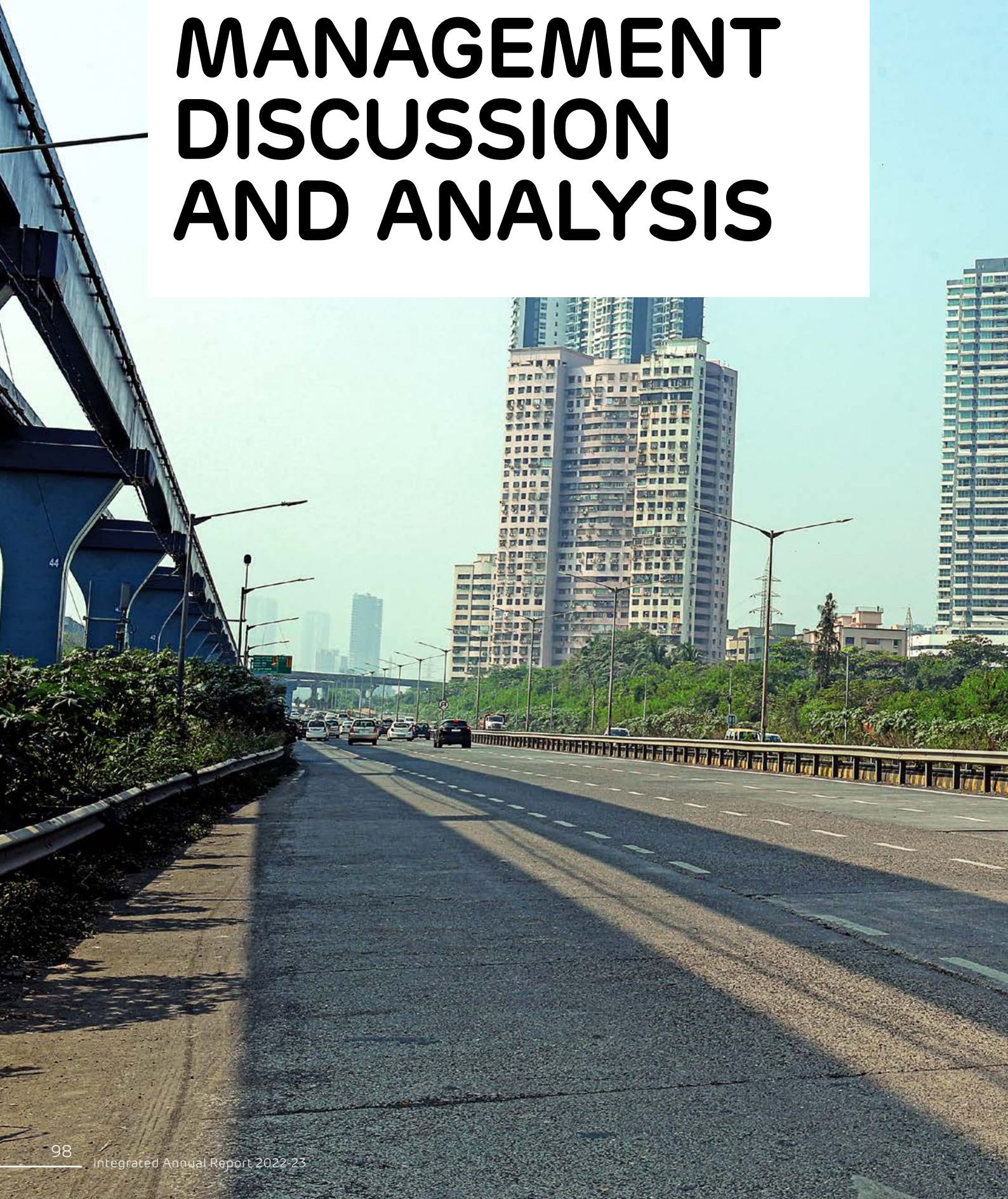


MANAGEMENT DISCUSSION AND ANALYSIS





Prelude

Ambuja Cements Limited, a part of the diversified Adani Group, is among India's leading cement companies, renowned for its hassle-free, home-building solutions. Unique products tailor-made for Indian climatic conditions, sustainable operations and initiatives that advance the Company's philosophy of contributing to the larger good of the society, have made it the most trusted cement brand in India. With a strong commitment to responsible growth and adding value to customers, our innovative products like Ambuja Plus, Ambuja Cool Walls, Ambuja Compocem and Ambuja Kawach under the umbrella of Ambuja Certified Technology are significantly reducing carbon footprint.

Ambuja Cements is the industry leader in the responsible use of resources, both natural and

man-made. The Company has been certified 8 times water-positive, a feat achieved through conservation efforts and increasing water efficiency in its plants. Globally, Ambuja Cements is the only cement maker that has been recognised for its leadership in water security by the United Nations Global Compact Network India. It is also plastic-negative by 6.6 times.

By integrating sustainability into operational and growth planning, Ambuja has continued to reduce its carbon footprint by lowering the clinker factor, reducing thermal and electrical energy intensity, implementing Waste Heat Recovery Systems at the plants, and increasing the use and capacity of generating renewable energy. We continue to play a pivotal role in building a greener and more sustainable future.

Economic Scenario and Outlook



The world economy faced multiple headwinds such as escalating geopolitical tensions, constrained supply chains and high inflation. India proved to be an outlier, demonstrating resilience and growing by 7.2% GDP during FY 2023, aided by strong private consumption, growth-supportive policies, and continued government spending on infrastructure and logistics, among others. However, inflation stayed high, prompting a series of rate hikes by the Reserve Bank of India which, in turn, impacted demand.

The Indian government's strong infrastructure push under the Prime Minister's Gati Shakti (National Master Plan for Multimodal Connectivity) initiative is likely to contribute significantly towards raising industrial competitiveness. Further, the Production Linked Incentive (PLI) scheme announced by the government is not only bolstering the country's manufacturing sector but also creating enormous employment opportunities. Till December 2022, more than 650 applications were approved across 13 sectors under the scheme. The scheme facilitated private sector capex to the tune of ₹3.5 lakh crore over the next 3-4 years. Further, with global businesses looking at diversifying their supply chains from China's dependence, India is in the sweet spot to become a manufacturing hub for the world.

India is also witnessing a massive digital transformation. The mass-scale digital infrastructure is second to none, which is further validated by the

creation of the India stack. Digitalisation is accelerating e-commerce growth, changing the retail consumer market landscape and attracting leading multinationals in technology and e-commerce to the Indian market.

India's GDP Growth Trend





Outlook

While global economic growth is expected to moderate further in 2023 before marginally increasing in 2024, India is likely to grow 6.0%-6.5% in FY 2024, the fastest among major economies in the world. Higher public sector capex, coupled with fresh capital investments by the private sector, will help drive medium-term growth, while digitalisation and efficiency-enhancing reforms will enhance productivity. Further, India's transition to clean energy and mobility through green hydrogen and electric vehicles provides significant investment opportunities. Semiconductors and IT product manufacturing are expected to position India attractively in global trade.

The long-term growth drivers of the economy remain intact, coupled with a large and fast-growing middle-class driving consumer spending. The rapidly growing domestic consumer market as well as the large industrial sector have made India an important investment destination for a wide range of multinationals across manufacturing, infrastructure, and services. Further, India is fast becoming the start-up capital of the world, attractive sizeable foreign investments, driven by its young population including a large GenX segment, and technology edge.



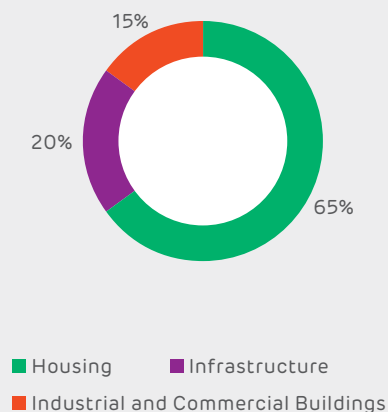
However, a complex interplay of geopolitical events including the neighbouring countries, high inflation and consequently elevated interest rates could pose risks to future economic growth.

