small and large players. In such an environment, the risk of maintaining market position is persistent. Capacity addition is an ongoing process in the industry, which is currently witnessing consolidation. One of the lingering challenges facing the Company is the stability of its market position in a rapidly evolving competitive environment. Also, our peers have increased their pace of market expansion and outreach programs.

Mitigation Strategy: To mitigate this risk, the Company has invested in Greenfield clinkerization and cement grinding project in Rajasthan, which will increase the Company's cement output by 4.5 million tonnes p.a. This in turn will help us improve our market position in the northern, western and central regions. We are also enhancing our cement output by increasing production of blended cement in the eastern and western regions.

To further strengthen our market position and to remain competitive, the Company is continually working towards enhancing its brand equity through innovation, digitization and widening the product portfolio, strongly supported by value added services.

Fuel and Raw Material Security

Nature of Risk: Given the high correlation between inflation and cost of production, any changes in fuel prices – coal, pet coke and other fuel – can significantly impact the overall costs.

Mitigation Strategy: To mitigate this, we are working on ways and means to establish long deliveries and optimizing fuel mix, improving plant efficiency and increasing usage of alternate fuels and raw materials (AFR). Substantial investments have also been made in Green energy like Waste Heat Recovery Systems (WHRS) and solar power.

Procurement of the right quality and quantity of raw materials (primarily fly ash & slag) at an economical cost, is vital for production efficiency. Long term agreements are drawn and linkages at economic cost are made, to ensure uninterrupted availability. The Company has adequate reserves of limestone, which is an essential raw material required for production of clinker.

Environment and Sustainability

Nature of Risk: The Company is exposed to risks associated with the discharge of waste and emission of harmful gases in the environment.

Mitigation Strategy: Various initiatives have been undertaken by the Company including installation of bag filters to reduce dust pollution, plantation drives and creation of green belts to de-risk and protect the environment. Ambuja has a formalised Sustainability Policy, Green Procurement Policy and Climate Change Mitigation Policy. These policies equip us with the artillery to address and tackle climate change issues and make necessary changes in the planning stage with a view to ensure conduct of operations in a responsible and sustainable manner. The Company has a proactive approach towards reporting and disclosures on carbon emissions, in line with the protocol of the World Business Council on Sustainable Development (WBCSD).

In 2019, the Company's ranking on the Dow Jones Sustainability Index (DJSI) improved to 4th position in the list of global sustainable companies under the Construction Material (COM) category. We would also like to highlight that we are 8 times water positive and we have achieved this by reducing the salinity of water and engaged in water harvesting techniques in the vicinity of our large mining operations. Our fly ash absorption for the year 2019 stood at 32.5%.

Cyber Security

Nature of Risk: Digitization and technology have altered the ways in which companies engage in their business-as-usual activities. On one hand, advancements in the areas of Artificial Intelligence (AI), Internet of Things, Data Science And Block Chain have enhanced the overall ease of doing business, the flip side of it is the disruption of traditional business models, and more importantly, the heightened risks of cyber-attacks.

Mitigation Strategy: To manage cyber security risks, we have systematic back-up procedures and firewalls in place. Systems are upgraded and monitored at pre-defined intervals, in line with the latest security protocols. Cyber security policies, tools, guidelines and FAQs are updated in a periodic manner and frequent training and awareness sessions are conducted to educate employees on data protection techniques and eliminate data leakages.

Health and Safety

Nature of Risk: Complexity of operations and behavioural issues increase the risk of health and safety, especially in our plants and facilities.

Mitigation Strategy: As part of the group's 'Zero Harm' initiative, health and safety of the employees and workers continue to be of paramount importance to the organization. In addition to reviewing our systems, processes, procedures and plugging the gaps in terms of loopholes in the health and safety mechanism, we focused on improving frontline safety through our 'Boots on Ground' program which entails leadership's extended presence on locations.

Our continued efforts, both on-site and off-site, are supported by regular assessment of dynamic risks associated with safety. The year-on-year improvement witnessed in key metrics measuring health and safety parameters is a testament to our 'Zero Harm' initiative.

9. Human Resources.

Performance Culture

To build a strong performance culture across the organization, a new performance structure was created that clearly defines Profit and Loss (P&L) accountability at regional and field levels. As part of this new way of functioning, specific roles have been assigned to senior leaders to enable greater empowerment, leading to higher accountability. Teams focused on specific business targets have been created and team goals have cascaded down to the last team member.

Individual rewards have been designed based on their line of sight. Senior leaders went through transformational leadership program aimed at leading strategy and execution in their regions. The P&L structure, supported by effective mentoring by the top leadership and communication workshops, has helped create a sustainable performance culture within the organization.

Leadership Journey

To support our P&L leaders in this journey, the ACC - Ambuja Leadership Academy (AALA) in association with Indian School of Business, Hyderabad, has designed and delivered a program on Transformational Leadership. The objective of the program was to equip the leaders with the additional skillset required to effectively handle P&L responsibilities and lead strategy 2022 in their regions.

