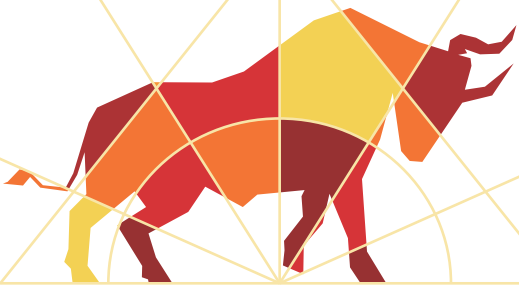
ADITYA BIRLA

UltraTech



BULLISH ON GROWTH

BUILDING A SUSTAINABLE FUTURE

SUSTAINABILITY REPORT 2015-16

BULLISH ON GROWTH

BUILDING A SUSTAINABLE FUTURE

RESPONSIBLE STEWARDSHIP

BLUECHIP PERFORMANCE

How we perform in the present, sets the foundation for growth in the future.

We remain on a relentless pursuit of Responsible Stewardship.

Our growth is measured not just through financial numbers, but also through a number of lives uplifted; not just in units of cement produced, but also through quantum of resources conserved; not just through man-hours of productivity, but also through safe man-hours of production. Excellence across the triple bottom line helps us retain industry leadership and deliver reliable growth.

Excellence across the triple bottom line helps us retain industry leadership and deliver reliable growth.

We are ahead of the curve and equipped to embrace the future as it unfolds.

We at UltraTech, actively work to keep abreast with developing trends and unfolding business scenarios.

STAKEHOLDER ENGAGEMENT

SPOTTING MEGATRENDS

Change is constant, but never before have we witnessed it at such an accelerated pace.

Trends that would earlier take decades to sprout and blossom, now storm markets in weeks.

Businesses that miss important trends, often lose leadership and face existential crisis, whereas companies that stay in step with evolving industry paradigms post impressive growth. In a nutshell, trends matter. We at UltraTech, actively work to keep abreast with developing trends and unfolding business scenarios.

FUTURE PROOFING

INTELLIGENT HEDGING

Anticipating the future is only half the battle. Developing capabilities to leverage it, is the significant other half.

At UltraTech, we strongly believe that a stitch in time keeps the business fit and fine.

We thus work meticulously to make our business risk-resilient and opportunity-ready by embedding flexibility, adaptability and innovation. A progressive strategy drives continuous investments in talent, training and technology, so that we are ahead of the curve and equipped to embrace the future as it unfolds.

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India is moving on to a higher growth trajectory and the cement sector is expected to grow around 7% in the coming year. We continue to be in an expansion mode to be future-ready so as to meet the anticipated growth in demand in the coming years. The year 2015-2016 saw us continuing and consolidating our leadership position in the cement industry in India. The year saw the commissioning of grinding units in Haryana and West Bengal, a cement bulk terminal in Pune, and a grinding unit in Bihar. Post the acquisition of the cement plants from Jaiprakash Associates, our cement capacity will be more than 90 MTPA.

Being the leader in the industry, our priority is to move towards international standards in sustainability for which we have articulated our sustainability framework. The objective of the framework is to ensure a healthy triple bottom line for the organisation, both in the short term as well as long-term.

OUR SUSTAINABILITY FRAMEWORK RESTS ON THREE STRONG PILLARS NAMELY, RESPONSIBLE STEWARDSHIP, STAKEHOLDER ENGAGEMENT AND FUTURE PROOFING.

MESSAGE FROM THE CHAIRMAN

Responsible Stewardship emphasises on how we can build a better future by performing responsibly on various sustainability aspects today.

At UltraTech, we have been mapping our GHG inventory and are implementing variety of initiatives to reduce our carbon emissions. We have added 26 MW of waste heat recovery systems which has resulted in a total capacity of 59 MW. We have utilised around 1.3 Lac Mt of alternative waste in our cement kilns leading to a total fuel saving of about 2%.

Stakeholder Engagement process enables us to capture a broader, forward-looking perspective, through interactions with various stakeholders. In the fast-evolving macro environment where the scope, scale, and speed of predicting megatrends has completely changed, it is imperative to spot the trends that will most likely affect our businesses in the future and how are they likely to change.