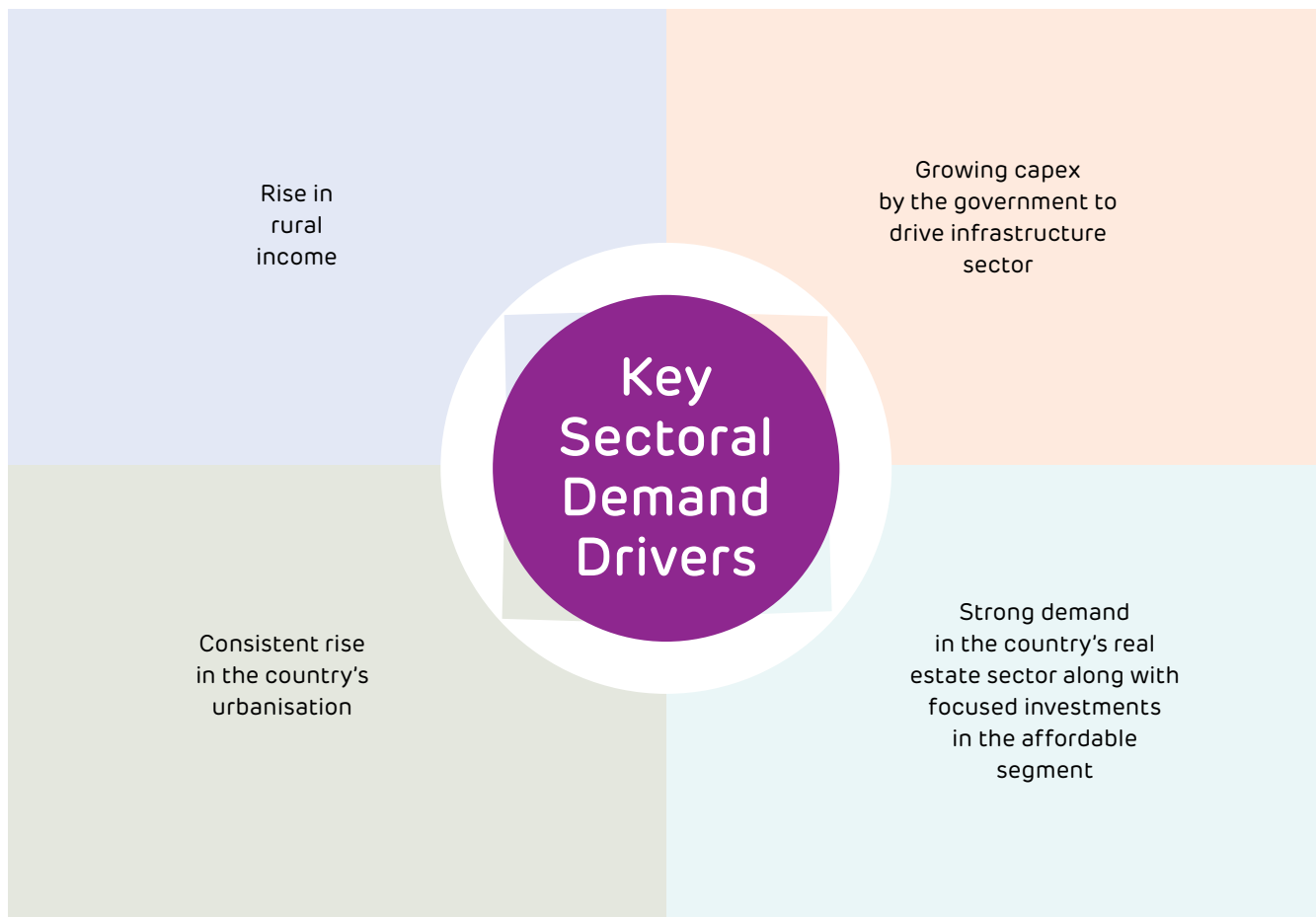
Cement Industry

India is the world's second-largest cement producer, accounting for over 7% of the global cement installed capacity. Cement production in India grew at 7.6% for FY 2023 (368 million tonnes) driven by strong demand from housing and infrastructure sectors. The housing sector accounts for the majority of India's cement consumption, followed by the infrastructure sector, and commercial and industrial building constructions.



Sector-Wise Share of Cement Consumption





Outlook

The outlook for cement sectors is favourable on the back of higher growth opportunities in the housing and infrastructure segment. Government in the Union Budget 2023-24 has allocated \$11.4 billion for the creation of safe housing (rural and urban), sanitation and increasing road connectivity.

With a busy construction season ahead with the pre-election spending kicking in. The Industry is expected to see a volume growth of 6-8% going forward and is likely to reach ~390-400 million tonnes.





Business Review



Sustainable Development

Sustainable profitable growth is ingrained in the Company's DNA. Ambuja Cements' multi-pronged strategy, including triple bottom line accounting method; true value; good corporate governance practices; overarching corporate environment policy; and sustainable supply chain policy, have helped cement the Company's credentials as a sustainable manufacturer. Ambuja Cements' Sustainable Development Ambition 2030 provides strategic direction to the company's long-term sustainability vision. All plants are ISO 14001 certified.

The Company also works closely with communities that live around its plants, through its CSR arm. It implements need-based and participatory programmes in the thematic areas of water resource development, health and sanitation, women empowerment, rural infrastructure, education and agro-based/skill-based livelihood creation.

Being an employee-friendly workplace, Ambuja Cements has been ranked No. 1 in the 'Best Companies to Work For' survey in 2022 by Business Today in the Construction and Infrastructure sector, Ambuja is recognised among 'India's Top 50 Most Sustainable Companies' Cross Industry and among 'India's Top 3 Most Sustainable Companies in Infrastructure & Engineering Sector' by BW Businessworld. It has also been felicitated and recognised for its Customer Engagement, Safety, Sustainability Focus, Financial Reporting, CSR and Corporate Sustainability by leading awards and industry forums.

A. Circular Economy

We utilise Waste Derived Resources (WDR) like fly ash and slag from the power and steel industries in the cement manufacturing process as a replacement for clinker in the cement. During the reporting period, we

87.6 MW
WHRS capacity
by 2024

13.1 MT
Waste Derived
Resources Consumed

~43%
Green Power
(Renewable+WHRS)
contribution in total power
consumption by 2024

100 MW
Solar Power generation
capacity by 2024

consumed 9.88 million tonnes (MT) of fly ash, 0.55 million tonnes (MT) of slag, 1.42 million tonnes (MT) of synthetic gypsum including Phosphogypsum, and 0.88 million tonnes (MT) of alternative fuels and raw materials.

B. Climate and Energy

We made significant progress on our climate-related goals during the January 2022-March 2023 period. We reduced specific carbon emissions to 513 kilograms/tonne of cementitious materials. Some of the levers affecting the CO₂ emissions, such as clinker factor and Thermal Substitution Rate (TSR) improved over the past year.

• Clinker Factor

We reduced the clinker factor by 0.72%, even though there was a marginal decrease in blended cement volume.

• Thermal Energy

Ambuja Cements continued its efforts to reduce thermal energy intensity, which dropped by 3.9 units. Further, our thermal energy intensity improvement projects are well on track.

- **Green Energy and Power Generation Through Waste Heat Recovery System**

To increase the share of renewables in our overall energy mix, in 2022, we invested in WHRS installations across plants located in Rajasthan, Himachal Pradesh and Chhattisgarh, with a cumulative generation capacity of 53.5 MW. Investments are in the advanced stage for producing an additional 27.5 MW in Maharashtra and Gujarat. In addition, we plan to tie up/ invest in solar energy for sourcing an additional 100 MW, taking the share of green energy to 50% of our total energy requirements.