Talent Development

Super Assisted Intelligent Learning (SAIL)

The Company has introduced a Digital Learning Platform by using micro learning, to enable targeted and impactful training to the employees, at their convenience. The rationale behind SAIL mechanism is to provide learning and development modules and trainings access to firm-wide employees. These can be accessed via both, web-based and mobile applications.

Virtual Learning for Sales Personnel

16 virtual classroom training sessions were conducted, in addition to classroom programs, thereby covering a wider employee base. These sessions have ensured that the field force widened their knowledge and skill-set horizon with the aid of technology, while continuing working on the field.

People For Tomorrow (PFT)

'People For Tomorrow' is an initiative to identify exceptional talent at our plants, plug competency gaps and enable succession planning. It helps us ensure that we have the right people in the relevant roles with specific competencies, at our industrial sites.

This is achieved by determining the key roles which drive performance at the plant, assessing the competencies of employees in key roles and their successors, identifying and training potential employees and new joiners and to cater to the workforce and talent requirements.

Productivity and Industrial Relations

With continuous monitoring of corrective manning at plants and offices over the last three years, manpower productivity has improved by 25%.

Long-term wage agreements impacting 1,000+ workers were negotiated and agreed upon with respective unions in the integrated plants and grinding units. These settlements will further help improve productivity and boost employee morale, along with maintaining harmonious industrial relations.



10. Health and Safety.

Step-up in Health and Safety Performance

The 'Zero Harm' initiative continues to remain at the core of our Health and Safety programs and awareness. In 2019, we have dealt with health and safety related challenges in a manner that demonstrates our 'Safety First' approach. We witnessed one on-site incident during the year, which proved to be fatal in nature. The Company has learnt from this unfortunate incident and we endeavor to ensure implementation of required measures and procedures to prevent repetition of such an incident. This aside, we witnessed improvements across our leading and lagging indicators. Our gradual progress towards 'Zero Harm' can be witnessed through 35% reduction in Total Incident Frequency Rate (TIFR) and 31% reduction in Lost Time Injury Frequency Rate (LTIFR), compared to previous year. The count of on-site injuries, including first aid, has gone down by 27%. Even on the road safety front, we witnessed 9% decline in number of off-site road incidents.

Challenges






The Company encountered the following challenges in 2019:

- Operational discipline on the frontline with respect to compliance of rules governing safe conduct
- Introducing a robust 'Permit to Work' system across locations
- Implementation of 'Fatality Elimination Controls' on ground
- Maintaining our medical emergency response capability at an optimum level round-the-clock, especially in remote locations
- Driving techniques and compliance to minimum vehicle specifications in our logistics chain, to minimize and eliminate untoward incidents and injuries

Strategy

The Company executed its health and safety strategy based on the five pillars of Onsite Fatality Elimination, Zero Harm Culture, Systems & Processes, Control of Health Risks and Road Fatality Reduction.



				
Onsite Fatality Elimination	Zero Harm Culture	Systems & Processes	Control of Health Risks	Road Fatality Reduction
<ul style="list-style-type: none"> Strengthen Job Risk Management Focus on: <ul style="list-style-type: none"> Implementation of EI FEC Lifting & Supporting Loads FPE / FEC self Assessment (ME, ES, WAH, MG) Review of Action Closure from Last Fire Adequacy Study Fuel Storage Safety Warehouse Safety DSCQP 	<ul style="list-style-type: none"> Strengthen "We Care" through: <ul style="list-style-type: none"> Improved Zone Performance Behavior Based Safety Two Minutes & Three Behaviors for "Hamari Suraksha, Hamare Hath" Safety Booster Program Boots on Ground Review Permit to Work Effectiveness Office Safety - Office Safety Rules and Ergonomics 	<ul style="list-style-type: none"> Lone Working - SOP and Tracking Two Wheeler IVMS Integration with TCT Health Surveillance Digitalisation - 100% Click2Health Implementation in IPs and GUs Raise H&S Competencies for Front Line Leadership 	<ul style="list-style-type: none"> Medical Emergency Response Noise Profiling (For Balance Units) Industrial Hygiene Survey Alignment of Procedures with New Group Health Standards 	<ul style="list-style-type: none"> DMC Effectiveness Continue Capability Building for InCab Training and Extend Training to Other Units (3 IP's, 3 GU's and 1 BCT) Roadmap 2020 - Achieve 2019 Targets
Contractor Partnerships				
<ul style="list-style-type: none"> Implementation of Risk Matrix Tool at IPO Development of Contractors for following High Risk Activities: <ul style="list-style-type: none"> Silo Cleaning Kiln Refractory Work Lifting & Supporting Loads more than 1 MT. Painting on High Structures Scaffolding more than 20 Mtr. Sheet Replacement & Cleaning on Height Implementation of Contractor Safety Management RASIC (Responsibility, Accountability, Support Information and Consultation) Matrix H&S Implementation Plan for All High Risk Activities Project Safety — Marwar-Mundwa and Coal Block 				

The strategic initiatives were adequately supported by:

