





Integrated Reporting



Winning hearts the world over. One at a time.

- Ambuja Cements features amongst the top 4 companies in Global DJSI Ranking-2019

Amongst our major achievements, we are proud to be ranked #4 among the world's most sustainable companies at the Dow Jones Sustainability Index (DJSI) global ranking for 2019 in the Construction Material (COM) category. It is yet another significant achievement, as Ambuja Cements is the first and only cement company in India to have made it to the top five

- Our CSR arm Ambuja Cement Foundation received the award for its focus on drinking water, water harvesting and water use efficiency interventions in the Gir Somnath district of Gujarat and Pali & Nagaur district of Rajasthan
- Ambuja Cements topped India's list in the Forbes Asia's Best Over a Billion List in the sector
- We are ranked 6th in "Responsible Business Ranking 2019" report
- Ambuja Cements won "Warehouse and Logistics Excellence — Manufacturing Company of the Year 2019" award
- We received the award for "Best in Class Logistics Safety" at the 13th Express Logistics and Supply Chain Conclave
- Our integrated digital platform Ambuja Brahmaand won two prestigious awards, "Best Customer Relationship Platform" and "Best Marketing Technology Stack" at the MarTech Leadership Awards 2019
- Our Nalagarh plant won the coveted CII National Award 2019 as "Energy Efficient Unit"
- Our MCW Chandrapur plant won the Vasundhara Award 2019 from Maharashtra Government for "Embedding Best Environmental Practices"

Capitalizing on performance through integrated thinking.

Continuing our journey of Integrated Reporting (IR) as part of our Annual Report since 2017, in line with the requirements of the Securities and Exchange Board of India (SEBI) circular dated February 2017, we intend to communicate to our stakeholders how integrated thinking influences critical business decisions and value creation for our stakeholders by discussing the performance of the Six Capitals of Integrated Reporting, i.e. Financial, Manufactured, Intellectual, Social & Relationship, Human and Natural for the reporting year 2019.

We understand our accountability to our stakeholders and that they also drive our quest for sustainable growth, hence, we ensure that our stakeholders are always informed and updated with the progress and status of the Company's processes, systems and goals in the most relevant qualitative and quantitative manner. It is noteworthy that aspects like environmental protection, engagement with local communities, supply chain sustainability, employee empowerment and ethical dealings, also play a tangible part in our decision-making.

Start with a step to leap forward

Effective planning is the key to future-proofing. Our business strategies are formulated with an aim to create short, medium and long term actions to achieve organizational goals across functions. Our strategy is centered on:

- Engaging our resources for best returns
- Analyzing risks and opportunities and creating options for value creating growth
- Driving a change towards customer and end-user oriented business views

'True Value' is measured by the conscience

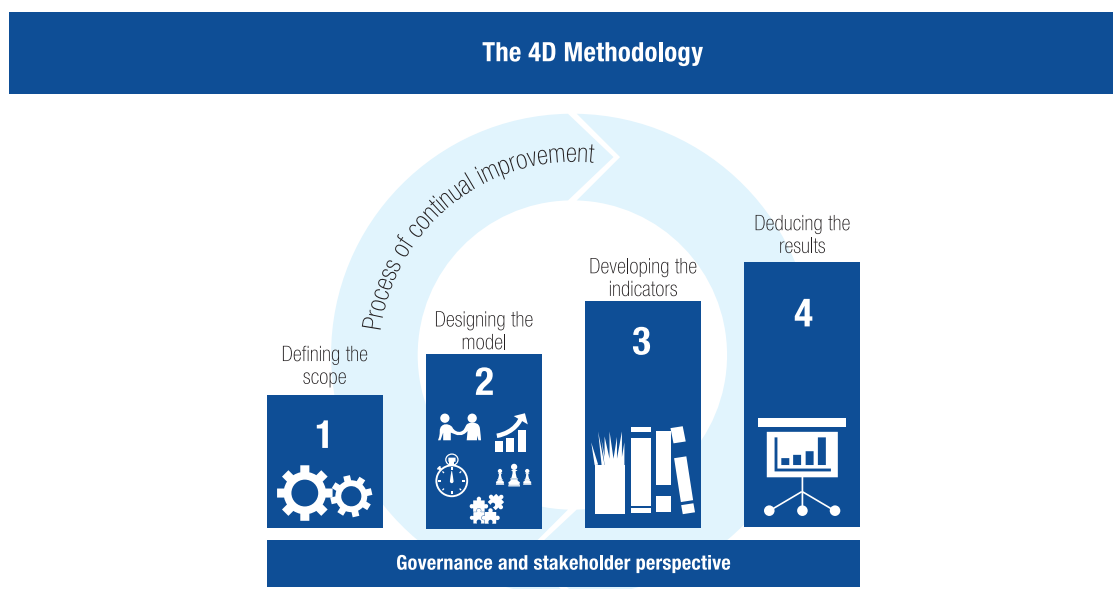
Ambuja became one of the few companies in the world to go for quantification of its overall value creation performance including environmental and social, by conducting annual 'True Value' study in the year 2012. The study helps in establishing clear understanding of the business case for sustainable development. Our focus and aspiration has always been impacting the environment and society in a positive way by adopting value creating know-hows throughout our business value chain that enhances our 'True Value' [Social & Environment Profit and Loss Assessment- to value our externalities] year-on-year. This valuation provides an efficient quantification to non-financial parameters and externalities, supporting in developing effective mechanism to monitor and improve our social, environmental and economic performance by internalizing externalities and influencing our business strategy and to make informed decisions.

