



Management Discussion and Analysis

Prelude

Ambuja Cements Limited, one of India's leading cement companies and a member of the diversified Adani Group, is recognised for its diverse product range, facilitating seamless construction. Since its inception, Ambuja Cements has provided hassle-free home-building solutions with unique, sustainable development projects and environment-friendly practices.

Revered as the most trusted cement brand, Ambuja Cements has embraced green practices and digitalisation to optimise operations, positioning itself as one of the country's most cost-effective cement producers. The Company has been recognised amongst India's Most Trusted Cement Brand by TRA Research in its Brand Trust Report 2023 for the second year running and among 'Iconic Brands of India' by The Economic Times. Pioneering sustainable construction, Ambuja Cements offers innovative products like Ambuja Plus, Ambuja Cool Walls, Ambuja Compocem, and Ambuja Kawach, all under the umbrella of Ambuja-certified technology, substantially reducing carbon footprint.

In alignment with its commitment to environmental sustainability, the Company is reducing its carbon footprint by lowering the clinker factor, minimising energy intensity, implementing waste heat recovery systems, and expanding renewable energy capacity. By aligning ESG initiatives with national priorities, the Company aims to double its grinding capacity to 140 MTPA by FY 2027-28 and invest in 1 GW of renewable energy, set to be commissioned by FY 2025-26. Through these initiatives, Ambuja Cements will play a crucial role in India's thriving and sustainable future.



Management Discussion and Analysis

Economic Scenario

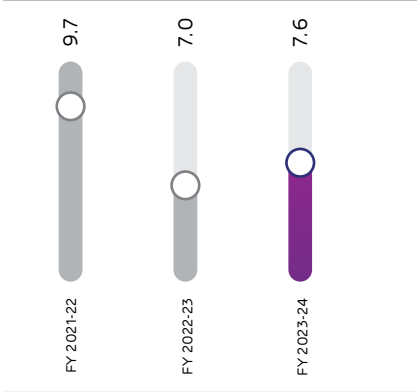
Despite multiple challenges, the global economy showed exemplary resilience and reported stronger-than-expected growth during the second half of calendar year 2023, led by the United States and several other emerging and developing economies. India remained an outlier and reported an estimated 7.6% growth in FY 2023-24, driven by robust performance broadly across all economic sectors. The construction sector reported an impressive 10.6% growth, owing to the Indian Government's continuous investment in augmenting the country's infrastructure and heightened project execution activities.

The Government of India continued its focus on infrastructure spending to create a multiplier effect on economic growth and job creation and to stimulate private consumption and investment spending. The ₹ 11.11 lakh crore

allocated in the Interim Budget FY 2024-25 will focus on creating three important economic corridors (energy, mineral and cement corridor, port connectivity corridor and high traffic density corridor) to enable multi-modal connectivity under the PM Gati Shakti scheme, expansion of metro railways and Namo Bharat in large cities, expansion and development of new airports and initiation of projects for port connectivity, tourism infrastructure and amenities on Indian islands, among others.

These initiatives are in sync with the Prime Minister's vision of Viksit Bharat by 2047. Furthermore, the Interim Budget FY 2024-25 has also targeted building two crore houses under the PM Awas Yojana Gramin (rural housing scheme) in the next five years and proposed a housing scheme for the country's vast middle-class population.

India's GDP Growth Trend (%)



Source: MoSPI

Outlook

With inflation moderating globally and better-than-expected resilience in some major and developing economies, the global economy will likely maintain its growth rate at 3.1% in 2024 before increasing moderately in 2025 to 3.2%. The Indian economy will likely grow by over 7% during FY 2024-25. Domestic economic activity will likely remain robust, underpinned by vigorous consumer and government spending, thriving services sector and increased manufacturing activities. The long-term growth drivers of the economy remain unchanged – a growing base of middle-class driving consumption, booming digital infrastructure driving formalisation of the economy and favourable government policies attracting global investments into the country.

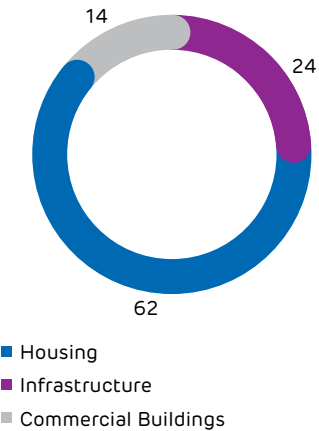


Cement Industry



The Indian cement industry, the second-largest producer globally, stands out for its energy efficiency, resource conservation, social responsibility, and environmental consciousness. Embracing green, clean, and sustainable practices has been a longstanding commitment of the cement industry. In FY 2022-23, the Indian cement market reached a substantial size of 397 MTPA, buoyed by robust growth in the housing sector and ongoing investments in infrastructure development. The industry is likely to grow by an impressive 9% to 10% during FY 2023-24 and reach a total volume of 425 to 430 MTPA.

Sector-wise Share of Cement Consumption (%)



Outlook

As the country prepares for rapid economic growth and urbanisation, there is a rising demand for robust infrastructure and contemporary living spaces. Upliftment of Tier-II cities and rural areas is also fuelling the need for housing, transportation networks, healthcare facilities, and educational institutions.

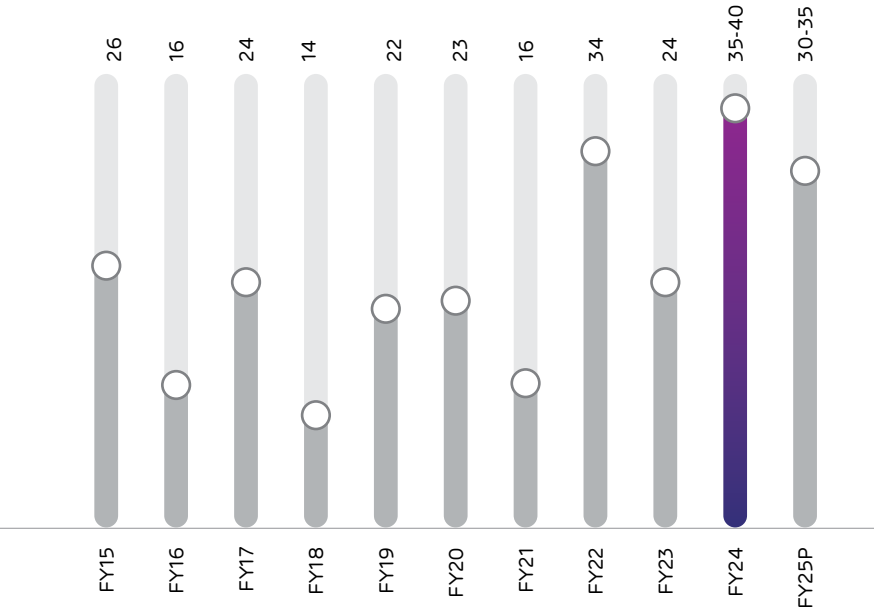
Additionally, the surge in commercial and industrial activities is boosting demand for commercial spaces. With this positive outlook, the Indian cement sector anticipates demand increasing by 8-9% in FY 2024-25. It also foresees 150-160 MTPA in capacity additions over the next five years, utilising organic and inorganic expansion strategies.





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Cement Capacity Addition the Highest in over a Decade in FY 2024
(MTPA)



Source: CRISIL MI&A Research

Key Demand Drivers of the Indian Cement Industry



Housing

- Strong demand for home ownership in the post-COVID-19 period, aided by a stable interest rate regime
- Focused interventions from the Indian Government in the affordable housing segment



Infrastructure

- Increasing investments in the infrastructure segment by the Indian Government to bolster the country's competitiveness
- Urbanisation driving need for better infrastructure in Tier-I cities



Commercial

- Increasing economic activities and growing consumer spending driving the demand for commercial spaces nationwide



Industrial

- A revival in private sector capex driven by strong corporate balance sheets

Business Performance Review for FY 2023-24

Sustainable Development

Ambuja Cements has embedded sustainability principles throughout its business operations. The Company's ongoing investments in state-of-the-art technologies and processes aim to boost operational efficiency, lower its carbon footprint, and champion a circular economy. The Company's dedication to green cement manufacturing is evident, with over 85% of its production being blended cement. Anchored in Ambuja Cements' net zero concrete commitment, its ESG strategy and framework prioritise reducing the Company's environmental impact and generating enduring value for stakeholders. All the Company's plants are ISO 14001 certified, validating its commitment to sustainability. Furthermore, through focused interventions across areas such as healthcare, education, employment, and sustainable livelihoods in areas around its operations, Ambuja Cements positively impacts the lives of millions of people.