- Monthly performance monitoring at unit and corporate levels
- Focus on learning from incidents and action closures
- Campaigns / self-assessments on:
 - Minimum Safe Behaviors
 - Don't Walk Past
 - Lifting & Supporting Loads
 - Permit to Work
 - Mandatory Safety Release #1 (Hot Meal)

What We Achieved

Highlights of our on-site Health and Safety performance are as under:

- Successful accomplishment and adherence to 'Zero Harm' initiative principles in 4 manufacturing units (Surat, Dadri, Panvel and Mangaluru)
- 3 manufacturing units (Surat, Dadri and Mangalore) achieved more than five 'Lost Time Incident (LTI) free' years
- 13 additional manufacturing units were LTI free in the year 2019
- 27.65% reduction in on-site recordable injuries
- 19.40% increase in leading indicators, compared to 2018

On the road safety front, positive strides have been made with effective use of technology and data analysis coupled with practical driver assessment, resulting in 39% drop in incidents with a corresponding reduction in injuries by 46%. Highlights on this front include the following:

- 5,025 In-cab assessments (on-road practical) completed by truck drivers and company-owned four-wheeler drivers
- 2,188 in-vehicle monitoring systems (IVMS) installed in controlled fleet trucks. This has facilitated blanket monitoring of driving behavior and pattern when materials and end-products are being transported
- 506 in-vehicle monitoring systems (IVMS) installed in two-wheelers (marketing) and integrated with Transport Analytics Center (TAC) for tracking driving behaviour and pattern

11. Leveraging digital technology to drive business value.

Our expanded footprint in the digital space is acting as an enabler of our business objectives. Firm-wide implementation of digital technology is ensuring and driving sustainable growth, customer satisfaction, continuous productivity improvement and employee engagement.

CRM for Salesforce Enablement

We have introduced '1Channel' CRM for our sales force with advanced and value-added features like geo-positioning of channel counters, RMIS entries, etc. This has helped us in deeply engaging with our channel partners and gathering timely market intelligence.

AI-enabled Sales Assistant

We have introduced 'Sellina', an Artificial Intelligence platform providing daily actionable insights to the sales personnel. These valuable inputs help them take decisive actions on core KPIs and focus on under-performing areas. It also facilitates quick comparison of key metrics with those of peers.

Influencer Loyalty Program

We have introduced a loyalty program for the influencer community (contractors), where the top 20 contractors associated with sales and service engineers have been mapped. Contractor loyalty program has shed light on the functioning and requirements of the influencer community, which recommends our products and services to the Individual Home Builders.

QR code-based 'Boots on Ground'

To enable a safe working environment within the plant and surrounding premises, we have rolled-out a QR code-based 'Boots on Ground (BOG)' application, which tracks daily visits of officers and captures information, generates and transmits reports on any discrepancies or divergence from routine and normal work procedures and safety requirements within the premises.

Going Forward

We are working towards digitizing the brand experience and testing viability of implementing Robotic Process Automations (RPA) in the areas of Integrated Supply Planning, Connected Logistics & Automation of workflow processes. We are also looking to increase our e-Commerce marketplace presence and provide options to end-buyers to browse and purchase our products and avail our services, from the comfort of their homes.

12. Sustainability and environment.

Constant Focus and Consistent Efforts

Our constant endeavor is to create an adaptable and sustainable business model, which will help us maintain our position as one of the sector's front-runners, in a highly competitive market. Process efficiency and continual improvement have been the driving forces behind ensuring sustainable business performance.

Our approach towards managing the sustainable development related risks and opportunities altered in the concluded year and the positive changes earned us the 4th position globally (5th in 2018) in Dow Jones Sustainability Index's (DJSI) Construction Materials category. Ambuja Cements Limited is the only Indian cement company to attain this feat of recognition and position in the top 5 most sustainable companies in the DJSI, for two consecutive years.

Future Proofing with Sustainability Goals

Our Sustainable development plan – 'The Plan 2020 / 2030, Building for Tomorrow' – has identified and defined four focus areas for our business and vests a catalytic approach towards planning and management. The four thrust areas are Climate and Energy, Circular Economy, Environment and Community. Our operational-site level objectives help the respective heads align with and accomplish overall company level objectives. With the strides made in 2019, we are on track to achieve the intermediate sustainable development targets in the four defined areas, set for the year 2020.

Seeking a Balance Between Internal and External Goals

With respect to the Indian cement industry, Ambuja has spearheaded adoption of the principles of Sustainable Development Goals (SDGs) and Corporate Citizenship. The Company has mapped its activities against the SDGs and their indicators, which form part of our Sustainability Report. Building upon the Company's product stewardship, we launched sustainable products and solutions in the market in 2019, to extend sustainable development support to our partners and customers.

The Company has maintained its water positive leadership position in 2019. In order to promote a circular economy in its operations, the Company compensated its plastic consumption in the supply chain and recovered 94,570 tonnes of plastic waste from the market. This quantity is ~40% higher than the quantum recovered in 2018. With the help of sustained efforts on this front, we continue to make steadfast progress towards our plastic negative leadership.