- **Alternative Fuels and Raw Materials**

Co-processing of waste in cement manufacturing helps conserve fossil fuel and raw materials and reduces carbon footprint while saving public funds spent on waste disposal through landfilling and incineration. It also generates employment and curtails the spread of diseases caused by failure to adequately manage municipal solid waste. Our four pre-processing facilities and enhanced co-processing facilities at six plants promote efficient disposal of industrial, municipal and agricultural waste in kilns. Our waste management arm, Geoclean helps contribute to safe waste management solutions in industries and municipalities and increase the utilisation of alternative fuels in cement kilns. During the reporting period, we co-processed 0.54 million tonnes of alternative fuels, substituting 6.36% of total thermal energy.

C. Environment

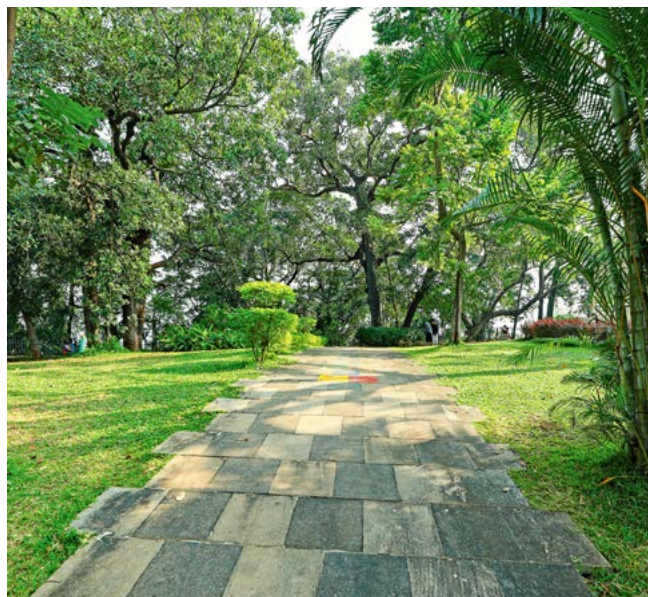
Several measures were undertaken during the year to promote water conservation and water harvesting. These included close monitoring of water consumption and withdrawal, augmenting of water harvesting structures in communities, and optimisation of processes. Specific freshwater consumption in cement operations reduced from 58 litres/tonne of cementitious material to 48.69 litres/tonne during the reporting period. We reduced specific water consumption to 86.5 litres/tonne of cementitious material from 87.7 litres/tonne in 2021. The contribution of harvested water used in cement operation was 43.8% of our total water consumption.

Biodiversity

Ambuja Cements continued with its measures towards nature conservation and biodiversity preservation. Efforts to conserve specific flora and fauna formed part of the 'B-Buzz' project. In addition, plantations were set up at many plant locations and colonies.

Emissions

Emissions are an inherent part of cement production. We have made it mandatory for all sites to measure



44.09%

of the water used in cement operations was harvested & recycled water

and manage air emissions as much as possible. During the reporting period, we worked towards improving emissions and the surrounding environment.

- **Dust Emission Control**

During the reporting period, maintenance activities were conducted through in-house and third-party teams for the upgradation of Electrostatic Precipitators (ESP) and a replacement of damaged bags, among others. This has reduced stack dust emissions in cement plants at <30 milligrams/Nm³.

- **NOx Emission Control**

We take primary and secondary measures to control NOx emissions and implemented Selective Non-Catalytic Reduction (SNCR) systems in integrated cement plants.

- **SOx Emission Control**

Given that our emission levels are within the limits prescribed by the pollution control authorities, we are not required to undertake major emission control measures for SOx emissions. We report, on a real-time basis, ambient air quality, effluents, and process emissions to regulatory authorities. We monitor the plants' stack emissions (dust, NOx, and SOx) through the Continuous Emission Monitoring System (CEMS), commissioned at most of the plants, providing information on process and emission parameters to senior management.



Water

Our dry process of cement production requires significantly less water than other processes. Further, our innovative range of products minimises the use of water in construction. Five of our plants are in water-scarce regions – compliant with all water-related regulations. We are maximising the use of recycled water treated at our effluent treatment plants as well as reverse osmosis plants. Recycled water is also used for dust suppression and gardening, along with other purposes.

Sales Volume

On a consolidated basis in January 2022-March 2023, our cement sales stood at 69.09 million tonnes (MT). Excluding Master Supply Agreement (MSA) sales, our cement volume increased ~0.5% to 67.60 million tonnes (MT) from 67.29 million tonnes (MT) in January 2021-March 2022, aided by the structural demand drivers such as rising urbanisation, mass residential projects, and large investments in roads and infrastructure, among others. Individual home builders and ground plus three-storey (G+3) buildings in the retail segment continue to be Ambuja Cements' largest customer segment, both in terms of volume and profitability.

Market Development

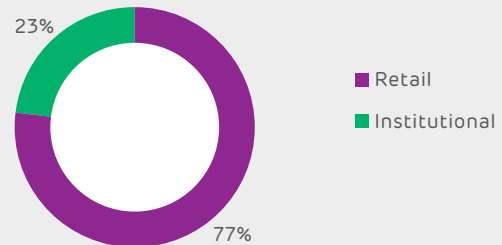
Our Sales and Marketing teams have gained a deep understanding of customers' changing preferences and requirements, enabling us to maximise capacity utilisation through a better product mix and driving efficiency in the supply chain by reinvigorating the dealer network.

As part of our responsible growth and sustainability strategy, we have been reducing the share of Ordinary Portland Cement (OPC) in our product portfolio. At the same time, we have been taking measures, such as appointing new channel partners and enhancing wallet share per counter, to manage the dealer channel effectively as part of our growth strategy in key markets. We have also managed to maintain a strong connection with retail customers who are served by the dealer channel.

Strong Distribution Network

Ambuja Cements has a strong pan-India channel network consisting of ~12,000 dealers and ~44,000 retailers/sub-dealers, who help us cater to the country's demand for quality cement and building materials on a sustained basis and at competitive prices. This network accounted for ~77% of cement sales in the retail segment during the reporting period.

Segment-Wise Revenue (%)



Ambuja Kawach (Water Repellent Cement)

The water-repellent 'Ambuja Kawach', launched in 2020 in the premium cement category, registered healthy growth during the reporting period. The water-repellent property of the product results from minutely controlled process changes under a sustainable environment, including adjustments in the raw material dosage. Our blended cement products have received certification from the Confederation of Indian Industry (CII) – GreenPro and Solar Impulse.

Solutions and Products

We have a diversified product portfolio across cement and concrete and have created new building material categories, such as Ambuja Cool Walls and PuraSand.

Some of the key initiatives taken during the reporting period:

- Introduced Ambuja Cool Walls product variant (4+ MPa Blocks) for RCC structural homes
- 5+ MPa Ambuja Cool walls recommended for load-bearing structures
- New supply points started in Paonta Sahib (Himachal Pradesh), Ujjain (Madhya Pradesh), Gwalior (Madhya Pradesh), and Panipat (Haryana)



We have achieved overall 20 Ambuja Cool Walls supply units and 4 for PuraSand in Mumbai, Delhi, and Jaipur markets.

Net Sales	66.2 Crs
EBITDA	11.19Crs
EBITDA Margin	16%

Sustainable Products

At Ambuja Cements, we innovate and develop products and solutions that promote sustainable construction at customer sites. These products and solutions have been key differentiators and helped build the brand's reputation for long-lasting and durable structures.

Ambuja Cements majorly produces blended cement, which reduces our carbon footprint by ~30% compared to Ordinary Portland Cement, as it utilises waste materials such as fly ash and slag. This enables us to preserve natural resources like limestone and consume less coal. Ambuja Cements' blended cement portfolio consists of Ambuja Plus, Ambuja Kawach, Ambuja Compocem and Ambuja Cement (PPC). These products are aligned with our sustainability goals and objective of inspiring and exploring innovative ways in promoting sustainable construction. Our blended cement are now listed in GRIHA's Green Product Catalogue. Green Rating for Integrated Habitat Assessment (GRIHA) is a National Green rating system of India conceived by The Energy & Resources Institute (TERI) and developed jointly with the Ministry of New and Renewable Energy, Government of India. The GRIHA Council has developed



the GRIHA Product Catalogue which provides all necessary information on Green Building Products available in the country to Green Building Designers, Architects, Engineers, and clients which can be used to make GRIHA-compliant green buildings.