While narrating our value creation for stakeholders, we have taken into consideration the resources and relationships used and affected by our operations, which are collectively referred to as the Six Capitals of Integrated Reporting. We have discussed the management approach implemented for each Capital, role of each Capital as inputs and outcomes, value chain activities relevant to these Capitals and stakeholders impacted.

Securing a healthy future begins now

With sustainability in our business vision, i.e. “to be the most sustainable and competitive company in our industry”, it is not only a core value, but also closely aligned with our triple bottom line. Our Sustainable Development (SD) 2020/2030 Plan comprises four major thrust areas, “Climate & Energy, Circular Economy, Environment and Community”, categorizing several sub-divided SMART targets. This plan is not only to ensure our commitment towards corporate sustainable development but also aligns us with our group’s philosophy on sustainable development. It is of great value that this plan is also inspired by the Sustainable Development Goals (SDGs) developed by the United Nations.

Our approach is very simple, “create value to maximize financial and non-financial returns to our stakeholders”, and to help in this approach, we undertook strategic commitments by developing systems and processes that incorporate an integrated thinking. In this chapter, we look forward to share the results from the actions derived from our integrated thinking and activities thereof that help created value over and above our traditional triple bottom line approach. In line with the same, we have developed a 4D methodology to streamline our efforts towards scaling up integrated thinking in years to come.



The 4D methodology functions as the framework of our integrated thinking agenda thereby catalyzing our value creation strategy. It includes the identification of both positive and negative externalities, development of protocols, identification of material issues, development and prioritization of our KPIs against the IR Capitals and the measurement of performance against the KPIs to highlight the milestones against targets. Through continual and reliable information in concordance with the methodology, we aim to progressively meet our committed efforts in making Ambuja Cements the industry benchmark in creating value for its stakeholders, both internal and external, in the years to come.



Transparency in governance from the top.

We operate on a three-tiered governance model consisting of the Board of Directors (BoD), Committee of Directors and Executive Management, that is detailed in the chapter "Report on Corporate Governance" of this report. We have a board level CSR and Sustainability Committee, which comprises wholly of Board Members and a permanent invitee. This Committee conducts quarterly meetings, evaluates the progress on social programs and sustainability outreach efforts of the firm along with discussions on sustainability issues, strategies and progress on development goals that are presented to the Committee by the management level Corporate Sustainability Steering Committee (CSSC).

Seek opportunities while addressing risks

Following adequate caution and curiosity towards risk and opportunity identification, our strategy is to focus on issues which are most relevant to our business and the areas where these issues impact the most. This assessment helps in identifying the low hanging fruits and guides in developing long term goal planning. The assessment is based on an exhaustive internal and external stakeholder interaction that helps us assess our overall risk exposure and supports the strategic decision-making process. Our steps toward implementing risk-mitigation action plans include assessment of risks/opportunities in terms of importance to our stakeholders and to the Company. These risks/opportunities are then prioritized and action plans formulated in the form of projects. We have also identified specific risks and opportunities in alignment with our Vision and Mission on people, operations and sustainability.