3.1 lakh tonnes of Alternate Fuels (AF) were used in 2019, resulting in a Thermal Substitution Rate (TSR) of 5.36%. 8.7 million tonnes of waste-derived raw materials were used in the Company's circular economy portfolio. This contributed towards lowering the clinker factor to 64.91%. As part of its sustainable products initiative, the Company doubled the production of composite cement year-on-year.

The Company has developed an Environmental Product Declaration (EPD) after a Life Cycle Assessment (LCA) of its low-carbon products, Portland Pozzolana Cement (PPC) and composite cement, which constitute 90% of the product portfolio. EPDs are available in the public domain for B2B communication and to facilitate customers to make informed decisions.

Sustainability Reporting As Per Global Standards

In 2019, Ambuja published its 12th Sustainability Development Report on the triple bottom line performance for the year 2018. Ambuja displayed its stewardship in aligning with the latest guidelines by preparing the report in accordance with the latest Global Reporting Initiative (GRI) Standards. An independent Assurance provider was appointed, as per the AA1000 assurance standard.

The report was aligned to the Sustainable Development Goals (SDG) and indicators of Cement Sustainability Initiative (CSI), an erstwhile initiative of World Business Council for Sustainable Development (WBCSD). The Company has consistently issued the Business Responsibility Report (BRR) as part of its Annual Report, since 2012. The Company has partially adopted the Integrated Reporting (IR) Framework prescribed by the International Integrated Reporting Council (IIRC), by reporting its operational and financial performance against the six capitals of IR Framework. The Company will consider releasing a complete Integrated Report in future.

13. Corporate Social Responsibility (CSR).

Improving Lives Holistically

Corporate Social Responsibility (CSR) at Ambuja has evolved over the past 25 years, during which period the Company has firmly imbibed the values of host-community prosperity and transformation within its DNA. Through Ambuja Cement Foundation (ACF), the CSR arm of Ambuja, the Company has connected with 2.6 million people across 2,431 villages in 32 districts spanning 11 states of India.

The ACF program includes systematic assessments across sites over a defined period, which addresses the needs and requirements of the communities. The program focuses on Water Resource Management, Skill Development, Women Empowerment and Education for All.

Water Resource Management – Journey from Scarcity to Revival

Water Resource Development is one of the key priorities of the Company. The program lays emphasis on water conservation techniques, potable water and use of technology to support the initiatives. These are implemented in the surrounding vicinities of the Company's plants, to cater to the requirements of the neighboring settlements.

As on 31st December 2019, 9,028 Roof Rainwater Harvesting Systems and 443 check dams have been constructed. 56.50 million cubic meter of water storage capacity has been created through integrated water harvesting and recharge structures across locations. 26,225 hectares of watershed development through soil and water conservation has been completed. In order to minimize the risk exposure of rural communities to climate change, the Company undertook climate proofing of watersheds in partnership with NABARD, in Solan district of Himachal Pradesh. Water harvesting structures such as farm ponds and check dams in the watershed area have enhanced agricultural productivity and improved water storage.

In 2019, at the First National Water Mission Awards Ceremony, ACF was awarded by the Jal Shakti Ministry (Government of India) for its contribution to ground water recharge and water resource management initiatives in impacted areas of Gujarat and Rajasthan.



Skill and Entrepreneurship Development Institute (SEDI) – Promoting Sustainable Skill-based Livelihood

The SEDIs were initiated by ACF to hone and align the skillsets of rural youth with the requirements of the industry. The Company has 33 SEDIs and has trained 62,921 youth, to date (6,956 in 2019) across 35 accredited courses, with a placement record of 75%. Enterprise development is systematically supported at SEDIs and 17,742 trained candidates have successfully embarked upon their entrepreneurial journey. In 2019, 6 new SEDIs opened in Morbi, Mathura, Mahuva, Dariba, Agoocha and Hooghly. Over the past few years, the Company has laid emphasis on training females and preparing them for technical roles.

In 2019, a Social Return on Investment (SRoI) study was conducted in 6 SEDI locations. The study involved the review of trainings conducted from 2015 to 2018. This was undertaken to understand the stakeholder perception of socio-economic value created by the trainings for skill-based livelihood. The study found that the average SRoI was ₹ 5.56 for every Rupee invested.

Women Empowerment

As part of the Women Empowerment program, ACF has facilitated formation of 2,697 Self Help Groups (SHGs) with a total of 30,683 members. ₹11.51 Crores have been invested in this initiative. We have witnessed active involvement and participation of 17,000 women members across our programs. Trained local women are contributing as para-professionals and field facilitators in several programs including 196 Pashu Swasthya Sevikas (PSS) and 356 Sakhis, across locations.

ACF has established 7 women federations. SHGs across locations are pooling their resources and expertise to help women achieve financial independence, while mobilizing them to tackle a wide array of social issues including alcoholism, domestic violence, sanitation and discrimination against widows. Focus is also on initiating enterprise for livelihood among women and this helped 4,049 women engage in entrepreneurial activities. Amrit Dhara Milk Cooperative in Darlaghat, installed a bulk chilling machine with a storage capacity of 2,000 liters of milk to support dairy business growth.