Our green product, Ambuja Kawach was recognised as the 'Best use of Innovation to Enhance Customer Experience' under the Customer Experience category in the Customer Fest Show 2022 held in Mumbai.

Customer Engagement and Relationship

Building a strong and durable house is the dream of every Indian individual. An Individual House Builder (IHB) invests the biggest share of their wealth to fulfil this dream. We continue to focus on playing a big role in an IHB's construction journey and helping them build a strong home. We assist IHBs by addressing their unmet needs related to the right quality material, the right construction method, and the right professionals (good and skilled contractors).

Further, for a hassle-free construction experience, we provide on-site sustainable construction solutions that improve construction quality and promote sustainable construction practices at customer sites.

Some of the initiatives include:

Instant Concrete Mix Proportion

It optimises the use of natural resources by minimising the use of aggregates, sand, and water in the concrete mix based on their properties. During the reporting period, an instant mix proportioning solution was improved at 24,578 customer sites which helped in making strong and durable concrete, saving ~30 million litres of water.

Modular Curing solution

Also known as Zero Water Curing solution, is developed in-house to offer effective and efficient curing of concrete slabs without using water. During the year,



the Modular Curing solution was provided at 3,283 sites, saving ~39 million litres of water.

Slab Supervision

Our team of technical experts provided technical guidance and supervision for slab casting at 31,698 customer sites.

Rainwater Harvesting Guidance and Solution

Our team is also creating awareness about Rainwater Harvesting Solutions and providing technical guidance to implement rainwater harvesting structures at customer sites. This solution makes our customers self-sufficient for their water demand. RWH guidance and solutions were provided at 106 sites, saving ~9 million litres of water.



Influencer Engagement and Relationship

Ambuja Knowledge Centre

For the Architecture and Engineering community, we have developed a sustainable knowledge-sharing platform called the Ambuja Knowledge Centre. We have 18 Ambuja Knowledge Centres (AKCs) that serve as knowledge-sharing and technology transfer platforms for professionals in the construction industry. We utilise our AKC platform to promote and educate about sustainable construction, as well as the use of advanced construction materials and techniques. Around 15,500+ professionals were covered under various knowledge-sharing activities through the AKC platform, both in physical and virtual modes.

Concrete Talk at BAPS Event, Ahmedabad

We have associated with and participated in Pramukh Swami Maharaj Centenary Celebrations, a BAPS Event on the eve of the 100th Birth Anniversary of Pujya Pramukh Swami Maharaj in Ahmedabad. GICEA and BAPS organised a one-day seminar for civil engineers and audience comprising 500+ professionals.



International Conference by ICI, Nagpur

The Indian Concrete Institute (ICI), Nagpur, arranged a two-day international conference on 'Infrastructure Development Scenario'. We participated in this event as Platinum sponsors and presented our AKC initiatives. We displayed our AKC Lab, VAS, Alccofine and other offerings. We nominated 10 practising field engineers as delegates.

A contractor plays an important role in an IHB's construction journey as they are responsible for executing the work. IHBs rely heavily on contractors, and without their engagement, it is impossible to influence construction quality or customer choice. A large section of the Indian contractors lacks technical/academic qualifications and most of them upgrade themselves from mason/helper. Aiming to empower, engage and fulfil the unmet needs of contractors, we launched a differentiated long-term loyalty programme known as Ambuja Abhimaan in January

5,000+

Contractors benefitted through 'Darpan'



2020. This programme takes a holistic approach, offering transactional and transformational values that go beyond establishing long-term relationships. It encourages contractors to choose the right and sustainable products and adopt sustainable construction practices to build strong and durable homes. Currently, about 1.20 lakh contractors across India are enrolled in this programme. Since its inception, we have continuously added innovative and unique offerings that set us apart in the industry.

Family Medclaim Benefit

Contractors and their spouses enrolled in Abhimaan in the Gold and Platinum categories are covered under three types of insurance – accidental, accidental Medclaim, and Medclaim. We distributed digital Medclaim health insurance cards to eligible contractors through an online e-card Bank.

Knowledge and Skill Building

To upgrade contractor skillset, we have developed various in-house applicator training programmes on promoting the right and sustainable construction practices. Annually, we cover 5,000+ masons and contractors. These programmes include different modules like project management, repair and waterproofing, steel estimation and detailing, earthquake-resisting structure, estimation and costing, rainwater harvesting, advanced wall solution, etc.

Business Aid Mobile App

We offer a unique Business aid mobile app known as 'Darpan' for Abhimaan contractors to help them manage their daily work; 5,000+ contractors benefitted by using various features of this app.

Talent Hunt Programme

To enhance engagement levels and recognise and reward hidden talent among our contractors and their families, we launched a musical talent hunt programme, 'Ambuja Abhimaan Ke Sangeet Kalakaar'. This unique concept brought together stakeholders from across India and provided a platform to showcase their talent.



This helped strengthen our bond with this important stakeholder. We received an overwhelming response from the participants. We empanelled renowned jury members for a fair evaluation of their performances. The top fifty-five participants were selected for the semi-finals, and the top twelve contestants advanced to the national final. The finalists showcased their talent in a grand online finale, where the winners were duly rewarded and recognised for their exceptional performances.

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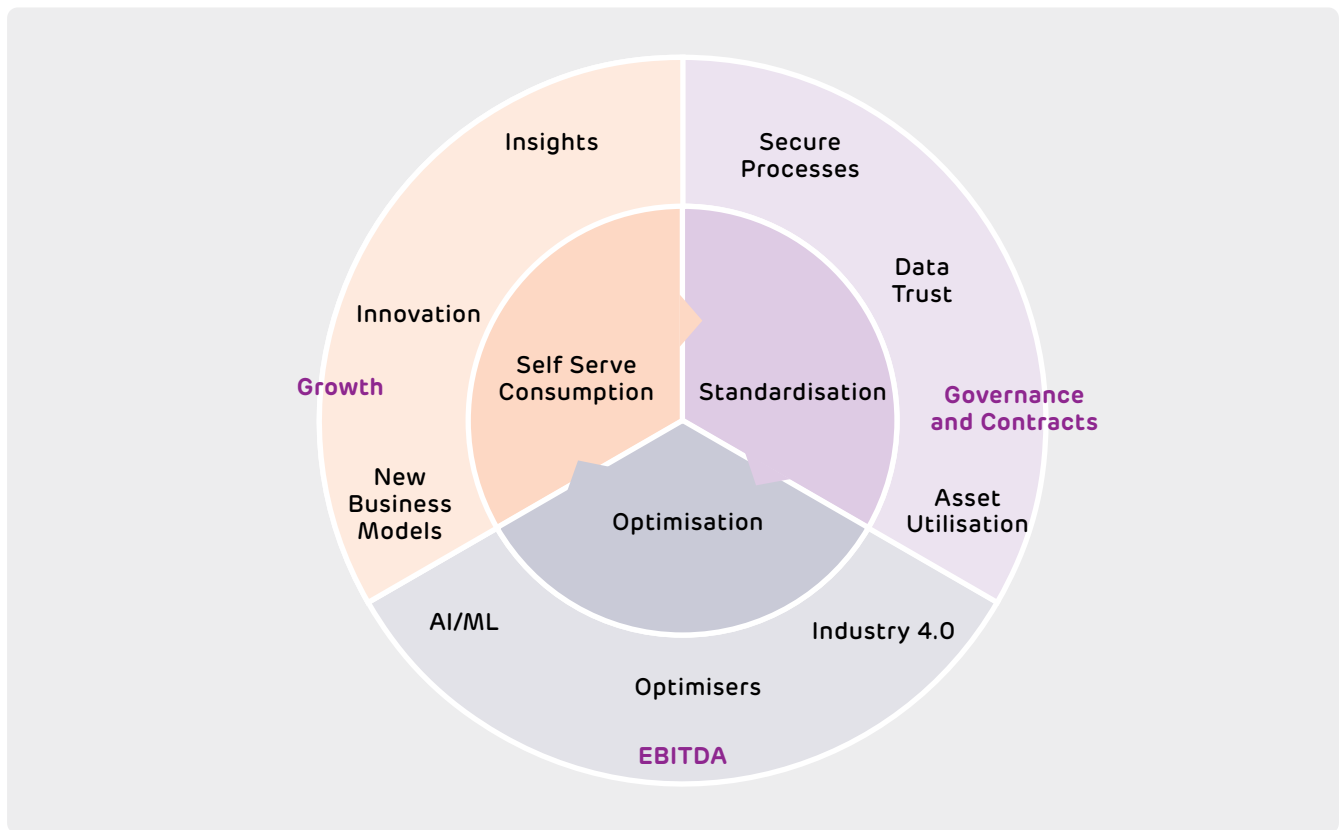
members participated in Ambuja Abhimaan Ke Sangeet Kalakaar