- People – We continue to strengthen and energize 'We Care' through 'More Boots On Ground', which focuses on organization, people engagement and specific deliverables
- Operations – Since our operations are highly dependent on natural resources and energy, we need to ensure supply security at optimum cost and quality
- Sustainability – Our constant endeavor to explore opportunities for sustainability and prosperity in a business environment that is evolving dynamically to live our guiding philosophy of 'I CAN'

The Company has always been adaptive to various national and international guidelines (mandatory and voluntary) to assess our sustainability performance and identify risks and opportunities arising from the sustainability challenges

We have a comprehensive Business Risk Management (BRM) Policy that defines two types of risks: corporate risks, covering the macro environment, legal matters and regulations, financial considerations, business support, planning and image; and business segment risks, which focus on cement industry-specific areas such as the market, projects, CSR, HR, sustainable environment performance, Better Cost Management (BCM), Product Management and Innovation (PMI), etc. The Board of the Company is responsible for framing, implementing and monitoring the risk management plan. The Risk Management Committee of the Board lays down the procedures to inform the Board about identification, assessment, monitoring and

mitigation of various risks faced by the business. Risk management forms an integral part of the Company's Mid-Term Planning (MTP) cycle. The charter and responsibilities of the committee at the Board level are clearly described in this Annual Report.

The BRM process identifies risks and opportunities at the corporate as well as operational levels, considering social, economic and environmental risks to help improve awareness and management of the Company's risk exposure. Our Risk Assessment and Management Policy supports a sustainable business model for increased profitability by integrating risk mitigation into business strategies. Management is provided with relevant data to identify emerging issues. It allows us to consider emerging risk areas and look for opportunities presented by risks that are not always quantified by other analytical and systems-driven approaches. Emerging sustainability issues in our industry include climate change, social inclusion, depletion of non-renewable resources, brand damage (including boycotts), shareholder actions related to sustainability issues and disclosure of historic environmental liabilities. Our holistic approach helped us in sound management of financial, non-financial, and sustainability-related risks associated with our operations. We address many aspects of sustainability, improving business efficiency and ultimately boosting profits. Efficient productivity implies reducing material requirements and energy for production, lowering emissions, improving recyclability, improving the durability and reliability of products, and maximizing the use of renewable resources.

The Board reviews the performance updates of the Company, business strategies, internal controls, health and safety, sustainable development, risks involved and the mitigation plans regularly. Quarterly updates are provided to the Board on performance against non-financial KPIs and major sustainability initiatives / achievements.

We are confident that our steps on incorporating integrated operating model throughout Ambuja Cements will lead to a big leap towards effective and integrated sustainable development structure of our business that also impacts the environment and the community in the desired, positive way. To ensure this, the variable compensation of the MD & CEO has been linked not only to KRAs pertaining to internal financial success metrics (such as cash flows, EBIT, revenues, etc.) but also consider external financial success metrics (such as perception metrics, environmental metrics, social figures, etc.). While 85% of the MD & CEO's variable compensation is determined by the financial performance of the company, 15% depends on the non-financial performance including health and safety. The Independent Directors undergo a familiarization program on the cement industry scenario, the socio-economic environment in which we operate, our business model and our operational and financial performance. In addition, they are also apprised on non-financial aspects that are relevant to the company.

Financial Capital

Profit is earned. Trust is gained.

To guarantee financial flexibility and assure business sustainability in the long-term, we accord high focus on the cost and capital discipline, and we believe that these building blocks are majorly responsible for the business sustainability and trust factor between our stakeholders and us. We focus on sustainable investments, one that targets not only returns but also value creation across all Six Capitals. Constant focus and consistent efforts are made towards cost competitiveness and cost optimization, reforming the supply chain and boosting the productivity of our plants. We conducted a Climate- Change related Risk Assessment in 2018 as per Task Force on Climate-Related Financial Disclosures (TCFD) guidelines to evaluate the impacts of Climate-Change related risks on EBITDA in monetary terms; at the same time, we also monetized the cost savings promised by the necessary mitigation measures.



Manufactured Capital

Manufacturers of tomorrow. Today.

We ensure value creation in manufacturing capital through consolidation and expansion of existing capacities as well as optimal utilization of our existing installed capacities. Business process management and process excellence initiatives allow us to improvise our operational model, ensure optimal utilization of assets, infrastructure and equipment, and continue to nurture and grow our assets. We have been very conscious about reducing environmental footprint of our facilities and enabling compliance with new regulatory requirements. Chapter on "Expansion of projects and new investments" in this report details the various investments made in order to expand, consolidate and optimize our facilities.



Manufactured Capital



Intellectual Capital

Unique challenges demand unconventional solutions.

There is a huge pressure on natural resources and growing demand for the materials for industrial and domestic consumption due to ever-increasing population. Thus, in order to serve this growing population sustainably, we adopt new technologies, sustainable products and solutions. Ambuja has always strived for enhancing the quality of products and services through technological application and innovation. Our Ambuja Knowledge Centers and other knowledge initiatives are the catalytic factors for creating maximum value for our customers through a diverse portfolio of sustainable products and services.



Launching innovative products and solutions.