Education

ACF, in association with government run schools, introduced sports on a pilot basis in 10 schools in Darlaghat. As part of the Haridwar project, partnering with HDFC, smart classrooms were introduced in 12 schools. ACF, in collaboration with Doorstep Schools (DSS), started a project and invested time and efforts in bridging the dialect gap faced by tribal children in schools, to enable ease-of-learning.

Ambuja Manovikas Kendra (AMK) is a special facility opened by ACF, dedicated to the intellectually challenged children in Ropar, Punjab. The center has earned wide-spread recognition and is touted as one of the best schools for special children in the region. The center is providing therapeutic services to 137 children with intellectual disabilities.

Annual Report on CSR Activities and Expenditure

The annual report on CSR activities and expenditure, as required under Sections 134 and 135 of the Companies Act 2013 read with Rule 8 of the Companies (Corporate Social Responsibility Policy) Rules 2014 and Rule 9 of the Companies (Accounts) Rules 2014, is presented under Annexure II to this Report and the CSR policy is available on the website of the Company.

14. Disclosures under the Companies Act, 2013 and Listing Regulations.

Extract of Annual Return

An extract of the annual return in Form MGT-9 is attached as Annexure III to this Report. The full Annual Return of the Company will be available on the website subsequently upon the filing with the Ministry of Corporate Affairs.

Number of Board Meetings

The Board of Directors met 5 (five) times in the year 2019. The details of the board meetings and the attendance of the Directors are provided in the Corporate Governance Report.

Composition of Audit Committee

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

During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

Related Party Transactions

In line with the requirements of the Companies Act, 2013 and Listing Regulations, the Company has formulated a Policy on Related Party Transactions which is also available on the website of the Company at http://ambujacement.com/Upload/PDF/policy_on_determining_materiality_of_rpt_2_oct_2015_revised.pdf.

All the related party transactions are entered on an Arm's Length basis in the ordinary course of business and adheres to the applicable provisions of the Act and the Listing Regulations. There are no materially significant related party transactions made by the Company with Promoters, Directors or Key Managerial Personnel, etc., which may have a potential conflict with the interest of the Company at large or which warrants the approval of the shareholders. All Related Party Transactions are presented to the Audit Committee and the Board. Omnibus approval is obtained before the commencement of the new financial year, for the transactions which are repetitive in nature and also for the transactions which are not foreseen (subject to financial limit). A statement of all related party transactions is presented before the Audit Committee on a quarterly basis, specifying the nature, value and terms & conditions of the transactions. The statement is supported by the certification from the MD & CEO and the CFO. All related party transactions are subject to half-yearly independent review by a reputed accounting firm to establish compliance with the requirements of Arms' Length Pricing.

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

Policy on Sexual Harassment of Women at Workplace

The Company has zero tolerance towards sexual harassment at the workplace and to this end, has adopted a policy in line with the provisions of Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act 2013 and the Rules thereunder. All employees (permanent, contractual, temporary, trainees) are covered under the said policy. An Internal Complaints Committee has also been set up to redress complaints received on sexual harassment. During the financial year under review, two complaints were received by the Company and both of which were disposed off. No cases of child labor, forced labor, involuntary labour and discriminatory employment were reported during the period. The Company is committed to providing a safe and conducive work environment to all its employees and associates.

15. Corporate Governance.

The Company has complied with the corporate governance requirements under the Companies Act, 2013 and the Listing Regulations. A separate section on corporate governance along with a certificate from the statutory auditors confirming compliance is annexed and forms part of this report.

16. Internal audits and controls.

The establishment of an effective corporate governance and internal control system is essential for sustainable growth and long-term improvements in corporate value, and accordingly the Company works to strengthen such structures. The Company believes that a strong internal control framework is an important pillar of Corporate Governance.

The current system of Internal Financial Controls is aligned with the requirement of the Companies Act, 2013 and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organizations (COSO) of the Treadway Commission. This framework includes entity-level policies, processes and Standard Operating Procedures (SOP). The compliance with these policies and procedures is ingrained into the management review process. Moreover, the Company regularly reviews them to ensure both relevance and comprehensiveness. The Company uses IT-supported platforms to keep the IFC framework robust.

The Company periodically assesses design as well as operational effectiveness of its internal controls across multiple functions and locations through extensive internal audit exercises. Based on the assessment of internal audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

The Company has a strong in-house Internal Audit (IA) department, which functionally reports to the Chairman of the Audit Committee, thereby maintaining its objectivity and independence. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. Over a period of time, the IA department has acquired in-depth knowledge about the Company, its businesses, its systems and procedures, which is now institutionalized. The Company's Internal Audit function is ISO 9001:2015 certified.

The IA department develops a risk-based annual internal audit plan, which is approved by the Audit Committee. The IA department carries out risk-focused audits across all locations, enabling identification of areas where risk management processes may need to be strengthened. Significant audit observations and corrective action plans are presented to the Audit Committee. Over the years, formal and independent evaluation of internal controls and initiatives for remediation of deficiencies by IA department has resulted in a robust framework for internal controls. This formalized system of internal control and risk management framework facilitate effective compliance of Section 138 of the Companies Act, 2013 and relevant statute applicable to the LafargeHolcim group.