Ambuja Cements' employees are crucial in executing the Company's growth strategies, contributing to its mission of creating a sustainable future for all. The Company fosters a culture of an inclusive workspace that promotes fairness and equity. The Company's efforts have received acknowledgement across various platforms, including being recognised among 'India's Top 50 Most Sustainable Companies' by BW Businessworld. Ambuja Cements has also been felicitated



among 'India's Top 3 Most Sustainable Companies in the Infrastructure and Engineering Sector' because of its unwavering dedication to sustainability and outstanding success. Ambuja Cements has also been felicitated and recognised for its customer engagement, safety initiatives, sustainability focus, financial reporting, and CSR interventions by leading awards and industry forums.

A. Circular Economy

Ambuja Cements harnesses diverse alternative fuels and raw materials, reducing the Company's dependence on finite resources and ensuring sustainability while promoting innovation within its operations.

The Company incorporates waste-derived resources, such as fly ash and slag from the power and steel industries in the cement manufacturing process, serving as substitutes for clinker.

8.6 MMT

Waste-derived resources consumed



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B. Climate and Energy

During the year under review, the Company took significant strides towards realising its climate-related objectives. Ambuja Cements successfully lowered specific carbon dioxide emissions to 519 kilograms per tonne of cementitious materials (excluding captive power plant). Key factors influencing carbon dioxide emissions, including the clinker factor and thermal substitution rate, demonstrated marked improvement compared to the previous year.

Clinker Factor

During the year under review, Ambuja Cements worked towards reducing its clinker factor. The Company implemented various initiatives to develop products and solutions that have low-carbon footprint.

Thermal Energy

The Company increased its share of co-processed alternative fuels to reduce its thermal energy intensity. Ambuja Cements achieved a Specific Thermal Energy Consumption (STEC) of 752 kilocalories per tonne of clinker during the reporting period and continuing its efforts to reduce thermal energy consumption per tonne of clinker by implementing various initiatives, such as cooler upgradations, operational optimisation, communities of practice, advanced computational fluid dynamics application for improving process equipment performance, digitalisation for live monitoring and analysis. Furthermore, the

Company's thermal energy intensity improvement projects are on track.

Green Energy and Power Generation through Waste Heat Recovery System (WHRS)

Aligned with its vision of promoting green energy for a sustainable future, the Company is continuously augmenting the capacity of its waste heat recovery system. In FY 2023-24, Ambuja Cements invested in waste heat recovery system installations across plants located in Gujarat, Himachal Pradesh and Maharashtra and planned to set up additional waste heat recovery system capacities that will lead to a cumulative generation capacity of 376 MW by FY 2027-28. Furthermore, the Company intends to invest in solar and wind energy to source an additional 1 GW by FY 2025-26 from renewable sources, taking the share of green energy to 60% of the total energy requirements of the Company by FY 2027-28.



Alternative Fuels and Raw Materials

The Company recognises that co-processing waste in cement manufacturing is sustainable, conserving fossil fuel and raw materials, thereby reducing its carbon footprint. Simultaneously, it aids in cost savings associated with waste disposal and promotes employment. Furthermore, it helps prevent the spread of infectious diseases linked to inadequate municipal solid waste management. Ambuja Cements' state-of-the-art pre-processing and advanced co-processing facilities enable the efficient disposal of industrial, municipal, and agricultural waste in kilns. The Company's waste management arm, Geoclean, contributes to safe waste management solutions, enhancing the utilisation of alternative fuels in its cement kilns. The Company co-processed 0.49 million tonnes of alternative fuel resources during the year, substituting 7.76% of the total thermal energy.

0.49 MMT

Alternative fuel resources used in FY 2023-24

7.76%

Thermal substitution rate in FY 2023-24

C. Environment

Ambuja Cements undertook several measures to promote water conservation and harvesting during the year. These included close monitoring of water consumption and withdrawal, augmenting water harvesting structures in communities and optimising processes. Specific operational freshwater withdrawal in cement operations reduced from 48.69 litres/tonne of cementitious material to 40 litres/tonne during the reporting period. Furthermore, the Company harvested more water than it consumed and became more than 11x water-positive during the year under review. The contribution of harvested water used in cement operation was 59% of Ambuja Cements' total water consumption.

11x

Water-positivity

59%

Harvested water used in cement manufacturing as a share of total water consumption in FY 2023-24

Biodiversity

The Company understands the importance of addressing the impacts of its operations on biodiversity and has developed a comprehensive Biodiversity Policy. Ambuja Cements continued with its measures towards nature conservation and biodiversity preservation. The Company is a signatory to the IBBI (India Business & Biodiversity Initiative). Growing trees is one of the best nature-based solutions for an



environmentally sustainable planet. Aligned with this, Ambuja Cements set up plantations across its operations during the reporting period. These trees will aid in reducing air pollution, regulating temperature, replenishing groundwater, and preventing soil erosion.

1.4 million

Trees were planted around the Company's operations till FY 2023-24

Emissions

Air emissions are an intrinsic aspect of cement production. Ambuja Cements has mandated that all sites measure and effectively manage air emissions. During the

reporting period, the Company undertook dedicated efforts to enhance emissions control and reduce its environmental impact in the surrounding areas.

The Company has implemented air pollution control measures such as Electrostatic Precipitators (ESP) and bag filters to control flue and process emissions. The Company also installed closed conveyor belts for material transfer to minimise dust. Furthermore, Ambuja Cements installed water sprinklers to suppress dust. Continuous emission monitoring systems have been installed across all plants to monitor SOx, NOx, dust/particulate matter, and other significant emissions from kilns/raw mill stacks. Ambuja Cements displays these results at monitoring locations across its facilities.

Dust Emission Control

Ambuja Cements undertook maintenance activities, employing both in-house and third-party teams, to upgrade Electrostatic Precipitators (ESP) and replace damaged bags, among other measures. As a result of these initiatives, the Company achieved a significant reduction in stack dust emissions in cement plants, achieving levels below 30 mg/Nm³.





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NOx Emission Control

Ambuja Cements has implemented a combination of primary and secondary measures to control NOx emissions in its integrated cement plants. Additionally, the Company has adopted Selective Non-Catalytic Reduction (SNCR) systems, further contributing to the reduction of NOx.

SOx Emission Control

Ambuja Cements’ emissions remain within the limits prescribed by pollution control authorities, negating the necessity for major emission control measures for SOx emissions. In compliance with regulatory requirements, cement plants report ambient air quality, effluents, and process emissions in real time on the websites of regulatory authorities. Ambuja Cements fully adheres to this mandatory reporting obligation. Stack emissions, including dust, NOx, and SOx, are continuously monitored through the Technical Information System (TIS) deployed at most plants. This system furnishes process and emission parameter information to senior management at both the plant and corporate levels, ensuring effective monitoring and control.

Water

Water is a key material topic and one of the pillars of Ambuja Cements’ Sustainable Development Plan 2030. The Company recognises the significance of its operations and communities and adheres to a robust water stewardship policy. Ambuja Cements’ dry cement production process is inherently



water-efficient. Additionally, the Company’s innovative product range minimises water usage in construction. The Company also implemented various initiatives to enhance water conservation and harvesting during the year. Recycled water, treated at the Company’s effluent treatment and reverse osmosis plants, is used for dust suppression, gardening, and other purposes, reducing specific freshwater consumption from 64 to 44 litres/tonne of cementitious material. Harvested water constituted 59% of Ambuja Cements’ overall water consumption.