Ambuja forayed in developing low carbon products long before it became the need of the hour, and also became the first Indian cement company to adopt Environmental Product Declaration (EPD) to establish its product line for sustainable construction, that also enables informed sourcing decision by the customers.

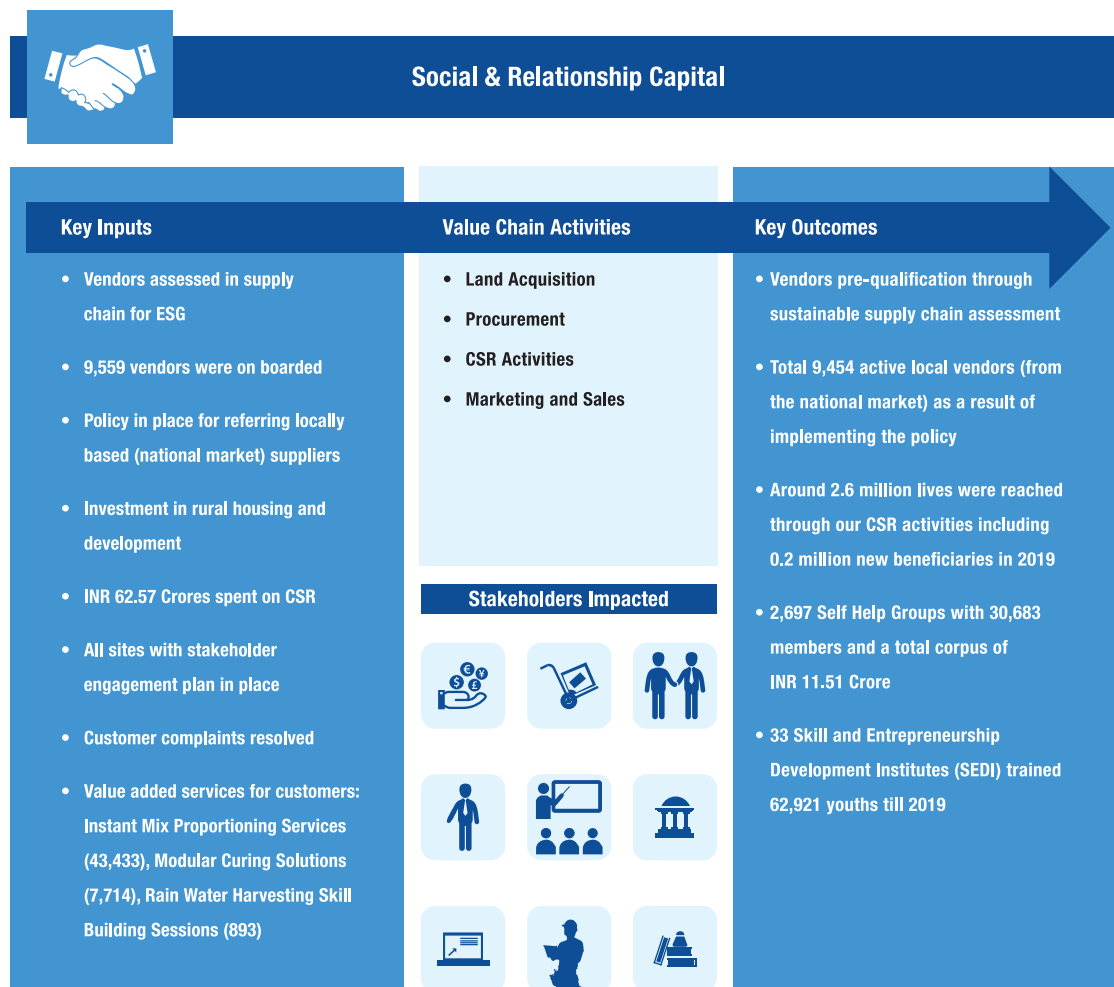
Continuing its stride to develop sustainable solutions for the customers, Ambuja launched 14 new products and services in 2019. These products include 8 types of Ready Mix Concrete (RMX) and plaster application based products (RoofCrete, SuperCrete, FibreCrete, ColumnCrete, FoundationCrete, FibrePlast, Plazto, BagCrete), 5 décor, leakage-proofing and tile adhesive application based solution products (Ambuja Tilocol VT, Ambuja Tilocol MT, Ambuja Tilocol ST, Ambuja SeelanSeal, Ambuja ColorSave Wall Putty), and 1 PPC cement product (Ambuja Kawach) with high strength and water shielding properties.