Creating Bonds that Sustain

At Ambuja, we ensure regular communication and collaboration with our stakeholders. We share essential updates and valuable insights through our newsletter, Sambandh. This publication, available in six regional languages, highlights the achievements of Ambuja's channel partners across India. Additionally, we published Bandhan, a contractor newsletter, in ten regional languages, which aims to engage with the contractor community by sharing inspiring stories and construction tips. These communication initiatives strengthen Ambuja's relationship with the stakeholders and keep them well-informed.





Digitalisation and Innovation

At Ambuja Cements, we firmly believe that digitalisation is a key driver of sustainable business growth. Over the past few years, we have continuously embraced digital technologies across our core business processes including sales, logistics, materials management, manufacturing, control systems and technology operations.

Our well-defined digital transformation strategy aims at streamlining business processes and optimising resources to achieve sustainable business growth while complying with regulatory requirements.

Our marquee digital initiatives include:

Cyber Risk Management – We have 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 x7 Cyber Defence Centre. Our Security Operations Centre (SOC) has best-in-class cyber security solutions covering Brand Protection, End Point Security, Cloud workload protection, Perimeter security, Multi-Factor Authentication, Data Protection & Encryption, Application Security, Security Information and Event Management (SIEM) for OT & IT system monitoring and Cyber Incident Management.

Cloud-First Strategy – We have adopted a cloud-first policy and all our 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 a timeframe of just 4 months. At Ambuja Cements, a comprehensive Digital Command & Control centre is being set up. This centre will provide end-to-end visibility into our business processes and systems. This will also enable a real-time view of the production, demand, sales, and logistics under one umbrella. This initiative is part of our long-term digital strategy, aiming to enable remote 'exception-based interventions' in decision-making, leveraging real-time market scenarios.

Advanced Mobile Platform – We have a comprehensive mobile application platform and multiple applications have been launched to boost sales and marketing. These mobile applications help our dealers, warehouse operators and customers track their orders and shipments in real-time.

AI/ML for Predictive Analysis – We have adopted Artificial Intelligence (AI) and Machine Learning (ML)-based tools to predict demand, optimise production and control distribution. Diligent use of AI and ML-based logistics platforms has given us a competitive advantage.

Consolidated Cement Business – Performance

Particulars	2022-23	2021
Sales Volume (MI)	69.09	54.19
Net Revenue *(crore)	38,937	28,965
EBITDA (crore)	5,860	6,563
EBITDA Margin (%)	15.1	22.7

*Includes sales to RMX

Previous year data is not comparable.

Significant improvements in Key Financial Ratios (Standalone)

Ratios	2022-23	2021
EBITDA Margin (%)	20.9	25.0
Net Profit Margin (%)	12.8	14.9
Return on Net Worth (%)	8.1	9.8
Net Worth (crore)	28,506	22,205
Net Debt Equity Ratio	NA	NA
Debtors Turnover (Times)	36.8	56.8
Inventory Turnover (Times)	5.1	4.9
Debt service coverage ratio (Times)	59.9	81.9

Debtor's Turnover days has decreased due to better working capital management.

Costs

During January 2022-March 2023, we implemented various cost management strategies.

• Cost of Materials Consumed

During the reporting period, raw materials costs increased by 5% per tonne of cement vis-à-vis 2021. The major contributor to this increase was the cost of slag (higher by 48%) and gypsum (by 2%). The impact was offset by reducing the clinker factor (down 0.7%). However, for fly ash, the landed cost was lower by 2% compared to that of the previous year owing to the utilisation of wet/conditioned fly ash. Increased utilisation of wet fly ash can be attributed to the installation of fly ash dryers at our various manufacturing units.





Power and Fuel

Power and fuel costs witnessed a significant increase of 55% during the reporting period compared to the previous year, primarily driven by external market dynamics. Kiln fuel cost increased by 50% while Captive Power Plant (CPP) fuel cost increased by 67%. We focused on reducing the cost of power and fuel by using coal from our mines and maximising domestic coal utilisation, reducing our dependence on international coal. Also, pet coke and Alternative Fuels (AFs) were utilised to cater to the remaining process requirements.

We are optimising the power mix by enhancing the use of renewable power including Waste Heat Recovery System (WHRS), solar and wind. We used power produced by solar plants in Chhattisgarh, Rajasthan, and Uttar Pradesh, aggregating to more than 65 MW.

During the reporting period, we successfully installed WHRS in our plants in Rajasthan, Himachal Pradesh, and Chhattisgarh, with a combined power generation capacity of 53.5 MW. Our plants like Bhatapara have already been utilising renewal energy from WHRS and solar, accounting for more than 35% of the total requirement. This reinforces our commitment to the 'Net Zero Pledge'. Going forward, we will continue to add more renewable and green energy resources to our portfolio. This includes increasing the co-processing of Alternative Fuels and Raw Materials (AFRs).

Freight and Forwarding Expenses

Various cost-improvement measures were undertaken during the reporting period to reduce logistics costs. Our freight and forwarding expenses remained flat despite an increase of ~4% in diesel prices. Initiatives to improve efficiency, reduce wasteful expenditure, improve direct dispatches, rationalisation of warehouse footprint through consolidation of Ambuja Cements and ACC warehouses, C&F rate negotiation and higher Master Supply Agreement volumes were some of the measures undertaken to achieve this. With the efficient use of technology and network optimisation tools for commercial and operational excellence, we aim to integrate our supply chain and strengthen our competitive edge.

Master Supply Agreement (MSA)

We have an MSA with our subsidiary, ACC Limited (ACC). The MSA was previously approved by the shareholders of the Company in 2021 and helped us achieve greater synergies. The MSA was further approved in March 2023 by the shareholders for one year.

During January 2022-March 2023, we sold 40.88 lakh tonnes to ACC under the MSA, thereby enhancing



volume and profitability. It also helped us: 1) achieve synergies and economies of scale; 2) bring efficiency in operational and logistics costs; 3) strengthen sustainability in terms of the use of fuel and other resources and conserving natural resources. We will continue to explore the MSA arrangement with ACC for higher revenues and profitability.

Capacity Expansion

The capex projects are planned to increase cement production by installing new cement plants and de-bottlenecking existing plants with a focus on improving efficiencies, increasing the co-processing of AFRs, and deploying WHRS across locations. We have recently announced a capacity expansion of 14 MTPA for producing blended cement with a WHRS capacity of 42 MW, provision to utilise 50% AFR and provision to operate on green power. These projects are expected to be commissioned in 24 months and the capex will be funded from internal accruals.

Discussions on Financial Performance Vis-À-Vis Operational Performance

For details on financial performance vis-à-vis operational performance, please refer to **375**.