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

Vigil Mechanism / Whistle Blower Policy

Creating a fraud and corruption free culture has always been at Ambuja's core. In view of the potential risk of fraud, corruption and unethical behavior that could adversely impact the Company's business operations, performance and reputation, Ambuja has emphasized even more on addressing these risks. To meet this objective, a comprehensive Ethical View Reporting Policy akin to Vigil Mechanism or the Whistle-blower policy has been laid down. In terms of the said Policy, all the reported incidents are reviewed by a designated Ethical View Committee. Based on an in-depth review, all such incidents are investigated in an impartial manner and appropriate actions are taken to uphold the highest professional, ethical and governance standards. The Policy also provides for the requisite checks, balances and safeguards to ensure that no employee is victimized or harassed for reporting and bringing up such incidents in the interest of the Company.

No personnel have been denied access to the Audit Committee for any matter pertaining to the Ethical View Policy. The implementation of the Ethical View Policy and the functioning of the Ethical View Committee is overseen by the Audit Committee.

More details on this Policy are given in the Corporate Governance Report, which forms part of the full Annual Report. The Ethical View Reporting Policy is available on the Company website: www.ambujacement.com

Code of Conduct

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

Anti-bribery and Corruption Directives (ABCD)

In furtherance to the Company's philosophy of conducting business in an honest, transparent and ethical manner, the Board has laid down 'ABC Directives' as part of the Company's Code of Business Conduct and Ethics. As a Company, Ambuja has zero-tolerance to bribery and corruption and is committed to act professionally and fairly in all its business dealings. To spread awareness about the Company's commitment to conduct business professionally, fairly and free from bribery and corruption and as part of continuous education to the employees on 'ABC Directives', mandatory online training & testing through a web-based application tool was conducted for approximately 900 relevant employees. The above policies and its implementation are closely monitored by the Audit and Compliance Committees of Directors and periodically reviewed by the Board.

18. Board of Directors and Key Managerial Personnel.

Cessation

Mr. Bimlendra Jha (DIN 02170280) MD & CEO, decided to pursue his other interest outside the Company and accordingly resigned from the Board from the closing hours of 20th February, 2020.

Directors' Appointment / Re-appointment

Ms. Then Hwee Tan, Mr. M. K. Sharma, Mr. P. K. Molri and Mr. Ranjit Shahani were appointed as Directors on the Board during the year.

During the year under review, Mr. Nasser Munjee, Mr. Rajendra Chitale, Dr. Omkar Goswami and Mr. Shailesh Haribhakti were re-appointed as Independent Directors for the second term of 5 years w.e.f. 1st April, 2019. Ms. Shikha Sharma was appointed as a women Independent Director on the Board w.e.f. 1st April, 2019 for the first term of 5 years.

The shareholders have at the last Annual General Meeting passed the requisite resolution in this regard.

Mr. Neeraj Akhoury (DIN 07419090)

Mr. Neeraj Akhoury has been appointed as an Additional Director and Managing Director & CEO w.e.f. 21st February, 2020 for a period of 5 years.

More details about the Directors are either given in the Corporate Governance Report or in the Notice of the ensuing Annual General Meeting being sent to the shareholders along with the Annual Report.

Retirement by Rotation

Mr. Jan Jenisch (DIN 07957196), Mr. Martin Kriegner (DIN 00077715) and Mr. Christoff Hassig (DIN 01680305) will retire by rotation at the ensuing Annual General Meeting of the Company and being eligible, have offered themselves for re-appointment. The Board recommends their re-appointment.

Attributes, Qualifications & Independence of Directors and their Appointment

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

The Board Diversity Policy of the Company requires the Board to comprise of a set of accomplished individuals, ideally representing a wide cross-section of industries, professions, occupations and functions and possessing a blend of skills, domain and functional knowledge, experience and educational qualifications, both individually as well as collectively.

Directors are appointed / re-appointed with the approval of the Members for a term in accordance with the provisions of the law and the Articles of Association. The initial appointment of Managing Director & CEO is generally for a period of 5 years. All Directors other than Independent Directors are liable to retire by rotation unless otherwise specifically provided under the Articles of Association or under any statute. One-third of the Directors who are liable to retire by rotation, retire at every Annual General Meeting and are eligible for re-appointment. The relevant abstract of the Policy for Selection, Appointment & Remuneration of Directors is given as **Annexure V**.

Independent Directors Declaration

The Independent Directors have submitted the Declaration of Independence, stating that they continue to fulfil the criteria of independence as required pursuant to Section 149 of the Companies Act 2013 and Regulations 16 of the Listing Regulations. The profile of the Independent Directors forms part of the Corporate Governance Report.

In the opinion of the Board, the Independent Directors appointed / re-appointed during the year under review are persons of high repute, integrity and possess the relevant expertise and experience in their respective fields.

Evaluation of the Board's Performance

As per provisions of the Companies Act 2013 and Regulation 17(10) of the Listing Regulations, the evaluation process for the performance of the Board, its committees and individual Directors for the year 2019 was carried out internally.