Ambuja is also member with industrial associations to voice the need for development of country specific green product declaration and standards for the cement industry products and services. This can benefit the environment by reducing pressure on virgin and mineral materials as well as all industry players by reward and recognition scheme. The Company constantly strives to set the benchmark for its product quality by focusing on responsible product design, raw material consumption, sustainable fuel mix and innovative product development.

Social & Relationship Capital

Every step taken is towards happiness. Yours.

We understand our responsibility towards the internal and external stakeholders, their prosperity and happiness quotient that are integral to our robust operations. Corporate social responsibility is an opportunity for us to contribute to the society and drive development within the communities that we operate in. We have a formal CSR policy and framework, which helps us to undertake targeted community and social development initiatives. Knowledge, skills and infrastructure are the building blocks that help us work beyond addressing poverty and energize the community to become self-sustainable.



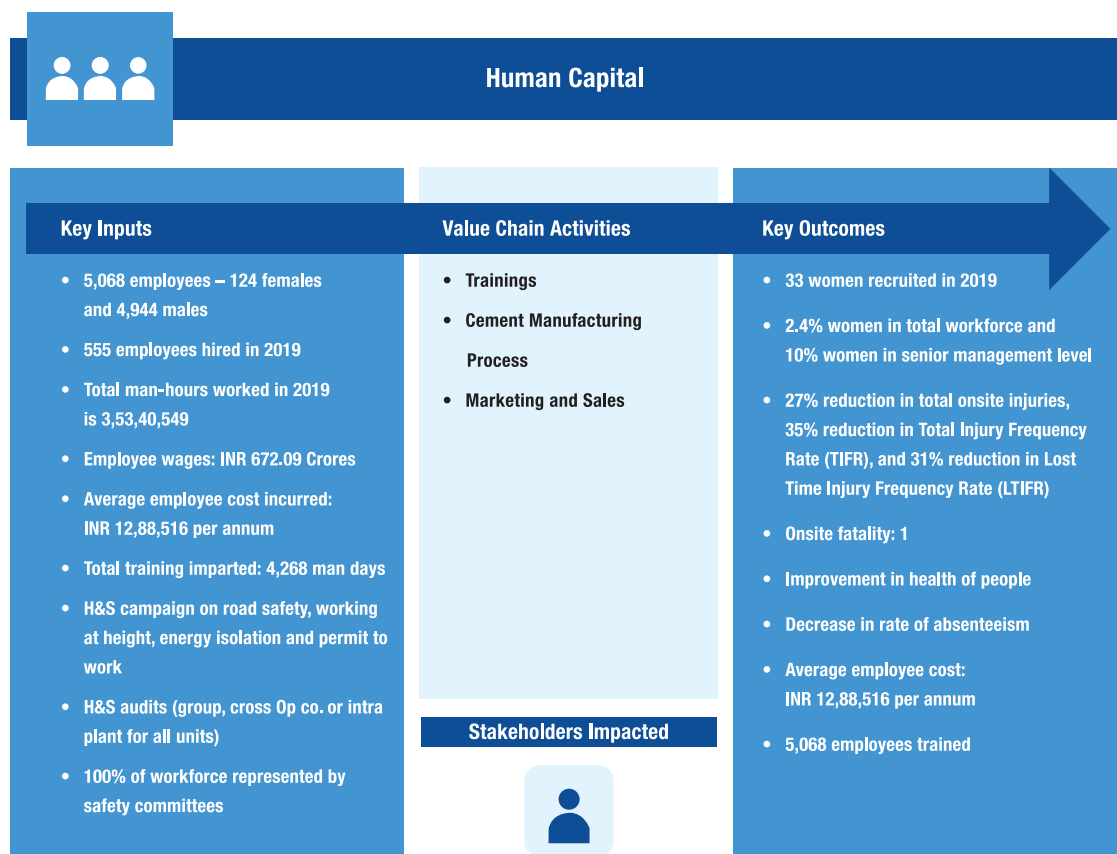
Empower a woman to empower the society.

Financial independence is considered to have a large impact in boosting a woman's confidence and decision-making ability. By year 2019, Ambuja Cement Foundation (ACF) established 7 women federations. A critical focus is also on initiating enterprises for livelihood among women, and by 2019, we have 4,049 women engaged in entrepreneurial activities. As part of the women empowerment program, ACF has till date facilitated formation of 2,697 Self Help Groups (SHGs) with total 30,683 women members and a total corpus of INR 11.51 Crore. SHGs at various locations are coming together to federate, and further help women achieve financial independence, whilst mobilizing them to tackle various social issues, including alcoholism, domestic violence, sanitation and widow discrimination. Integration and higher engagement of programs is emphasized and has resulted in having about 17,000 women members actively involved across all our programs.

Human Capital

Happy people make happier organizations.