Future Proofing our businesses is the prime focal point in UltraTech's sustainability strategy. Analysing the potential challenges of 2030 and 2050, and accordingly charting out solutions to combat risks as well as harness emerging opportunities, forms the cornerstone of our sustainability roadmap.

Whether it is a supply chain challenge, a climate change scenario, or evolving customer needs, we are equipped with mitigation strategies and proactive business plans to march confidently into the future.

We are bullish about the future as we keep envisioning and executing steps to create a more beautiful and sustainable world.

Kumar Mangalam Birla
Chairman
UltraTech Cement Limited

The Sustainability Vision of Aditya Birla Group is to become the leading Indian conglomerate for sustainable business practices across its global operations.

UltraTech Cement is committed to align its business strategy with the Aditya Birla Group's sustainability vision. We continuously strive to improve our performance on the three pillars of sustainable development: economic, environmental and social.

WE PARTNER WITH OUR STAKEHOLDERS TO CREATE A BEAUTIFUL WORLD BY BUILDING A ROBUST PHYSICAL INFRASTRUCTURE, BECOMING ENVIRONMENT-FRIENDLY AND ENABLING AN INCLUSIVE SOCIETY.

UltraTech achieved a turnover of ₹238.4 billion, and EBITDA of ₹48.51 billion, a rise of 5% over the previous year.

Delivering value to all our stakeholders remains our core focus. UltraTech is strategically focussing on the development of products and services that help customers build sustainable structures which are more durable, more resource-efficient, more cost-effective and more conducive to human lifestyle. We partner with our stakeholders to create a beautiful world by building a robust physical infrastructure, becoming environment-friendly and enabling an inclusive society.

UltraTech continues its focus on key environmental issues, which will help us remain sustainable in the long term. We are working on constantly reducing our carbon footprint by replacing traditional fuels with alternative fuels, improving the energy efficiency of our products, using clinker additives, and implementing waste heat recovery systems. This will eventually result in reducing the carbon footprint of our products. The substitution of fossil fuels and natural raw materials by waste materials has helped us reduce our natural resource consumption and also prevent discharge of hazardous substances into the environment. This year over 670 TJ of energy was recovered through waste heat recovery systems. We generated more than 4 million units of renewable energy and created a green belt of four million trees as part of our commitment towards creating a sustainable business.

Water remains an important aspect for us. We have introduced a 3R approach i.e. reduce, reuse and recycle.

MESSAGE FROM THE MANAGING DIRECTOR

Water management plan is being implemented at all our sites. This year 49% of our water requirement was met through rainwater harvesting while around 13% of water which we consumed was recycled and reused.

ULTRATECH IS TOUCHING THE LIVES OF MORE THAN 1.3 MILLION BENEFICIARIES THROUGH ITS CSR ACTIVITIES

We have set a target to reduce our CO_2 intensity by 25% by FY 2021, as compared to FY 2005-06. We are one of the best in the industry in terms of specific thermal energy consumption at 714 kcal per kg of clinker.

The installation of 2.6 MW solar power and 1.13 MW of wind power, coupled with our captive thermal power plants, will enable us to meet most of our power requirement through internal means. This would help reduce our dependence on external sources for power.

We have a responsibility towards our employees and communities around us as our partners in growth. We have committed strong investments in our people as we have done in technology and processes.