Internal Control Systems and Their Adequacy

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

- Well-formulated policies and procedures for all major activities. These procedures facilitate effective business operations with governance.
- Well-defined delegation of power with authority limits is in place for approving revenue as well as capex expenditure at the level of organisational hierarchy. This enables ease of decision-making processes in day-to-day affairs as well as long-term and short-term business plans.
- Financial control is effectively managed through the Annual Budgeting process and its monitoring is carried out through monthly review of all operating and service functions.
- The Company has a state-of-the-art ERP system to record data for accounting, consolidation and management information purposes and connects to different locations for efficient exchange of information. It has continued its efforts to align all its processes and controls with global best practices.
- The Company has a well-established online Compliance Management System in which technology is seamlessly integrated with laws. The system provides comprehensive coverage across all laws applicable to the business and its compliance update at each of the operating units through the management dashboard.
- There is a well-established multidisciplinary Management Audit & Assurance Services (MA & AS) in the organisation, that consists of professionally qualified accountants, engineers and SAP experienced executives who carry out extensive audits throughout the year, across all functional areas and submit reports to Management and Audit Committee about the compliance with internal controls and efficiency and effectiveness of operations and key process risks.
- MA & AS follows Risk Based Annual Internal Audit Plan. The audit plan and its scope are reviewed and approved by the Audit Committee of the Board. The entire internal audit processes are web-enabled and managed online by Audit Management System (AMS).
- Internal Audit is carried out following auditing standards to review the design effectiveness of internal control systems and procedures to manage risks, operation of monitoring control, compliance with relevant policies and procedures and recommend improvement in them.



- The Audit Committee of the Board of Directors regularly reviews the execution of the Audit Plan, adequacy, and effectiveness of internal audit systems, and monitors the implementation of internal audit recommendations including those relating to strengthening of Company's risk management policies and systems.
- In terms of Governance, there are independent Committees in place for monitoring and governance over efficiency and effective internal controls:

A. Risk Management Committee

Risk Management Framework which provides a process of identifying, assessing, monitoring, reporting, and mitigating various risks at all levels at periodic intervals. Under the framework, the Company has constituted a Risk Management Committee to continuously monitor, report and mitigate various risks faced. The outcome of this process is reported to the Audit Committee and the Board of Directors quarterly.

B. Information Technology & Data Security Committee

Information technology & Data Security governance is an integral part of an overarching office-wide governance structure. The Company has a matured IT Governance process wherein the Governance Committee periodically reviews, recommends, and monitors the Company's IT priorities, projects, and major IT investments besides the effectiveness of control established for data security.

C. Legal, Regulatory and Tax Committee

To exercise oversight concerning the structure, operation, and efficacy of the Company's compliance programme and review compliance with applicable laws and regulations



Corporate Social Responsibility Initiatives

Ambuja Cements runs its community outreach initiatives through its CSR arm. Over the past three decades, we have been working to bring prosperity to communities around our plant locations. To ensure a better understanding of local nuances and efficient implementation, community initiatives are designed based on participatory rural appraisals. The focus areas under CSR are Water Resource Management, Livelihoods (agro-based and skill-based), Community Health, Women Empowerment and Quality Education. These programmes are following the Schedule VII of the Companies Act, 2013 and are in alignment with the United Nations Sustainable Development Goals.

We placed significant emphasis on water conservation and efficient use, demonstrated through a month-long campaign, 'Ambuja for Water' in March 2023. This was conducted across various communities, raising awareness of the importance of water conservation. To commemorate World Environment Day, we organised a virtual event on Water Stewardship & Sustainable Environment with key experts on the panel.

We also focused on soil health due to the alarming rate of degradation. A soil health campaign was organised to raise awareness among farmers and other stakeholders on sustainable soil management practices. A compendium was launched covering our practices on soil health.

In association with Harvard T.H. Chan School of Public Health – India Research Centre, we completed the final intervention phase of the 2-year action research project to identify high-risk people in Bathinda on Non-Communicable Diseases. The end-line data collection was initiated for the entire population of 11,000 high-risk respondents.

In collaboration with the Association of Breast Surgery, UK, the Association of Breast Surgeons in India and the Tata Cancer Care Programme, we initiated a training and awareness programme on cancer, with a special focus on breast cancer, cervical cancer and oral cancer. This programme aimed to educate healthcare professionals in Chandrapur, Maharashtra over a two-day period. Experts from the UK and India provided insights into best practices and techniques to regional oncologists, community health officers, government health officials, Sakhis and ASHA workers. Additionally, a health camp was organised, benefitting ~300 women. This allowed frontline workers to gain practical experience in the identification and treatment methods for these types of cancer.



We continue to invite more like-minded organisations to collaborate on various community initiatives to expand our community-based development models to more geographies. These partnerships helped Ambuja's CSR arm reach 56 districts of 12 states in India, helping over 3.32 million people overcome poverty.






Details on CSR expenditure mandated by the relevant laws are presented under the Annexure of the Director's Report. The CSR Policy of Ambuja Cements is available on the website.

Health and Safety (H&S)

We endeavour to spread safety consciousness across our Ambuja Family with the aim of 'Zero Harm'. We have had zero onsite and offsite fatalities during the year, demonstrating our commitment to a safer workplace. We have made safety a way of life at Ambuja, and organised a slew of safety initiatives including competency development, training, audits, inspections, surveys, We Care initiatives, Critical Control Management to prevent unwanted events, and special cross-functional teams to drive process safety etc. We believe with the right intention, everyone has the potential to be a change leader in safety practices. At Ambuja Cements, we have embraced digital transformation at our manufacturing sites. The Training Management System is a digital platform for our employees and contractors to build their capabilities and assess their competencies. One of the best digital initiatives implemented at Ambuja Cements is the 'Boots on Ground' mobile application. The application

was introduced to control the incidents at the site and increase leadership visibility on-ground. This digital initiative has been well-recognised by other cement industries in the Global Cement Concrete Association. Our strategy in 2021 was to sustain performance with a focus on frontline safety, and in 2022, we headed with the strategy of strengthening the basics and critical controls. The journey to achieve this goal was

ensured by six pillars – Onsite Safety, Safety Ownership, Systems & Processes, Control of Health Risks, Road Fatality Reduction and Environmental Excellence.

 Onsite Safety	 Safety Ownership	 Systems and Processes	 Control of Health Risks	 Road Fatality Reduction
<ul style="list-style-type: none"> • Implementation of Critical Control Management Programme • Strengthen ME operations and Crate Traffic Safety • Step up risk awareness and mitigation at packing plants (Truck and Wagon loading) • Robust implementation of structural failure assurance plan Level 1 Inspection and high-risk Action closure • Improve Job Risk Management-Field level risk assessments and Management of Change • Review H&S compliance at Minex • Improve simultaneous working in Brownfield Projects 	<ul style="list-style-type: none"> • MSE KPIs as part of individual performance appraisals • Training of Senior Leadership team on Leading with Safety • Complete >80% Training as per TNI in all Fatality Elimination Controls • Zero tolerance for non-compliance – Ensure Timely consequence Management • Review horizontal deployment of lessons learnt from last five years fatal incidents. • Close Monitoring-80G performance, CCM, PSM and We Care Dashboards 	<ul style="list-style-type: none"> • Smooth Transition to Group BoG app • Validate sustainable implementation of group audit Level 1 findings across all plants • Roll out and implement the Road Safety & Internal waste Standards • Gap assesses SSMS (Contrator Safety Management) • PTW assurance audits for all IPs, Ropar and Sankrail • Implement Machine guarding dashboard duty Integrated with maintenance requests • CCTV survey and coverage of truck yards and packing plants 	<ul style="list-style-type: none"> • Emergency Response Preparedness-Primary care-COV-ID, Injuries • Industrial Hygiene-Verification Surveys at 5 plants • Review implementation of Asbestos standard across all plant 	<ul style="list-style-type: none"> • Review controlled fleet definition is increased (VMS coverage) • >35% controlled Seat drivers trained in Incab • >95% E-passport implementation with well-embedded 10-point check List • Improved engagement with transport partners – Frequency, VMS feed, expectations on compliance to • Guidelines, consequence management • Minimum Vehicle <p>Specifications</p> <ul style="list-style-type: none"> – 100% 3-point seat belt (controlled Seat) – 100% load carriers with seat belts (no seat belt no load) – >95% SUPD and RUPD (controlled fleet)