Human Resources (HR) are a pivotal organ of a business. Its importance lies in the fact that even with high level proficiency and automation, human factor can always determine the output of the processes. Organizational change, fostering innovation and mobilizing talent to sustain the organization's competitive edge are some of the essential aspects that a company cannot overlook. Ambuja has always tried to be a nurturing ground for talent by providing exposure to real time operating challenges and opportunities to excel one's skill by learning and growing on the job. We aim to provide a working environment that fosters Health & Safety (H & S) in all activities. Maintaining high standards with health and safety results in improved quality and productivity and developing H&S competencies of people helps us maintain our commitment towards achieving 'Zero Harm'. The LH Group's global expertise in Health & Safety processes and systems, Talent Management and best HR Processes help us in realizing our vision of 'Zero Harm' and becoming an employer of choice.



Super Assisted Intelligent Learning (SAIL) System.

Ambuja has initiated a new learning platform — Super Assisted Intelligent Learning (SAIL). This platform helps users learn by delivering on-demand content, customized entirely for them. It encourages self-learning at one's own pace and personalizes the learning experience. The platform also pushes notification via mails about the popular courses trending amongst the users, that can help the employee to learn more and other than functional area skills. The platform provides updates like the score on certain competency based on the relevant courses underwent by the user, benchmarking with other users. The platform is also equipped with an interaction module that allows users to connect with each other. In addition, our Accelerated Learning Model (ALM) initiative from ACC-ACL Leadership Academy (AALA) focuses on “table-top to workshop” philosophy for implementing the acquired skills in actual practices to result in improved productivity and quality. ALM initiatives are categorized as per a specific theme for the month (e.g. Performance Management, Personal Development, Health & Safety, Diversity, etc). The learning content is delivered online and includes short videos, courses and audio lessons. ALM contests are run at the end of each month reinforcing key learning points covered during the month. A half-yearly ALM survey is conducted by AALA to understand learner feedback on the initiative launched, and gauge learner interests and preferences. The survey measures effectiveness of this initiative and identifies suggestions to make it more appealing, relevant and enriching to learners. ALM supports our other e-learning modules, classroom and field trainings by enforcing a knowledge transfer to all employees using digital technology.

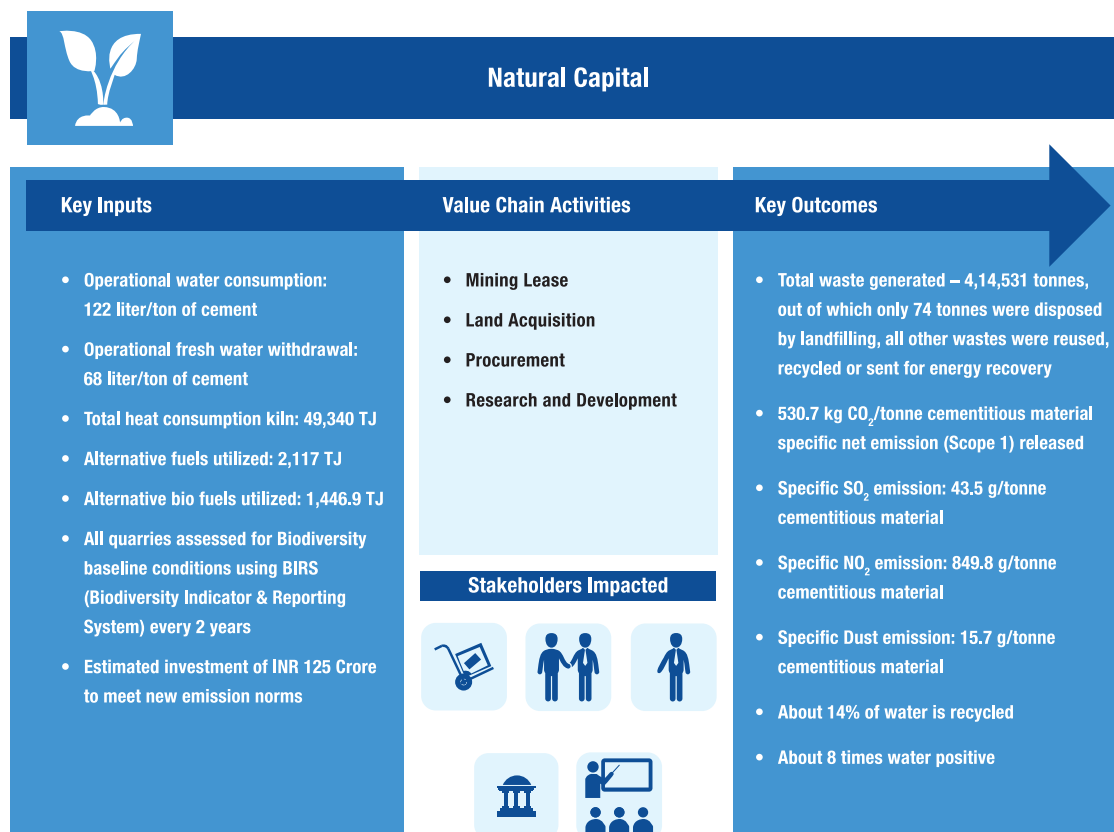
Significant progress in Health & Safety of our people.