Sales Volume

The Company’s Cement and Clinker (CLC) sales on a consolidated basis during FY 2023-24 increased by 8.1% at 59.2 million tonnes. The growth revolved around structural demand drivers such as rising urbanisation, mass residential projects, and large road and infrastructure investments. Individual home builders and ground plus three-storey (G+3) buildings in the retail segment remain Ambuja Cements’ largest

customer segment in terms of volume and profitability.

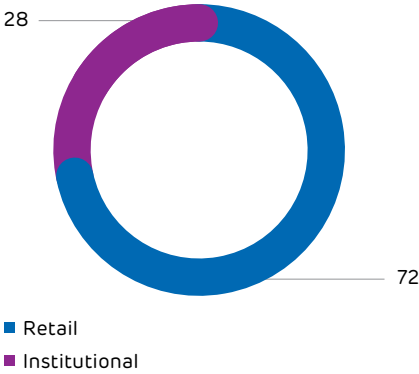
Market Development

Ambuja Cements’ sales and marketing teams consistently engage with its customers and gain a deep understanding of their changing preferences and requirements. This approach enables the Company to maximise capacity utilisation through a better product mix and driving efficiency in the supply chain by reinvigorating the channel partner network. As part of its responsible growth and sustainability strategy, the Company has reduced the share of Ordinary Portland Cement (OPC) in its product portfolio. At the same time, Ambuja Cements has been taking measures, such as appointing new channel partners and enhancing wallet share per counter, to manage the channel partners effectively as part of the Company’s growth strategy in key markets. Ambuja Cements has also maintained a strong connection with retail customers served by the channel partners.

Strong Distribution Network

Ambuja Cements has a robust pan-India channel network consisting of ~11,000 dealers and ~38,000 retailers/sub-dealers who help the Company cater to the country’s growing demand for quality cement and building materials on a sustained basis and at competitive prices. This network accounted for ~72% of cement sales in the retail segment during the reporting period.

Segment-wise Revenue (%)



Sustainable Products

Ambuja Cements’ innovative products, including Ambuja Plus, Ambuja Kawach, Ambuja

Compocem, Ambuja Cool Walls and Portland Pozzolana Cement, lead to sustainable construction. Blended cement, a significant focus area, reduces carbon footprint by 30%, as compared to ordinary Portland cement, helps preserve natural resources like limestone, and consumes waste material like fly ash and slag. These products, aligned with sustainability goals, are now featured in GRIHA’s green product catalogue, supporting GRIHA’s vision for green building design and compliance.

Revenue from Operations	₹ 33,160 crore
Operating EBITDA	₹ 6,400 crore
Operating EBITDA Margin	19.3%

Key Products



1 Ambuja Kawach

Water-repellent cement produces durable construction and recognised as an ‘Efficient Solution’ by the Solar Impulse Foundation

2 Ambuja Cement

High-performing cement, helps build super strong homes using its ‘Giant Compressive Strength’ (Portland Pozzolana Cement)

3 Ambuja Cool Walls Block

Stronger and thermally-insulated wall solution with heat barrier technology that keeps homes 5°C cooler

4 Ambuja Compocem

Slag and silicate enriched composite (green) cement with superfine quality

5 Ambuja Plus

Special cement for stronger, denser, and leak-proof concrete

Management Discussion and Analysis

Ambuja Kawach

Ambuja Cements has innovated the 'Ambuja Kawach' cement that has water-repellent capabilities in 2020 as part of the premium product portfolio. This cement commands the highest premium amongst Ambuja Cements' portfolio. The average monthly sales of this product in the reporting period is ~79,000 MT. It is promoted through a mix of outdoor branding, in-shop branding, in-person promotion by the Technical Service teams, and digital channels like website and digital advertising. The Company's blended cement products have received certification from the Confederation of Indian Industry (CII) - GreenPro and Solar Impulse.

Customer Engagement and Relationship

Indians take pride in their home, and it is every Indian's dream to own a robust and lasting home. Individual home builders invest a significant portion of their life's savings in realising this dream. Ambuja Cements' commitment remains steadfast in playing a substantial role in the construction journey of individual home builders, providing support in acquiring the right quality materials, employing suitable construction methods, and connecting them with proficient and skilled contractors. The Company identified 3 Ms in the construction journey of a house. Men (Contractor), Materials (mainly structural materials) and Methods (Practices). The customer is virtually clueless in the 3 Ms. The Company identified opportunities in all 3 Ms and assumed a bigger role i.e. Beyond Cement in the construction journey of the customer. Hence, the Company



re-introduced **Ambuja Certified Technology** – a holistic packaged solution to assist customers in choosing the right contractor, product, and construction methods to build durable homes. The Company's efficient technical services team, comprising 450+ civil engineers, made this technology useful by developing unique solutions and promoting sustainable construction practices in-house. Ambuja Cements also provides on-site sustainable construction solutions that improve construction quality and promote sustainable construction practices at customer sites.

Instant Concrete Mix Proportion

The Company's instant concrete mix proportioning solution uses aggregates, sand, and water in the concrete mix based on their properties. In FY 2023-24, this solution was delivered to 18,081 sites, leading to the conservation of approximately 23 million litres of water.

Modular Curing Solution

To offer effective and efficient curing methods for concrete slabs,

Ambuja Cements has developed revolutionary modular curing solutions, also known as zero water curing solutions, reducing water usage. In the current reporting year, the Company's modular curing solution was successfully implemented at 2,327 construction sites, resulting in a remarkable conservation of 28 million litres of water.

Rainwater Harvesting Guidance and Solutions

Ambuja Cements' team actively promotes awareness of rainwater harvesting solutions and offers technical expertise to implement rainwater harvesting structures at customer sites. This initiative empowers the Company's customers to meet their water demands independently.

Influencer Engagement and Relationship

Ambuja Knowledge Centre (AKC)

For the Architecture and Engineering community, the Company has developed a sustainable knowledge-sharing platform called the Ambuja

Knowledge Centre. Located at 18 sites across India, these centres educate professionals about sustainable construction, advanced materials, and techniques. Utilising the AKC platform, Ambuja Cements actively promotes and educates professionals through various physical and virtual knowledge-sharing activities, reaching a substantial audience of 20,000+ professionals.

National Engineers' Day Celebrations

In tribute to Bharat Ratna, Dr. Mokshagundam Visvesvaraya, India's construction professional community, observes National Engineers' Day annually. This year, Ambuja Cements marked the 55th anniversary of the event. The Company celebrated the occasion through its 'Ambuja Knowledge Sharing' initiative and organised 67 technical sessions/'concrete talks' nationwide, engaging over 6,700+ professionals. These events emphasised the importance of advanced technologies and sustainable construction practices, enhancing the knowledge of architects, engineers, and construction professionals honouring Dr. Visvesvaraya.

Ambuja Abhimaan

Ambuja Abhimaan is a contractor loyalty programme designed to acknowledge, strengthen, and enhance the Company's relationship with its loyal partners. With this, Ambuja Cements aims to empower and encourage contractors to make longer-lasting homes using Ambuja's certified technology. Ambuja Abhimaan pushes the envelope by propagating innovative ideas to empower the contractors. The

programme was also recognised as the 'Most Innovative Loyalty Programme of the Year' under the 'Customer Loyalty – Organisational' category in the prestigious and ever-popular Customer Fest Leadership Awards Show 2023. This award acknowledges Ambuja Cements' exceptional efforts in creating and maintaining an outstanding loyalty programme that has helped build strong relationships with partner contractors.

1,29,821

New contractors who enrolled for Ambuja Abhimaan

Family Mediciclaim Benefit

Promoting quality healthcare, contractors and their spouses in the gold and platinum categories enrolled in Abhimaan receive coverage under three types of insurance: 'Accidental', 'Accidental Mediciclaim', and 'Mediciclaim'. The Company distributed 'Digital Mediciclaim Health Insurance Cards' to eligible contractors through an online e-card bank.