Highlights of January 2022-March 2023



- 6 manufacturing units achieved Zero Harm
- Sustained our leading indicator reporting
- Training and competency enhancement through a Digital Training Management System; we were able to increase our efficiency with this system
- 3 levels of Health & Safety Management System Audits were conducted across all 19 manufacturing sites to ensure that the actions are timely closed and implemented
- The Critical Control Management programme was effectively implemented utilising quarterly verification for 8 identified critical high-risk areas to ensure no unwanted occupational injuries/incidents at sites

Fall from Height



Structural Collapse



Coal Mill Explosion



Contact with Hot Meal



Contact Moving machinery



Material Engulfment



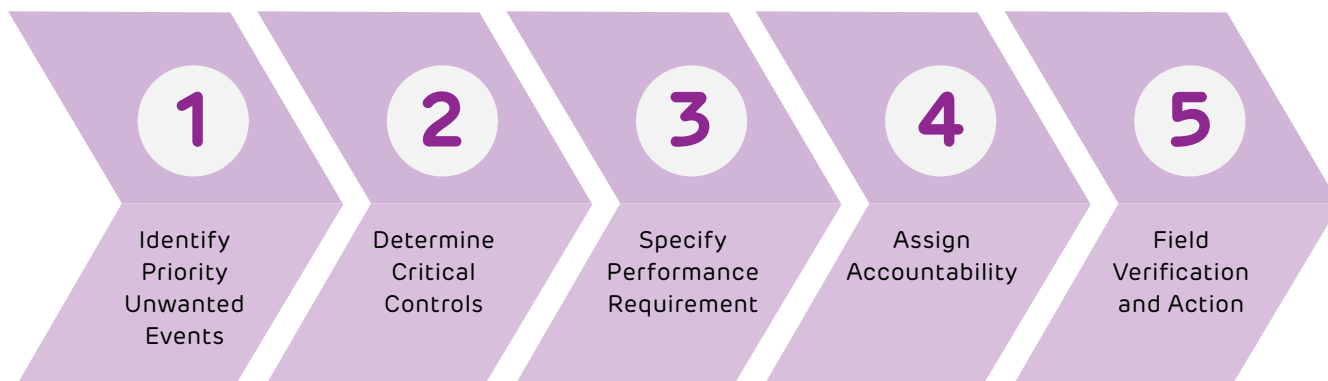
Liquid Fuel Fire



Mobile Equipment Incident



Critical Control Verification Process



We continuously strive to improve our Safety Management System and build a long-term sustainable safety culture.

Human Resources

As we integrate into the Adani Group's culture, we remain steadfast in our mission to attract and retain top talent, promote a culture of continuous learning and development, encourage high performance, maintain positive industrial relations, and ensure a safe and inclusive workplace. Our employees are our most valuable assets, and we are proud to showcase our human resource initiatives in this new chapter of our Company's history.

Focused on Learning and Development

We understand the importance of investing in employees' growth and development to ensure their success in this new chapter of our history. We have implemented several initiatives to promote a culture of continuous learning. We have expanded our training programmes, including leadership development, technical training, and cross-functional collaboration.

Our mentoring programme has helped our employees build relationships and receive valuable guidance from experienced leaders. We also encourage our employees to pursue external certifications and educational opportunities to enhance their skills and knowledge.



High Performance

Promoting high performance and excellence in all aspects of our business is essential during the integration process. We are committed to aligning our goals and objectives with those of the Adani Group to ensure a seamless integration process. Our performance management system is designed to provide regular feedback, goal setting, and performance evaluation, enabling our employees to develop and achieve their full potential in the new organisation.

We are also leveraging digital tools to facilitate performance management, such as online goal setting and progress tracking. We have also implemented a rewards and recognition programme to acknowledge outstanding performance and incentivise our employees to continue striving for excellence. By recognising and rewarding high performers, we foster engagement and create a culture of excellence.

Industrial Relations

We have established several initiatives to ensure a harmonious and productive workplace. We are committed to maintaining an open-door policy, encouraging dialogue and feedback from our employees, including those from the Adani Group. Our grievance redressal mechanism ensures that any concerns or complaints are resolved in a fair and timely manner. We also engage with our employees through various employee forums and committees to ensure that their voices are heard. By engaging with our employees and addressing their concerns we foster engagement and create a culture of collaboration and inclusivity.

Diversity and Inclusion

Through our commitment to diversity and inclusion, we have been able to build a more engaged and productive workforce while attracting and retaining top talent from diverse backgrounds.

As we integrate with the Adani Group, we remain committed to promoting diversity and inclusion throughout our organisation. By continuing to leverage data to inform our diversity and inclusion initiatives, we are confident that we will be able to build a stronger, more inclusive workforce that reflects the diversity of the communities in which we operate. This will enable us to achieve our business objectives by fostering innovation, creativity, and collaboration while improving our ability to serve our diverse customer base.

Prevention of Sexual Harassment of Women at the Workplace

Creating a safe and inclusive workplace is essential during the integration process. We have implemented a comprehensive Prevention of Sexual Harassment (POSH) policy that provides a safe and confidential reporting mechanism for any incidents of harassment. We conduct regular training and awareness programmes to educate our employees on the importance of maintaining a harassment-free workplace. We are also collaborating with the Adani Group to understand their approach to POSH and aligning our policies and procedures to ensure a consistent and effective approach across the organisation. By creating a safe and inclusive workplace, we foster engagement and create a culture of trust and respect.



Business Risks and Opportunities



Risks and Areas of Concern

We have a comprehensive framework for risk management covering strategic, operational, compliance, financial and sustainability-related risks through Business Risk Management (BRM) process.

Effective risk and crisis management are vital for planning. To bring in the best practices, our Risk Management Policy has been formally framed to identify and assess the key risk areas, monitor, and report compliance and effectiveness of the policy and procedure in line with the regulatory requirements.

A Risk Management Committee has also been constituted to oversee the risk management process.

The BRM exercise supports management in the strategic decision-making process. Therefore, it is an integral part of the management reporting cycle. We have laid down a well-defined risk management mechanism covering analysis, risk exposure, potential impact and risk mitigation.

Potential risks are identified on a 3X3 matrix (High, Medium, and Low) of severity and probability. The overall risk exposure is assessed from both top-down

and bottom-up, which is then consolidated/calibrated to get a bird's eye view.

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Based on a detailed review and considering the current and future circumstances, which may arise due to change in the management, the risks have been broadly classified into phases due to the uniqueness of risks considering:

- Transition Phase Risks
- High Growth Phase Risks

Transition Phase Risks

• Change Management

Ambuja Cements Limited is now part of the Adani Group, which is a leading diversified business conglomerate. With a change in management, there comes changes in policies and practices, which needs to be implemented and aligned and all this comes with



moderate risk, which may disrupt business, operations, and people temporarily.

The risk of change management was addressed with utmost care and expertise by the organisation and so had minimal impact on the business and operations.

• IT and Cyber Security

Today nearly every aspect of our life revolves around information technology and cyber security, therefore protecting vital information in the cyber world is not only our responsibility but a necessity to secure our business and operations more so with our ongoing transition to Adani Group. As we move towards digitisation and automation, cyber tools and utilities are sure to be further explored and exploited, which in a way is a necessity too from the growth perspective.

Effective cyber security requires protecting both our hardware and software from misuse, interference, loss, unauthorised access, modification and disclosure and we as a concerned and proactive organisation have taken all effective measures to design our control mechanism and ensure that we are cyber-secured.