We have made significant strides in our Health & Safety (H&S) journey. In 2019, our concerted focus on systems and processes, incident learning, 'More-Boots-on-the-Ground' coupled with greater visible leadership on the frontline, has delivered good results. These initiatives reduced overall injuries by 27%, Lost Time Injury Frequency Rate (LTIFR) by 31% and Total Injury Frequency Rate (TIFR) by 35%. Our Surat, Panvel, Mangaluru and Farakka plants have accomplished 'Zero Harm', while 13 additional manufacturing units were LTI free in the year 2019. All these performance numbers only goes to establish the importance and seriousness accorded to H&S across our operations — at our plants, warehouses as well as in transportation. “We Care” is our transformation journey that has helped us significantly in this implementation.

Natural Capital

Business-environment balance is a natural choice.

We understand that we operate in one of the most energy and material intensive industries and that we also hold the great responsibility to maintain a balance between our demand for the natural resources and the impact we have on the natural resource capital for the community and the future generations. We also realize the global pressure on natural resources and place high priority in managing our raw material requirement and sourcing practices. With this understanding, Ambuja has embarked on implementing a circular economy model in our operations by optimizing our supply chain and mining operations. Strategic focus is placed on use of alternative raw materials to substitute natural resources and extend the life of the quarries. Energy conservation, switch to the most economical fuel mix and emission reduction form an integral part of our business strategy. We have also made our commitments publicly available in our sustainability and climate change mitigation policies reflecting our commitment to sustainable development. We invest significantly in reducing our environmental footprint and in enhancing the positive contributions of our products and processes to the environment.



When nature comes full circle to reward.

Waste materials (both non-hazardous and hazardous) from other sources are resource for us. Ambuja used about 8.7 million tonnes of waste-derived raw materials and fuels such as fly ash, slag and biomass. About 0.3 million tonnes of alternate materials and wastes were used as fuels to achieve the thermal substitution rate of 5.36 %, replacing fossil fuels. In a major initiative to be a plastic-negative Company, we co-processed about 94,570 tonnes of plastic waste from the market and became more than two times plastic-negative (which means co-processed more than two times plastic wastes in Ambuja kilns than the plastic content used in the cement bags for packaging).