With a view to maintain high level of confidentiality and ease of doing evaluation, the exercise was carried out online using secured web-based application. Each Board member filled up the online evaluation template on the functioning and overall level of engagement of the Board and its committees, on parameters such as composition, execution of specific duties, quality, quantity

and timeliness of flow of information, deliberations at the meeting, independence of judgement, decision making, management action,s etc. The evaluation templates were modified considering the guidelines issued under the Listing Regulations and Secretarial Standards and taking into consideration the suggestions given by the Directors.

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

The Independent Directors met on 9th December, 2019 to review the performance evaluation of Non-Independent Directors and the entire Board of Directors including the Chairman, while considering the views of the Executive and Non-Executive Directors.

The Independent Directors were highly satisfied with the overall functioning of the Board, its various committees and with the performance of other Non-Executive and Executive Directors. They also appreciated the exemplary leadership role of the Board Chairman in upholding and following the highest values and standards of corporate governance.

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

Based on the outcome of the evaluation and assessment-cum-feedback of the Directors, the Board and the Management have also agreed on various action points which will be implemented during the year 2020.

Remuneration Policy

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

Induction and Familiarization Program for Directors

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

Key Managerial Personnel

During the year under review, Mr. Bimlendra Jha was appointed as the MD & CEO w.e.f. 1st March, 2019. However, he resigned from the Company w.e.f. 20th February, 2020. Mr. Neeraj Akhoury was appointed as the MD & CEO w.e.f. 21st February, 2020. Ms. Sonal Shrivastava has been appointed as the CFO of the Company w.e.f. 1st May, 2019 in place of Mr. Suresh Joshi. There is no change in the Company Secretary during the year under review.

19. Directors' responsibility.

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

- i) In the preparation of the annual accounts, the applicable accounting standards have been followed, along with proper explanations relating to material departures
- ii) They have selected such accounting policies, judgements and estimates that are reasonable and prudent and have applied them consistently to give a true and fair view of the state of affairs of the Company as on 31st December 2019, and of the statement of Profit and Loss and cash flow of the Company for the period ended 31st December 2019
- iii) Proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities
- iv) The annual accounts have been prepared on an ongoing concern basis
- v) Proper internal financial controls to be followed by the Company have been laid down and that such internal financial controls are adequate and were operating effectively
- vi) Proper systems to ensure compliance with the provisions of all applicable laws have been devised and that such systems are adequate and are operating effectively

20. Auditors & Auditors' Report.

Statutory Audit

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration No.117366W/W-100018) were appointed as the Statutory Auditors for a period of 5 years commencing from the conclusion of the 34th Annual General Meeting until the conclusion of the 39th Annual General Meeting by the shareholders. M/s. Deloitte Haskins & Sells LLP have confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India(ICAI).

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company. The Audit Committee reviews the independence of the Auditors and the effectiveness of the Audit process. The Auditors attend the Annual General Meeting of the Company.

The Auditors' Report for financial year 2019 on the financial statement of the Company forms part of this Annual Report.

Explanations or comments by the Board on "emphasis of matters" made by the statutory auditors in their report includes Order passed by the Competition Commission of India in two matters, which is dealt in more detail in point no.22 herein below.

Cost Audit

Pursuant to section 148 of the Companies Act 2013, the Board of Directors on the recommendation of the Audit Committee appointed M/s P. M. Nanabhoy & Co. Cost Accountants (ICWAI Firm Registration No.000012) as the Cost Auditors of the Company for the Financial Year 2019 and has recommended their remuneration to the Shareholders for their ratification at the ensuing Annual General Meeting. M/s P. M. Nanabhoy & Co. have given their consent to act as Cost Auditors and confirmed that their appointment is within the limits of the Section 139 of the Companies Act, 2013. They have also certified that they are free from any disqualifications specified under Section 141 of the Companies Act, 2013. The Audit Committee has also received a certificate from the Cost Auditor certifying their independence and arm's length relationship with the Company. Pursuant to Companies (Cost Records and Audit) Rules, 2014, the Cost Audit Report for the financial year 2018 was filed with the Ministry of Corporate Affairs on 27th May, 2019 vide SRN: H60780350.

Secretarial Audit

The Board had appointed Mr. Himanshu S. Kamdar (CP No.3030), Partner of M/s. Rathi & Associates, Company Secretaries in Whole-time Practice, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2019 and his report is annexed to this report as **Annexure VI**. The report does not contain any qualification, reservation and adverse remarks.

Reporting of fraud

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

21. Compliance with Secretarial Standards on Board and Annual General Meetings.

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

22. Significant and material orders passed by the courts or regulators.

Order Passed by the National Company Law Appellate Tribunal (NCLAT) in the matter of penalty levied by the Competition Commission of India (CCI).