High Growth Phase Risks

• Regulatory Changes

As a responsive Company, we are aware that changes in regulations are essential for the growth and protection of the environment and nature. Non-compliance to these regulations can lead to serious reputational and financial consequences while compliance too comes at a cost – cost for innovation, alternatives, transformation, upgradation, etc.

We are taking up various projects across its operations to comply with new environmental regulations related to Dust Emissions, SOx, and NOx emissions.

• Risk of Natural Resources

The cement industry is highly energy intensive and is largely dependent on natural resources like limestone, coal, minerals, etc. To ensure that there is no disruption in business and operations, there is a need to ensure a continuous supply of these materials at optimum cost and quality. However, due to reserve depletion and procurement challenges, this is becoming a challenge for the industry.

For continuous operation, there is a need to secure limestone with a minimum of ~50 years of reserve. Volatility in the price of coal is also an area of concern for the industry.

To mitigate the risk, we need to invest in the development of products that emit less CO₂. We are also exploring ways and means to reduce emissions by enhancing the share of Green Power.

• Energy Security

Energy security largely depends on the availability and cost. Risks associated with energy costs account for a significant part of the production costs of the Company. Cement production requires a high level of energy consumption, especially for the kilning and grinding processes. The principal elements of these energy costs are fuel expenses and electricity expenses (which include amongst others, costs for coal, petroleum coke, natural gas, and alternative fuels such as biomass).

Operations of the Company are therefore expected to be significantly affected by volatile energy prices, which may fluctuate due to market forces and other factors, including changes in the regulatory regime. We seek to protect ourselves against the risk of energy price inflation by diversifying fuel sources including the use of alternative fuels.

BOARD'S REPORT

TO THE MEMBERS

The Board of Directors are pleased to present your Company's 40th Annual Report on business and operations, together with the audited financial statements (consolidated as well as standalone) for the fifteen months period ended March 31, 2023 (FY 2022-23).

1. FINANCIAL PERFORMANCE 2022-2023

(₹ in Crores)

Particulars	Consolidated		Standalone	
	2022-23	2021	2022-23	2021
Revenue from Operations	38,937.03	28,965.46	19,985.43	13,979.04
Other Income	737.71	352.44	952.27	281.18
Total Income	39,674.74	29,317.90	20,937.70	14,260.22
Profit before Tax	3,729.49	5,164.47	3,055.05	2,787.90
Tax Expenses	705.11	1,453.43	501.56	704.71
Profit for the year	3,024.38	3,711.04	2,553.49	2,083.19
Attributable to				
Owners of your Company	2,583.40	2,780.38	2,553.49	2,083.19
Non-controlling Interest	440.98	930.66	-----	-----
Other Comprehensive Income/(Loss)	28.87	11.11	(2.11)	5.67
Total Comprehensive Income	3,053.25	3,722.15	2,551.38	2,088.86
Attributable to				
Owners of your Company	2,596.81	2,788.78	2,551.38	2,088.86
Non-controlling Interest	456.44	933.37	-----	-----
Opening Balance in retained earnings	6,516.20	3,925.98	3,526.28	1,635.98
Amount available for appropriations	9,113.01	6,714.76	6,077.66	3,724.84
Appropriations				
Final Dividend Paid for 2021	1,250.96	198.56	1,250.96	198.56
Closing balance in retained earnings	7,857.70	6,516.20	4,826.70	3,526.28

The performance of the current year is not comparable to that of the previous year due to change in accounting period, as current year comprises of a period of 15 months as against 12 months of the previous year.

2. CHANGE OF MANAGEMENT – ENTRY OF ADANI GROUP

During the FY 2022-23, your Company became a part of the Adani Group, as Holcim divested their entire shareholding and control in your Company by way of transfer of 100% shareholding of Holderind Investments Limited (Holderind) to Endeavour Trade and Investment Ltd., a company belonging to Adani group (Endeavour). In view of the above, Endeavour also became one of the Promoter of your Company along with Holderind.

With the change in the promoters, there was a change in the Management of your Company. Your Company also revised its Financial year from January- December to April-March to comply with the provisions of the Companies Act, 2013. Accordingly, the financial performance presented is for a period of 15 months i.e. from January 01, 2022 to March 31, 2023.

3. OVERVIEW OF COMPANY'S OPERATIONAL AND PERFORMANCE HIGHLIGHTS

- Consolidated income, comprising Revenue from Operations and other income, for the FY 2022-23 was ₹ 39,675 as against ₹ 29,318 Crore in 2021.
- Consolidated Profit before Tax for the FY 2022-23 was ₹ 3,729 Crore vis-à-vis ₹ 5,164 Crore in 2021.
- Consolidated Profit after Tax for the FY 2022-23 was ₹ 3,024 Crore compared to ₹ 3,711 Crore in 2021.
- Cement production is 67.06 Million tonnes in 2022-23 as against 52.81 Million Tonnes in 2021.
- Cement Sales Volume is 67.60 Million tonnes in FY 2022-23 as against 53.23 Million Tonnes in 2021.
- The net sales in cement is ₹ 38,398 Crore in FY 2022-23 as against ₹ 28,548 Crore in 2021.

**4. DIVIDEND**

Your Company has a robust track record of rewarding its shareholders with a generous dividend pay-out. In view of the strong operational and financial performance during the FY 2022-23 under review, the Board of Directors is pleased to recommend a dividend of 2.50 per share (125%) for the period ended March 31, 2023. This represents a pay-out ratio of 19.4%.

The Dividend payment is in accordance with your Company's Dividend Distribution Policy. In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Listing Regulations'). This policy is available on your Company's website at <https://www.ambujacement.com/Upload/PDF/8.-Dividend-distribution-policy.pdf>.

5. CAPITAL STRUCTURE OF YOUR COMPANY

Your Company's paid-up equity share capital continues to stand at ₹ 397.13 Crore as on March 31, 2023.

During the FY 2022-23, your Company has issued 477,478,249 (Forty Seven Crores Seventy Four Lakhs Seventy Eight Thousand Two Hundred Forty Nine) warrants, each convertible into, or exchangeable for, 1 (one) fully paid-up equity share of your Company of face value of ₹ 2/- each ('Warrants') at a price of ₹ 418.87 each payable in cash ('Warrants Issue Price'), aggregating upto ₹ 20,001 crore. The warrant holders have paid 25% of the warrant issue price and have options to convert the warrants within a period of 18 months i.e by April 18, 2024.

Your Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of your Company.

6. TRANSFER TO RESERVES

Your Company has not transferred any amount to the Reserves for the period ended March 31, 2023.

7. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the period under review, as stipulated under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, ("SEBI Listing Regulations") is presented in a separate section, forming part of this Annual Report.

8. CAPACITY EXPANSION AND NEW PROJECTS

Your Company's current installed capacity is 31.45 MTPA. Detailed information on capacity expansion and new projects is covered in the report on

Management Discussion and Analysis forming part of this Annual Report.

9. CREDIT RATING

As in the previous years, CRISIL, the reputed rating agency, has given the highest credit rating of AAA/ STABLE for the long-term and A1+ for the short-term financial instruments of your Company. This reaffirms the reputation and trust your Company has earned for its sound financial management and its ability to meet its financial obligations.

10. DEPOSITS

There were no outstanding deposits within the meaning of Section 73 and 74 of the Act read with rules made thereunder at the end of the FY 2022- 23 or the previous financial years. Your Company did not accept any deposit during the period under review.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of loans, guarantees and investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Financial Statements (*Refer Note No. 54*)

12. INTERNAL CONTROL SYSTEMS**12.1 Internal audit and its adequacy**

The scope and authority of the internal audit function is defined in the Internal Audit Charter. To maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee. The audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) thereof, robustness of internal processes, policies and accounting procedures, compliance with laws and regulations.

The Internal Audit function, consisting of professionally qualified accountants, engineers, Fraud Risk and Information Technology audit specialists, is adequately skilled and resourced to deliver audit assurances at highest levels.

Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

12.2 Internal Controls over Financial Reporting

Your Company's internal financial controls are commensurate with the scale and complexity of