Contractor Training Programme

To enhance the skillsets of contractors, Ambuja Cements created in-house applicator training programmes to promote correct and sustainable construction practices. Annually, the Company trains over 3,993 masons and contractors, covering various modules such as project management, repair and waterproofing, steel estimation and detailing, earthquake-resistant structures, estimation and costing, rainwater harvesting, advanced wall solutions, and more.

Channel Partner and Contractor Meets

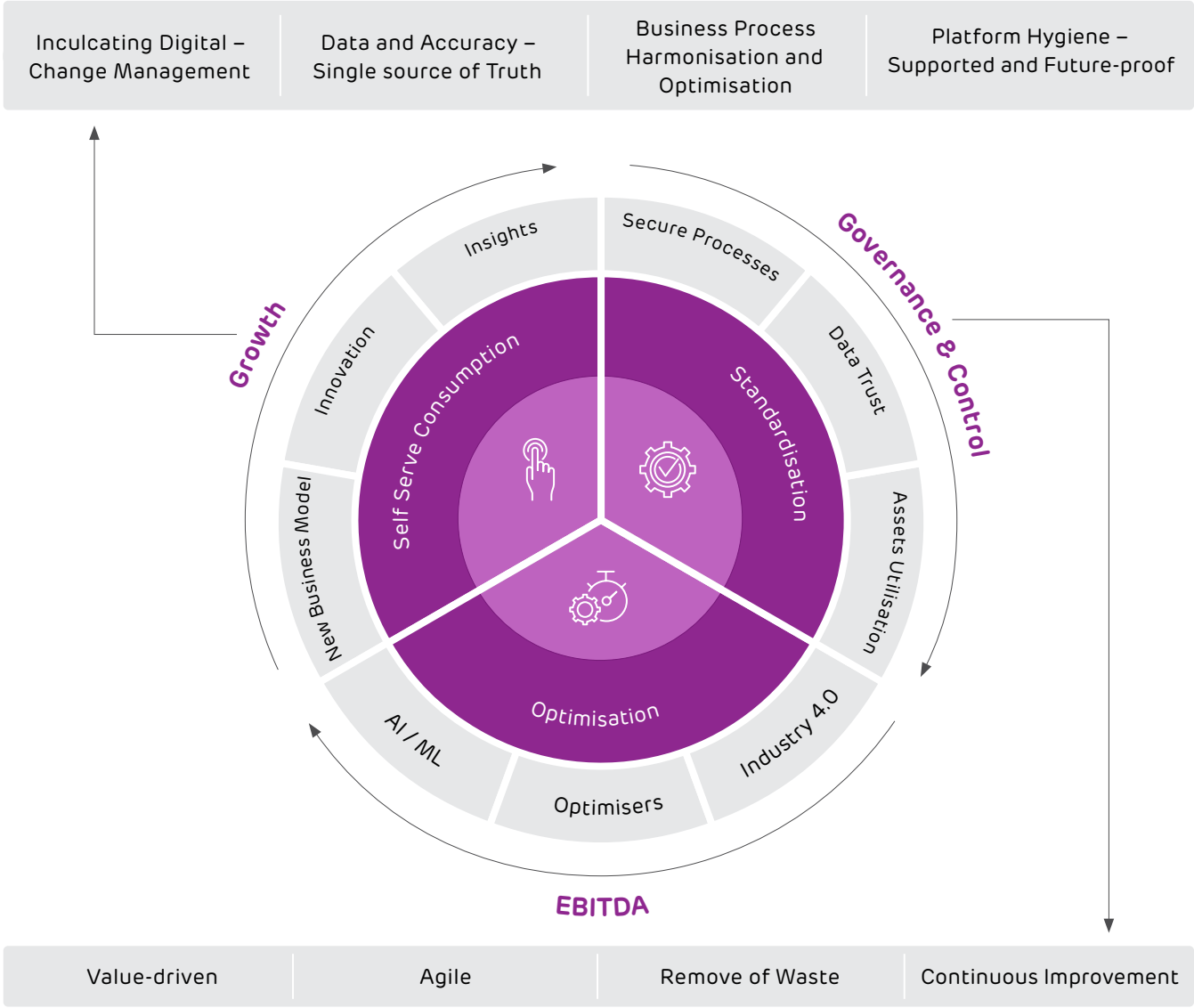
In the rapidly transforming business environment, customer-centricity represents a core principle of Ambuja Cements. During the contractor meetings, Ambuja Cements strengthened its bond with influencers, employing standardised creative templates to acknowledge and commend the significant contributions of the Company's contractors. Furthermore, Ambuja Cements hosts impactful below-the-line initiatives during pan-India channel partner meets to strengthen the Company's relationships with all its channel partners.



Management Discussion and Analysis

Digitalisation and Innovation

Ambuja Cements firmly believes digitalisation is a crucial driver of sustainable business growth. Over the past few years, the Company has embraced digital technologies across its core business processes, including sales, logistics, materials management, manufacturing, control systems and technology operations. The Company's well-defined digital transformation strategy aims to streamline business processes and optimise resource usage to achieve sustainable business growth while complying with regulatory requirements.



Ambuja Cements' Marquee Digital Initiatives

Cybersecurity Excellence – Ambuja Cements has a comprehensive cyber risk posture management programme to safeguard the confidentiality, integrity, and availability of critical business assets. All security operations are centralised and governed by an in-house, 24/7 cyber defence centre. The Company's security operations centre has best-in-class cybersecurity solutions covering brand protection, endpoint security, cloud workload protection, perimeter security, multi-factor authentication, data protection and encryption, application security, security information and event management for operational technology and information technology system monitoring and cyber incident management.

Cloud-first Strategy – Ambuja Cements has adopted a cloud-first policy, and all its digital assets have been migrated to a hybrid public cloud platform to achieve high availability, agility, and operational efficiency.

Centralised Command and Control on Adani's Industry Cloud (aligned to Industry 4.0) – The migration of technology from Holcim to Adani servers, including the transition to cloud infrastructure, was accomplished within just four months. The Company also established a comprehensive digital command and control centre to provide end-to-end visibility into its business processes and systems. This centre will also enable a real-time view of the production, demand,



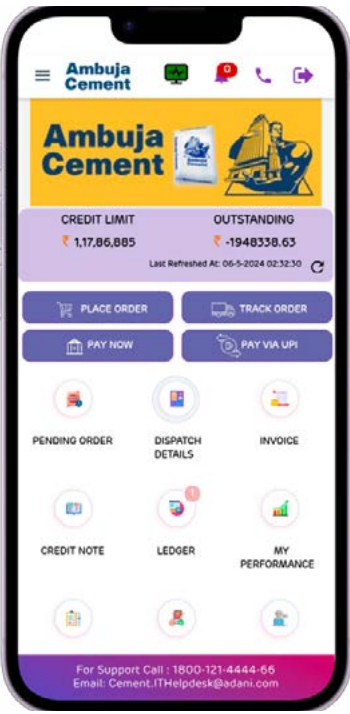
sales, and logistics under one umbrella. This initiative is part of Ambuja Cements' long-term digital strategy, aiming to enable remote 'exception-based interventions' in decision-making by leveraging real-time market scenarios.

Advanced Mobile Platform – Ambuja Cements has a comprehensive mobile application platform and has launched multiple applications to boost sales and marketing. These mobile applications help the Company's channel partners, warehouse operators and customers track their orders and shipments in real time.

Advanced Digital Technologies for Predictive Analysis – The Company has adopted artificial intelligence (AI) and machine learning (ML)-based tools to predict demand, optimise production and control distribution. The diligent use of AI and ML-based logistics platforms has given Ambuja Cements a competitive advantage.

Plants of the Future – To integrate digital technology into its manufacturing processes, the Company is incorporating robotics

for automation, adopting advanced in-plant automation, conducting automated quality testing for cement bags, implementing automatic weighbridge operations, leveraging robotic process automation for plant shutdown management, deploying drones for maintenance tasks and digitalising other manufacturing procedures.