- i) Appeal filed by the Company against the Order of the CCI for levying penalty of ₹1163.91 Crores on the Company was heard and dismissed by the NCLAT and CCI's Order was upheld. Further, the Company has challenged the judgment passed by NCLAT before the Hon'ble Supreme Court. The Hon'ble Supreme Court has admitted the Company's Appeal and ordered for the continuation of interim order passed by the Tribunal.
- ii) Pursuant to a reference filed by the Director, Supplies and Disposals, Government of Haryana, the CCI vide its Order dated 19th January, 2017 has imposed a penalty of ₹29.84 Crores on the Company. The Company filed an Appeal before the Competition Appellate Tribunal (COMPAT) and obtained an interim stay the operation of the said Order. Further, by virtue of Government of India notification, all cases pending before the COMPAT were transferred to the NCLAT and as such, the hearing on the Appeal is underway at the NCLAT.

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

23. Particulars of loans, guarantees or investments.

Particulars of loans, guarantees given and investments made during the year, as required under Section 186 of the Companies Act 2013, and Schedule V of the Securities and Exchange Board of India (Listing Obligation and Disclosure Requirement) Regulations 2015, are provided in Notes 8, 9, 11, 18, 53 and 54 of the Standalone Financial Statements.

Treasury operations

During the year, the Company's treasury operations continued to focus on cash forecasting and the deployment of excess funds on the back of effective portfolio management of funds within a well-defined risk management framework. All investment decisions in deployment of temporary surplus liquidity continued to be guided primarily by the tenets of safety of principal and liquidity.

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

24. Transfer of unclaimed dividend and unclaimed shares.

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

25. Energy, technology and foreign exchange.

Information on the conservation of energy, technology absorption, foreign exchange earnings and out-go is required to be given pursuant to the provisions of Section 134 of the Companies Act 2013, read with the Companies (Accounts) Rules 2014, which is marked as **Annexure VII** and forms part of this report.

26. Particulars of Employees.

There were 4,625 permanent employees of the Company as of 31st December, 2019. The disclosure pertaining to remuneration and other details as required under Section 197(12) of the Companies Act 2013, read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014, are annexed to this report at **Annexure VIII**.

Further, a statement showing the names and other particulars of employees drawing remuneration in excess of the limits as set out in the Rules 5(2) and 5(3) of the aforesaid Rules forms part of this report. However, in terms of first provision of Section 136(1) of the Act, the Annual Report and Accounts are being sent to the members and others entitled thereto, excluding the aforesaid information. The said information is available for inspection by the members at the Registered Office of the Company during business hours on working days up to the date of the ensuing Annual General Meeting. If any member is interested in obtaining a copy thereof, such member may write to the Company Secretary, whereupon a copy would be sent.

27. Direct subsidiaries, joint ventures and joint operations.

As of 31st December 2019, the Company has 6 direct subsidiaries, 1 joint venture and 1 joint operation.

The Policy for determining Material Subsidiaries adopted by the Board pursuant to Regulation 16 of the Listing Regulations, can be accessed on the Company's website at: www.ambujacement.com/investors

28. Consolidated Financial Statements.

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

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

Pursuant to Section 136 of the Companies Act 2013, the financial statements of the subsidiary and joint venture companies are kept for inspection by the shareholders at the Registered Office of the Company. The Company shall provide free of cost, the copy of the financial statements of its subsidiary and joint venture companies to the shareholders upon their request. The statements are also available on the website of the Company, www.ambujacement.com/investors.

29. Equal Opportunity Employer.

The Company has always provided a congenial atmosphere for work that is free from discrimination and harassment, including sexual harassment. It has provided equal opportunities of employment to all without regard to their caste, religion, color, marital status and sex.

30. Other disclosures.

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

- Details relating to deposits that are covered under Chapter V of the Act
- The issue of equity shares with differential rights as to dividend, voting or otherwise
- The issue of shares to the employees of the Company under any scheme (sweat equity or stock options)
- There is no change in the Share Capital Structure during the year under review
- The Company does not have any scheme or provision of money for the purchase of its own shares by employees or by trustees for the benefits of employees
- Managing Director & CEO has not received any remuneration or commission from any of its subsidiaries
- There was no revision in the financial statements
- There was no change in the nature of business

31. Business Responsibility Report.

The Business Responsibility Report of the Company for the year ended 31st December, 2019, is made available on the website of the Company and also forms part of the Annual Report.

32. Caution statement.

Statements in the Directors' Report and the Management Discussion and Analysis describing the Company's objectives, expectations or predictions may be forward looking within the meaning of applicable securities laws and regulations. Actual results may differ materially from those expressed in the statement. Crucial factors that could influence the Company's operations include global and domestic demand and supply conditions affecting selling prices, new capacity additions, availability of critical materials and their cost, changes in government policies and tax laws, economic development of the country and other factors that are material to the business operations of the Company.

33. Acknowledgements.

The Directors take this opportunity to express their deep sense of gratitude to the Banks, Central and State Governments and their Departments, and the Local Authorities for their continued guidance and support. The Directors would also like to place on record their sincere appreciation for the commitment, dedication and hard work put in by every member of the Ambuja family. To them goes the credit for the Company's achievements. And to you, our Shareholders, we are deeply grateful for the confidence and faith that you have always reposed in us.

For and on behalf of the Board of Ambuja Cements Limited

N. S. Sekhsaria

Chairman & Principal Founder

Mumbai

20th February, 2020