Capitals

Value creation through integrated thinking

Value created for our stakeholders

Financial



Manufactured



Intellectual



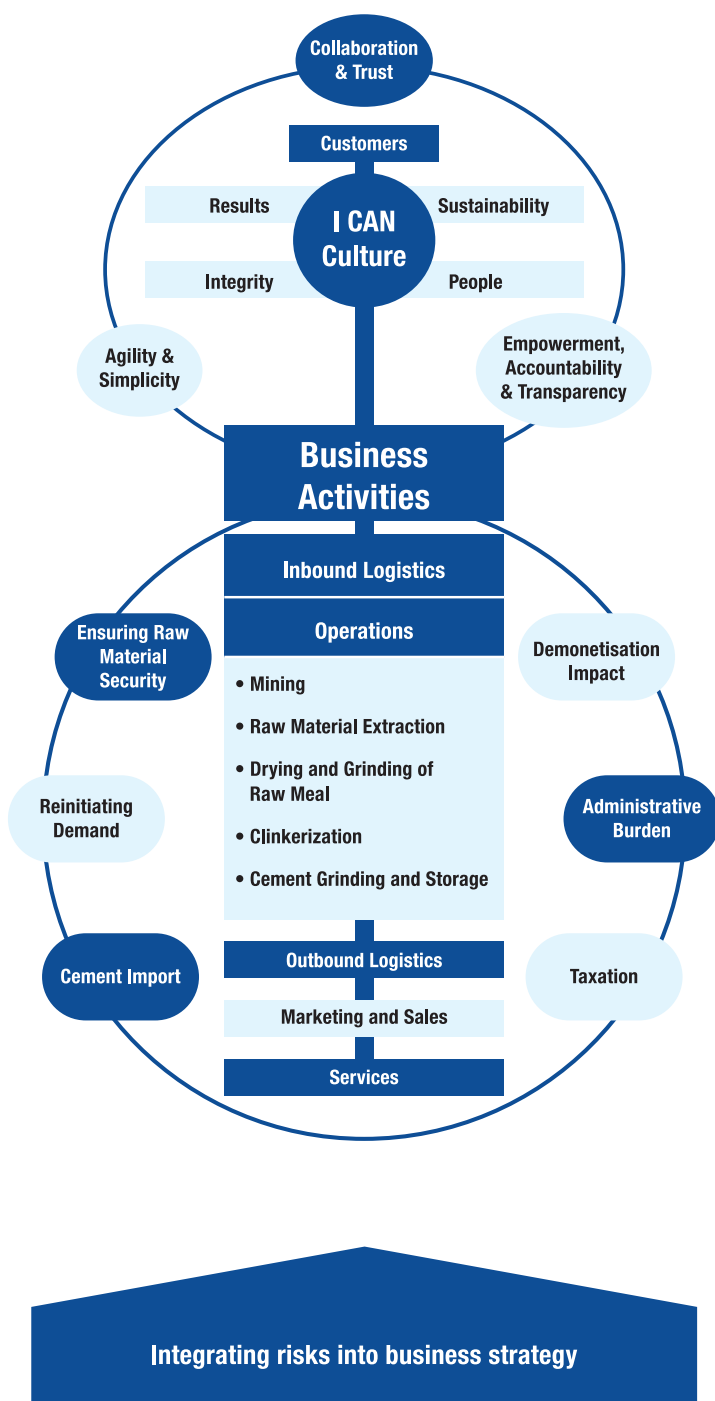
Social & Relationship



Human



Natural



Shareholders & Investors

- Increased Market Capitalization
- Elevated EBITDA Margin
- Rise in operating cash flow
- Increased revenue from operations

Customers

- Sustainable and cost saving products
- Increased customer satisfaction

Employees

- Increased employee satisfaction
- Enhanced gender diversity in workforce
- Employees mentored & trained for leadership role
- Increased employee retention
- Reduction in LTIFR

Communities

- Lives positively impacted in a year
- Youth skill trained through SEDI (Including gender sensitive reporting)
- Local institutions promoted / created / strengthened
- Drinking water solutions provided
- Livelihoods promoted through Better Cotton Initiative (BCI) with details on reduced inputs including water, increased outputs and social value created

Value created for our stakeholders.

We conduct a comprehensive stakeholder engagement exercise to understand the expectations of our stakeholders (internal and external) and identify the material topics. Also, as part of the management systems and Site Specific Impact Assessment (SSIA) implemented at the units, the Company has identified what matters to the business and where does it matter the most in our value chain. These exercises give us an opportunity to identify concerns amongst various stakeholder groups, fostering transparency and building confidence for their desired satisfaction. Availability of resources and stakeholder relationships are two major influencers affecting the organizational growth. In order to maintain security on both the major influencers, our operations work towards achieving excellence in all aspects. A great thrust on the empowerment of our human capital is maintained. We are increasingly driving technological disruptions to ensure sustainable business growth that reduces our operational footprint. Effective and efficient utilization of assets helps us gain a competitive advantage, while also uplifting the communities that we operate in.

Our integrated thinking is reflected through our approach of creating value for our stakeholders.

While estimation for 2019 is still under process, our net positive contribution to environment and society in 2018 was about INR 1,490 Crore as compared to about INR 750 crore in 2012. Most of this value creation was achieved through fly ash utilization, water harvesting and recharge projects, agro-based livelihood creation and use of Alternative Fuels and Raw materials (AFR).

During the year under report, a Social Return On Investment (SROI) study was conducted for 6 SEDI locations. The timeline included trainings held for a 3 year period from 2015-18. The study aimed to understand the stakeholder perception of the socio-economic value creation by training for skill-based livelihoods. The study captured the impact through engaging stakeholder with consultations, surveys, on-site visits and found that the average SROI was ₹5.56 for every Rupee invested.

In recent past, we also conducted SROI studies focussed on evaluating social impact of water resource management related CSR projects. These SROI studies (conducted in 2017) of Watershed Development project at Darlaghat (Himachal Pradesh) found that for every ₹1 million invested by Ambuja Cements, there has been a resultant social return of ₹8.4 million. This is succeeding to the 2016 SROI results of ₹13 million at Kodinar (Gujarat) and ₹5 million at Rabriyawas (Rajasthan), respectively for every ₹1 million invested. These SROI results aid our decisions to make our CSR investments more strategic.