Management Discussion and Analysis

Consolidated Business Performance

Particulars	FY 2023-24	Jan 2022-Mar 2023
CLC Sales Volume (million tonnes)	59.2	69.1
Revenue from Operations* (₹ crore)	33,160	38,937
Operating EBITDA (₹ crore)	6,400	5,122
Operating EBITDA margin (%)	19.3	13.2

*Includes sales of RMX

The previous year's data is not comparable.

Significant Improvements in Key Financial Ratios (Standalone)

Particulars	FY 2023-24	Jan 2022-Mar 2023
Operating EBITDA Margin (%)	18.8	16.1
Net Profit Margin (%)	13.0	12.8
Return on Net Worth (%)	8.4	8.1
Net Worth (₹ crore)	37,007	28,506
Net Debt Equity Ratio	-	-
Debtors Turnover (Times)	27.6	36.7
Inventory Turnover (Times)	5.4	5.0
Debt service coverage ratio (Times)	8.9	59.9

Debtors' turnover decreased due to better working capital management.

The previous year's data is not comparable.

Costs

During the year, the Company implemented various cost management strategies, including:

Cost of Materials Consumed: The Company has entered long-term tie-ups for critical raw materials during the year, which will help in cost reduction in upcoming years. Furthermore, The Company has also increased the utilisation of wet fly ash at its various manufacturing units.

Power and Fuel: Softening coal prices moderated the Company's power and fuel costs during the year. Ambuja Cements is optimising sources and mix to reduce its power and fuel costs further. The Company's increased waste heat recovery system capacities

have helped increase waste heat recovery system power mix by 7.4 pp to 12.4%. The Company also reduced its kiln fuel cost from ₹2.57 to ₹1.90 per thousand kilocalories. Ambuja Cements is maximising the use of captive and alternative fuels to rationalise fuel costs. The Company will continue to add more renewable and green energy resources to its portfolio. This strategy also includes increasing the co-processing of alternative fuels and raw materials.

Freight and Forwarding Expenses: Ambuja Cements implemented several cost-reduction strategies to optimise logistics expenses during the year. The Company's freight and forwarding cost per tonne witnessed an 2.7% decline over the year. The

Company undertook crucial measures: enhancing efficiency, optimising direct dispatches, rationalising warehouse footprint, negotiating cost and freight rates, minimising lead distance, increasing reliance on sea and railway logistics, and boosting volumes under the master supply agreement. Ambuja Cements aims to integrate the supply chain by employing technology and network optimisation tools to ensure commercial and operational excellence and fortify the Company's competitive advantage seamlessly.

₹ 530/t
Cost reduction target by FY 2027-28



Master Supply Agreement

Ambuja Cements has a master supply agreement with its subsidiary, ACC Limited (ACC) and the newly acquired Sanghi Industries Limited (SIL). During the year under review, the Company sold 5.6 million tonnes CLC to ACC under the master supply agreement. The master supply agreement yielded several benefits, including achieving synergies and economies of scale, enhancing operational and logistics cost efficiency, and bolstering sustainability by judiciously utilising fuel and other resources while conserving natural resources. In the future, the Company remains committed to exploring and expanding the master supply agreement, aiming to increase revenues and profitability further.

Capacity Expansion

Ambuja Cements' journey to doubling capacities and reinforcing its market position as India's top cement manufacturer reached a significant milestone with the acquisition of Sanghi Industries Limited, and a grinding unit at

Tuticorin, as well as the Company's subsidiary ACC Limited's acquisition of Asian Concretes and Cements Limited, bolstering Ambuja Cements' capacity by 9.1 MTPA. To fuel India's growth, Ambuja Cements has initiated capacity expansion projects of 20 MTPA, spanning every region of the country, outlining the Company's roadmap for 100 MTPA by FY 2025-26.

Winning bids for coal and limestone mines is critical to ensure self-sufficiency, with coal mines in Dahegaon-Gowari and the existing Gare Palma coal block catering to 40% of Ambuja Cements coal

requirements. The Company has won bids for 24 new limestone mines estimated to have a total of 587 million tonnes of limestone resources in addition to 1 billion tonnes of Sanghi. Ambuja Cements continuously increased its share of alternative fuels and green power, reaffirming its commitment to sustainable practices. With an investment of over ₹10,000 crore in green power projects, the Company aims to power 60% of its expanded capacity through 1 GW of solar and wind power and 376 MW of waste heat recovery system by FY 2027-28 and leveraging compelling economic advantages.





Management Discussion and Analysis

Branding

During the reporting year, the Company embarked on various initiatives to strengthen its brand presence nationwide. The iconic 'Mazbooti Ki Misaal' campaign beautifully encapsulated the significance of 'Strength' as a core value of Ambuja Cements and was incredibly successful.



Connected TV Campaign

The Company launched a connected TV campaign, airport advertising and prominent location branding to promote the brand campaign.



Encouraging Sports

Other initiatives included partnerships with esteemed sports teams – WPL, pivotal for branding. It also became the title sponsor of Ultimate Kho Kho league promoting traditional sports.



Logistics

Ambuja Cements is actively implementing initiatives to rationalise its logistics costs, a significant component of its overall expenses. Furthermore,

the Company is also focusing on sustainability and cost reduction in logistics by optimising its transportation mix, utilising 11 GPWIS rakes for efficient clinker movement and allocating 26 BCFC rakes for safe fly ash

transportation. These efforts are complimented by route planning, adherence to primary sources, commercial term renegotiation and the integration of GPS and other technologies to drive cost savings.

The Company has implemented several initiatives to drive logistics:

Initiative	Purpose
Go Direct	Optimise supply chain
Agile and Automated Logistics Infrastructure	Boost dispatch capacity
Commercial Excellence	Improve cost-effectiveness and profitability
Push towards Low-Cost Green Energy	Enhance sustainability and economic efficiency
Real-time Demand and Supply Optimisation	Improve order processing
Digital Transformation	Improve overall operational excellence
Cement Network Operating Centre (CNOC)	Boost operational efficiency

Discussions on Financial Performance vis-à-vis Operational Performance

For details on financial performance vis-à-vis operational performance, please refer to page 188.





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Internal Control Systems and their Adequacy



The Company has instituted robust internal control systems and best-in-class processes commensurate with its size and scale of operations. These comprise:

- Well-formulated policies and procedures that facilitate effective business operations with governance across all major activities
- Well-defined delegation of power with authority limits for approving revenues and capex expenditures at the level of organisational hierarchy to enable ease of decision-making in day-to-day affairs and realising long-term and short-term business goals

- The Company effectively exerts financial control through the annual budgeting process and monitors it through monthly reviews of all operating and service functions
- A state-of-the-art ERP system to record data for accounting, consolidation and management and connect different locations for efficient exchange of information
- A well-established online compliance management system that provides comprehensive compliance with all laws applicable to the business and updates the same at each operating unit through the management dashboard

- Well-established multidisciplinary management audit and assurance services delivered via qualified accountants, engineers and SAP-experienced executives who carry out extensive audits throughout the year across all functional areas and submit reports to the management and Audit Committee about the compliance with internal controls and efficiency and effectiveness of operations and critical process risks
- A risk-based annual internal audit plan whose scope is reviewed and approved by the Audit Committee of the Board of Directors. All internal audit processes are web-enabled and managed online by an audit management system
- The Company conducts audits based on stringent standards to review the design effectiveness of internal control systems and procedures to manage risks, ensure monitoring control, comply with relevant policies and procedures, and recommend improvement measures
- The Audit Committee of the Board of Directors regularly reviews the execution of the audit plan and the adequacy and effectiveness of internal audit systems. It monitors the implementation of internal audit recommendations, including those relating to strengthening risk management policies and systems

- In terms of governance, the Company has deployed independent committees for monitoring the effectiveness of internal controls:

A. Risk Management Committee

The Company's risk management framework outlines a process for identifying, assessing, monitoring, reporting, and mitigating various risks across levels at periodic intervals. Under the framework, the Company has constituted a risk management committee

to monitor, report, and continuously reduce multiple risks. The outcome of this process is reported to the Audit Committee and the Board of Directors quarterly.

B. Information Technology and Data Security Committee

Information technology and data security governance are integral to an overarching office-wide governance structure. The Company has a mature IT governance process wherein the governance committee periodically reviews, recommends,

and monitors its IT priorities, projects, and significant IT investments besides the effectiveness of control established for data security.

C. Legal, Regulatory and Tax Committee

The Company established this committee to exercise oversight concerning its compliance programme's structure, operation, and efficacy and to review compliance with applicable laws and regulations.

Corporate Social Responsibility Initiatives

The Company addresses community needs and initiates outreach programmes through its CSR arm. Since its inception, the Company has remained deeply committed to making strategic social investments for sustainable outcomes. The Company contributes to the dignity and well-being of the communities around its manufacturing sites.

The Company continues to focus on water resources management, agro-based livelihoods, skill and entrepreneurship, community health, women's empowerment, quality education and rural infrastructure. These initiatives align with local needs and the United Nations Sustainable Development Goals (UN SDGs)



and follow Schedule VII of the Companies Act, 2013. The Company engaged with all stakeholders, including community members, to address the community's immediate needs along with long-term impactful programmes.



Management Discussion and Analysis



Water-related Projects

Continuing its efforts in water conservation, Ambuja Cements relaunched its month-long campaign, 'Ambuja for Water'. Earlier this year, the Company organised a roundtable discussion with the Tata Institute of Social Sciences on the topic: 'What works in rural drinking water governance in India'.

During the year, the Company constructed 444 roof rainwater harvesting systems, offering sustainable solutions for water conservation. Additionally, the Company conducted 1,493 awareness camps on the importance and methodologies of water harvesting, engaging 74,192 individuals. Enhancing water efficiency in agricultural endeavours, Ambuja Cements covered 3,251 hectares of land under micro-irrigation practices.

74,192

Individuals engaged in rainwater harvesting awareness camps

3,251 hectares

Land covered in micro-irrigation practices



The Company reached over 1.96 lakhs+ farmers with targeted interventions to improve agricultural practices and productivity. By building and reviving 798 farm ponds, the Company enhanced water availability for irrigation. Additionally, the Company collected and supplied 70,854 metric tonnes of biomass via local farmer producer organisations and planted 4,35,289 trees.

1.96 lakhs+

Farmers impacted to improve agricultural practices

Skill-building and Entrepreneurship

In collaboration with the Company's partners across geographies, Ambuja Cements upscaled its initiatives to increase the quality of its skill training endeavours.

Focusing on empowering the youth, the Company organised comprehensive training programmes across 17 centres in 12 states, through which 8,420 young individuals were equipped with the necessary skills, resulting in a remarkable 77% placement rate.

12 states

Went through comprehensive training programme

8,420

Young Individuals were trained with entrepreneurship skills



Ambuja Cements also worked towards gender inclusivity, as evidenced by 68 training sessions tailored for women, facilitating income-generation opportunities. The Company hosted a virtual event for first-generation entrepreneurs of families showcasing their stories to the audience on World Youth Skills Day (July 15).

The Company also formed 246 new self-help groups, totalling 38,987 members. 98% of them were engaged in allied agricultural activities and hailed from small, marginal, and landless farming backgrounds, emphasising the Company's efforts to uplift marginalised communities and improve their standards of living.

246

Self-help Groups were formed during FY 2023-24





Management Discussion and Analysis

Community Health

Focusing on menstrual hygiene management, 1,394 awareness camps were conducted, promoting crucial health practices among women. Moreover, a remarkable institutional delivery rate of 99% underscores the Company's success in ensuring access to essential healthcare services. Ambuja Cements identified 7 high-risk cases in a follow-up to its cancer care programme and education in collaboration with the Association of Breast Surgery (United Kingdom), the Association of Breast Surgeons of India and the Tata Cancer Care programme.

Furthermore, the Company catered to the healthcare needs of approximately 1,11,389 truckers and allied populations by establishing five healthcare centres near the truckyard terminals. During the reporting period, the Company addressed 96,000 truckers via its healthcare initiatives related to HIV/AIDS, tuberculosis, vision care, and non-communicable diseases.



The Company initiated promotional sports activities and reached 102 schools, with 229 students participating in district/state-level competitions. Through these collaborative efforts, the Company aims to extend the reach of its community-based development programmes to new regions. These partnerships have played a pivotal role in enabling the Company to make significant strides, reaching 2,808 villages across 29 districts

and 12 states in India, positively impacting the lives of over 3.27 million individuals, and aiding them in their journey out of poverty.

For transparency and accountability, details regarding the Company's CSR expenditure, per regulatory requirements, can be found in the annexure to the Director's Report. Ambuja Cements' CSR policy is readily accessible on the Company's website.

2,808
Villages were impacted to grow out of poverty



Health and Safety

The Company aspires to achieve zero harm across employees, associates, and contractual workers. During the year, the Company created a roadmap for an integral culture incorporating the '5 Cs' – commitment, communication, capability, conformance, and culture.

The Company implemented robust safety standards, systems, and processes to ensure a high level of operational discipline backed by a strong leadership commitment and an engaged and competent workforce. To ensure a safer workplace environment, the Company initiated various safety awareness programmes and digitalised its operations to achieve zero harm.

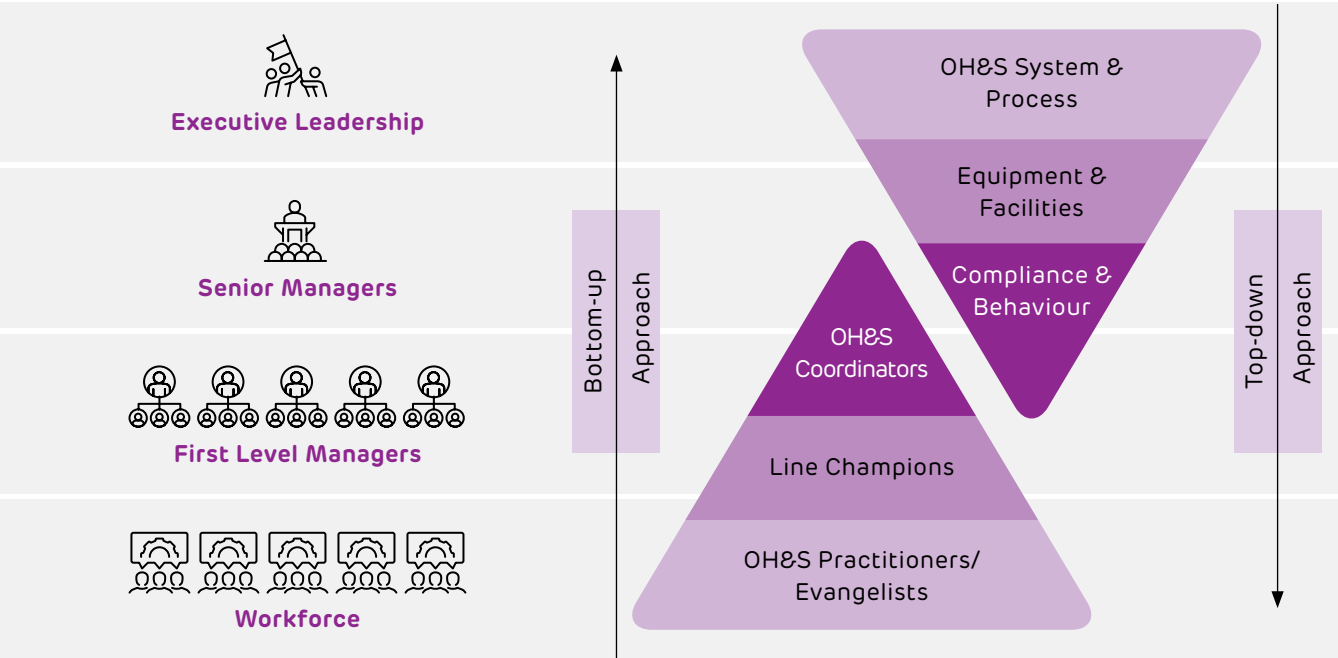
Through the #SafetyCulture initiative, the Company organised safety campaigns



driving innovative and engaging programmes like Unchaai Kendra, Saksham training, Life Saving Safety Rules, and leadership commandments. The Urja (electrical safety campaign), grounded in the '5 E' model, and Unchaai (height safety campaign) with the '5 C' model have also been instrumental in raising awareness, conducting mass awareness programmes, and conducting gap assessments with a robust implementation plan. During

the year, the Company also rolled out safety governance and audit programmes to ensure the desired design and operational conditions. Regular assessments of dynamic risks support the Company's continued onsite and offsite efforts. Ambuja Cements strives to improve working conditions and ensure its people go home safely every day.

Safety Culture 2.0 Pyramid Box (Bottom-up and Top-down Approach)





Management Discussion and Analysis

Initiatives under Each Pillar of the Safety Journey

Leadership Commitment and Governance

- ⌚ Incorporated safety-related key performance indicators as part of individual performance appraisals
- ⌚ Trained the senior leadership team on 'Leading with Safety'
- ⌚ Completed safety training across 9,619 man-days
- ⌚ Reviewed horizontal deployment of lessons learned from the last ten years' fatal incidents
- ⌚ Focused on critical control management, high-risk activities, monthly safety reviews and process safety management
- ⌚ Set up a dashboard and alarm management system for overseeing critical safety parameters in coal mill operations

Systems and Processes - Strategic Safety Performance

- ⌚ Started the Life Saving Control programme, ensuring supervision of high-risk processes and preventing fatal incidents
- ⌚ Stepped up risk awareness and mitigation at packaging plants
- ⌚ Implemented a structural failure assurance plan with level O1 inspection and high-risk action closure
- ⌚ Improved job risk management through field-level risk assessments
- ⌚ Held permit-to-work assurance audits to develop and implement silo cleaning processes, electrical safety, and energy isolation and lockout

Training and Capability Building

- ⌚ Completed identifying training needs across the Company's plants
- ⌚ Started a course for the Company's process engineers on logistics and process safety at IIT Kharagpur
- ⌚ Conducted coal safety workshops to enhance the competencies of coal safety champions
- ⌚ Enhanced capabilities of line managers through training on risk assessment, incident investigation and high-risk activities
- ⌚ Developed and shared incident learning videos
- ⌚ Arranged Saksham training for capability enhancement of contract workers
- ⌚ Organised project safety workshop with the project team

Safe Execution Strategy

- ⌚ Implemented critical vulnerable factor actions with a target of 80% compliance
- ⌚ Conducted site safety audits and issued permit-to-work audits by a cross-functional team
- ⌚ Developed 'Unchaai Kendra' at plants, ensuring safe upkeep and use of work-at-height equipment, including personal protective equipment
- ⌚ Reviewed high-risk processes and closed findings through self-assessment

System Assurance including Technological Interventions

- ⌚ Leveraged technology and onboarded a new reporting tool, Benchmark Gensuite, for reporting safety indicators
- ⌚ Used drone application during high-risk processes like shutdowns and silo cleaning processes
- ⌚ Managed, monitored, and analysed safety-critical parameters using a dashboard and alarm management system through SMS
- ⌚ Monitored an AI-based automated safety hazard monitoring system

Safety Engagements under #safetyculture

- ⌚ Enhanced the safety awareness of employees and under #SafetyCulture through Group-led quarterly safety campaigns on 'Unchaai', 'Urja', and 'Upkaran' along with monthly safety themes across the organisation
- ⌚ Organised competition on safety practices at packaging plants and awarded best practices
- ⌚ Undertook the 'Knowledge-sharing' initiative based on peer learning and sharing by industry experts
- ⌚ Conducted the 'Saksham Samvaad' programme to facilitate direct interaction between the leadership and the workforce

Highlights of FY 2023-24

8

Manufacturing units achieved zero harm

4,298

Permit-to-work audits were conducted

74,375

Safety concerns and hazards reported and corrected

5

Safety audits were conducted with 37 leadership members involved as auditors across sites

Zero harm

Achieved in all high-risk activities during FY 2023-24

2,342

Near-misses reported and corrected

21,409

Workers were trained under the Saksham programme resulting in 85,636 man-hours

Assured system compliance through safety management system audits



Management Discussion and Analysis

Human Resources



The Company strives to nurture the individual capabilities of its workforce to achieve the organisational goal of blending growth and achievement, ensuring everyone thrives while contributing to the Company's collective success. The Company has adopted six guiding pillars to build a resilient, adaptive, and inclusive workplace where every team member is valued and uplifted. Together, Ambuja Cements is forging a stronger and more cohesive Adani family.



Guiding Pillars of the HR Policy

01

Enhancing Employee Experience

The Company focuses on taking various initiatives to make its workplace more engaging, collaborative, and fulfilling. With the help of employee surveys, feedback mechanisms and regular communication channels, the Company interacts with its employees and serves their needs and expectations. A gamut of celebrations comprising Independence Day, Republic Day, Diwali, and Holi enabled employees and their families to unite, fostering enduring relationships.

02

HR Technology

During the reporting period, the Company implemented cutting-edge technology to improve talent management, streamline recruitment processes and facilitate seamless intra-organisational communication. The Company aims to empower its employees with user-friendly tools and ensure a digitally integrated and agile infrastructure.

03

Culture of High Performance

The Company evolved its performance management system to focus on regular feedback, goal alignment and recognition of achievements. By enabling digital tools, Ambuja Cements efficiently tracks its goals and evaluates its performance. The Company aims to align and integrate operations with the broader Group, fostering engagement and creating a culture of excellence. Ambuja Cements encourages its team members through awards and recognitions for excellence, inculcating a culture of appreciation and outperformance.

04

Agile Way of Working

Ambuja Cements is becoming more responsive to market changes, customer needs and internal dynamics, enhancing its way of working. The Company believes that cross-functional collaboration, iterative processes, and continuous improvement are at the core of its working philosophy. This way, the Company stays well-equipped to navigate emerging challenges and opportunities.

05

Industrial Relations

The Company is committed to an open-door policy and effective communication channels to maintain positive industrial relations. The Company addresses employee concerns through regular forums and committees, initiating dialogue and fostering a transparent and collaborative workplace.

06

Diversity and Inclusion

The Company has created a comprehensive diversity, equity, and inclusion policy to guarantee equal rights and respect for all individuals, regardless of gender, ethnicity, race, religion, marital status, or disability. Ambuja Cements catalyses innovation, creativity, and collaboration by embracing varied perspectives. A diverse and inclusive workplace is a source of strength and essential for achieving the Company's business objectives.



Management Discussion and Analysis



Learning and Development

Ambuja Cements encourages its employees to refine their skills, boost performance, accelerate professional growth, and achieve outstanding results as a part of its people strategy. With comprehensive talent development and management in mind, the Company has designed a training suite covering technical and behavioural programmes.

E-learning through the e-Vidyalaya, in partnership with Skillsoft, provides an immersive learning experience to a broad audience. Through tailored web sessions, virtual instructor-led master classes, and numerous on-the-job training initiatives, Ambuja Cements aims to empower its workforce to build their skills.

Furthermore, the Company’s dedicated leadership development programmes (Fulcrum and Takshashila) helped groom leaders

from within through interactions with a global faculty. NorthStar (for middle-level managers) helps the Company develop versatile and adaptable leaders. To ensure a robust and fresh talent pipeline, Ambuja Cements has focused on recruiting management trainees and graduate engineer trainees from campuses. The Company also provided new employee orientation, business orientation, compliance training, and mental well-being training.

Employee Well-being and Support

The Company strongly emphasises the overall well-being of its employees, offering a range of support programmes, flexible work arrangements, and family-friendly policies. This includes flexible working hours, a focus on work-life balance, and initiatives such as health check-ups, comprehensive insurance, and

childcare facilities. Physical fitness is encouraged through fitness classes, sports facilities, and wellness challenges, while parental leave options support employees during early parenthood. The Company also actively addresses workplace stress by promoting mental and emotional well-being initiatives, exemplified by its emotional wellness programme launched through the Adani Cares platform in collaboration with the Independent Counselling and Advisory Services.

Business Risks and Opportunities

Ambuja Cements’ comprehensive enterprise risk management process aims to successfully identify, assess, and mitigate risks associated with its operations. With a strategic process of following risk maps, business environment scanning, and assessments, the Company has identified priority risks based on severity and probability on a 3x3 matrix (high, medium, and low). Ambuja Cements takes an effective approach, where each department assesses its current and future scope, identifying potential risks and opportunities. The Company identifies the risks critical to the organisation that the senior management monitors and forms effective mitigation plans against them. The Company’s Risk Management Committee oversees the organisation’s risk management process.

Key Risks and their Mitigation

Maintaining Market Position in a Dynamic Industry Environment

The Indian cement industry’s ever-evolving diverse landscape poses inherent risks to the Company’s market position, heightened by ongoing capacity additions and consolidations.

Mitigation

Ambuja Cements counters these risks through an ambitious plan, targeting a total capacity of 140 MTPA by FY2028. Recent achievements include a significant increase in total capacity by approximately 10 million tonnes, strategically enhancing its market presence. Additionally,

proactive efforts in brand equity enhancement through innovation and digitisation ensure resilience against competitive and profitability challenges.

Compliance with Changes Regulatory Landscape

Regulatory changes, driven by shifts in climate and environmental concerns, are occurring rapidly worldwide. Failure to comply with these new standards poses a high degree of complexity, potentially impacting the reputation and financial standing of the Company.

Mitigation

The Company employed transformation, upgradation, and modification tools to address these challenges. It has initiated various projects across its operations to control pollution and adhere to new emission standards (for dust, SOx, and NOx) set by the Ministry of

Environment and Forest and Climate Change. This proactive approach ensures regulatory compliance and positions the Company as a responsible steward of the environment.

Fuel and Raw Material Security Challenges

The cement industry, known for its capital, energy, and raw-material intensity, grapples with significant challenges in ensuring fuel and raw material security. Operating expenses hinge on energy and raw material costs, necessitating an uninterrupted supply for business continuity.

Mitigation

Ambuja Cements employs a comprehensive strategy to address these challenges. It optimises the fuel mix for fuel security, enhances plant efficiency, and increases alternative fuel utilisation. Significant investments in green energy initiatives, like waste heat recovery systems and solar power, contribute to a sustainable and diverse energy supply.

Procuring raw materials, including coal, limestone, and fly ash, at an economical cost and suitable quality is crucial for production efficiency.

Challenges arise from the Mines and Minerals (Development and Regulation) Act’s notification, mandating mining lease renewals and grants through auctions, leading to fierce competition. The Company proactively secures its future by identifying suitable blocks for acquisition through auctions, ensuring sustained raw material security alongside current reserves that guarantee an uninterrupted limestone supply.



Management Discussion and Analysis

Cybersecurity Threats

Ambuja Cements’ strategic integration of digitisation and emerging technologies, spanning artificial intelligence, the Internet of Things, and blockchain, brings forth avenues for its progress and introduces new risks. The rapid pace of technological evolution presents both opportunities and potential security challenges.

Mitigation

The Company proactively addresses the potential security risks associated with tools like ChatGPT, Google Bard, and social media platforms. It has implemented immediate measures to safeguard confidential information, including identifying and blocking data leakage sites that threaten the Company’s network. Simultaneously, plans are in motion to establish a secure and monitored environment dedicated to using artificial intelligence tools.

Creating a secure business environment involves the implementation of backup procedures and firewalls. Regular system upgrades and monitoring adhere to the latest security standards. Ambuja Cements’ commitment to cybersecurity extends to the periodic update of policies and procedures, ensuring alignment with the evolving threat landscape. Users are consistently educated on policy adherence, eliminating risks, and contributing to a secure digital workspace at Ambuja Cements.

Health and Safety Priorities

Health and safety are fundamental for the business sustainability, demanding teamwork, and commitment at all levels. In the pursuit of zero harm, the Company is undergoing evaluations and is focused on improving frontline safety and leadership presence.

Mitigation

The Company systematically review systems, processes, and procedures, addressing identified gaps. Initiatives like Unchaai Kendra and Life Saving Safety Rules enhance awareness and prevent mishaps, contributing to a safer working environment onsite

and offsite. Regular dynamic risk assessments help the Company to stay ahead of challenges, driving continuous progress toward ‘zero harm.’

Natural Resources

The cement industry predominantly relies on natural resources such as limestone, coal, and minerals. Ensuring an uninterrupted flow of these essential materials, while simultaneously maintaining optimal cost and quality standards, is imperative for sustaining seamless business operations.

Mitigation

To mitigate risks associated with natural resources, Ambuja Cements is investing in improving its operational efficiency for better resource utilisation. The Company is also actively undertaking several initiatives to conserve, reuse and recycle resources wherever possible. These initiatives include efforts to improve the clinker factor and thermal substitution rate among others. Additionally, the Company is investing in renewable energy

and WHRS systems to minimise its reliance on non-renewable sources.

To ensure availability of key raw materials, the Company is also investing in coal and limestone mines. Through these measures, Ambuja Cements aims to enhance sustainability, reduce environmental impact, and ensure a more resilient supply chain.

Climate Risk

The Company is conscious of the risks posed by climate change – physical risks as well as transitional risks. In physical risks, Ambuja Cements consider acute and chronic risks. Acute risks are in the form of flooding, droughts, cyclones, etc. and chronic risks include water stress, heat stress, etc. In transition risk, Ambuja Cements considers regulatory, technology, market, and reputation risks. The impacts of the risk can be in the form of supply chain disruptions, power outages, threat to plants and personnel, productivity and many more.

Mitigation

The Company has a well-established climate governance in place consisting of policies and committees. Climate-related metrics and targets are defined, and performance is regularly monitored. The structures are designed to withstand severe conditions. Emergency plans are in place to

address the risks. Regular trainings and drills are conducted to ensure that everyone is familiar with emergency procedures.

Energy Security

Energy security is a critical factor for Ambuja Cements, as it heavily influences both operations as well as overall production cost. The Company faces substantial risks associated with energy expenses, which constitute a significant portion of its overall production costs. Given the energy-intensive nature of cement production, particularly during kilning and grinding processes, managing energy costs effectively is paramount.

Mitigation

The Company recognises the importance of safeguarding against the risk of energy price inflation, and one strategy it employs is diversifying fuel sources, which includes leveraging alternative fuels. This approach not only helps mitigate the impact of fluctuating energy prices but also promotes sustainability by reducing reliance on conventional fossil fuels. Moreover, Ambuja Cements evaluates various energy procurement options to ensure optimal cost-effectiveness

and reliability. The Company is committed to enhancing energy efficiency across its operations through the implementation of innovative technologies and sustainable practices. By proactively managing its energy resources, the Company aims to bolster operational resilience and sustain competitiveness in the dynamic cement industry landscape.

Project Execution

Project execution is critical, considering the company’s vision to reach 140 MTPA by FY 2027-28. In line with this target, the company is already executing large-scale projects at multiple sites. To ensure timely completion, with utmost safety and quality and all within budget, is of utmost priority for the business.

Mitigation

The company is leveraging group synergies by aligning with the Adani Group’s project management company which has demonstrable experience and expertise in executing large-scale projects. Budgetary concerns, an important factor in project execution, are mitigated by a robust cashflow through internal accruals. The Company is executing its ongoing projects primarily through EPC mode,

for which it is partnering with the the most reputed and regarded suppliers in the world. The Company is aligning its internal processes with an objective of simplifying, standardisation, and skill enhancement to achieve maximum speed and scale – the Projects team’s 5S mantra.