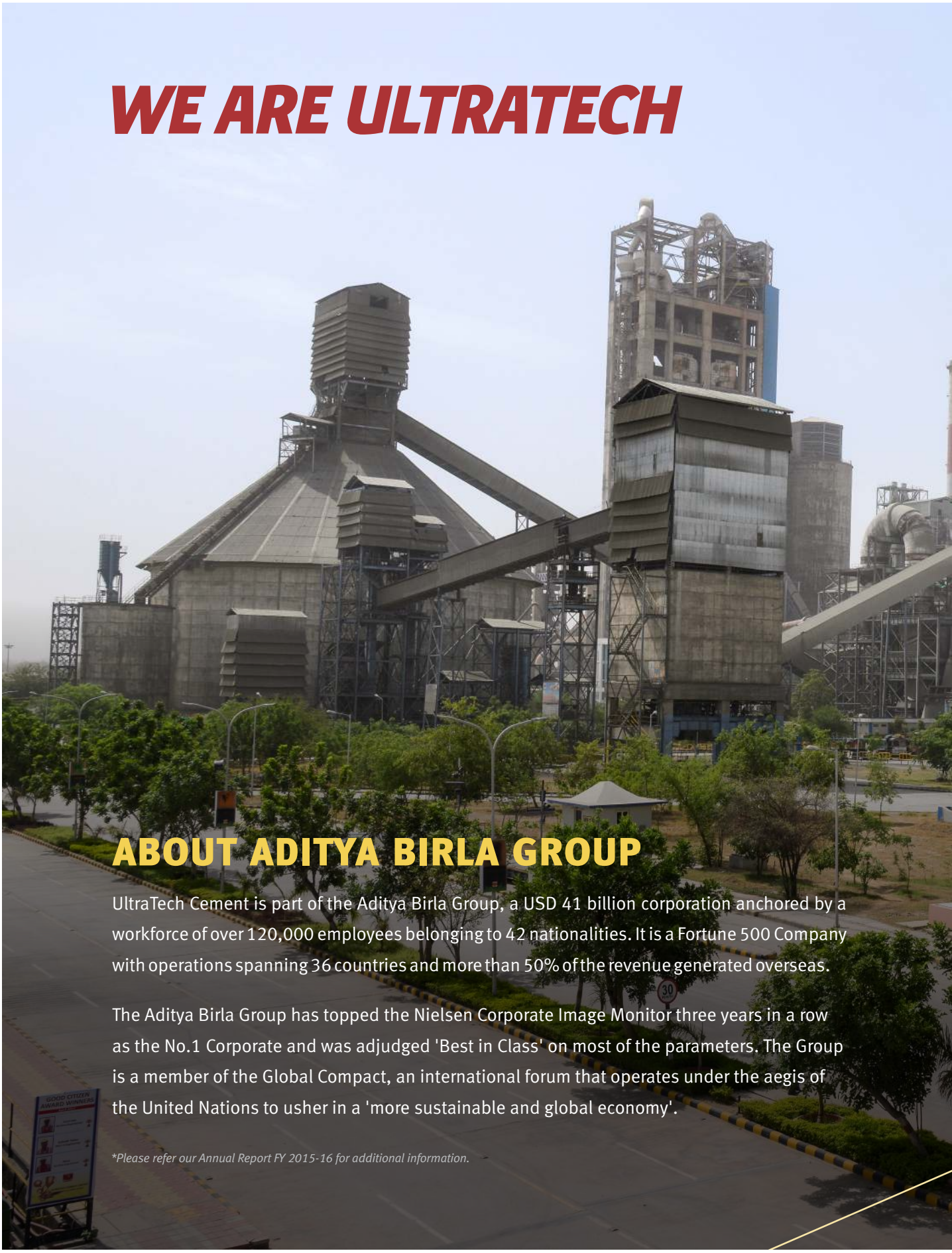
At UltraTech, we have embedded safety as an integral part of our culture, and we strive to provide a safer working environment.

We work closely with the government on rural infrastructure schemes like the Pradhan Mantri Gram Sadak Yojana, Swachh Bharat Abhiyan and Indira Awaas Yojana. Of the 407 villages that we work in, we have selected 54 to be transformed into model villages. These villages will be self-reliant in education, healthcare, infrastructure, agriculture, watershed management and sustainable livelihood. UltraTech is touching the lives of more than 1.3 million beneficiaries across these villages. UltraTech teams empower nearly eight thousand households, both financially and socially, through 840 self help groups.

It gives me great pleasure to present our FY 2015-16 sustainability report. It not only elaborates on the progress we have made across key sustainability parameters but also highlights the innovations and best practices we have implemented which will help UltraTech Cement remain ahead of the business curve.

K. K. Maheshwari
Managing Director
UltraTech Cement Limited

WE ARE ULTRATECH

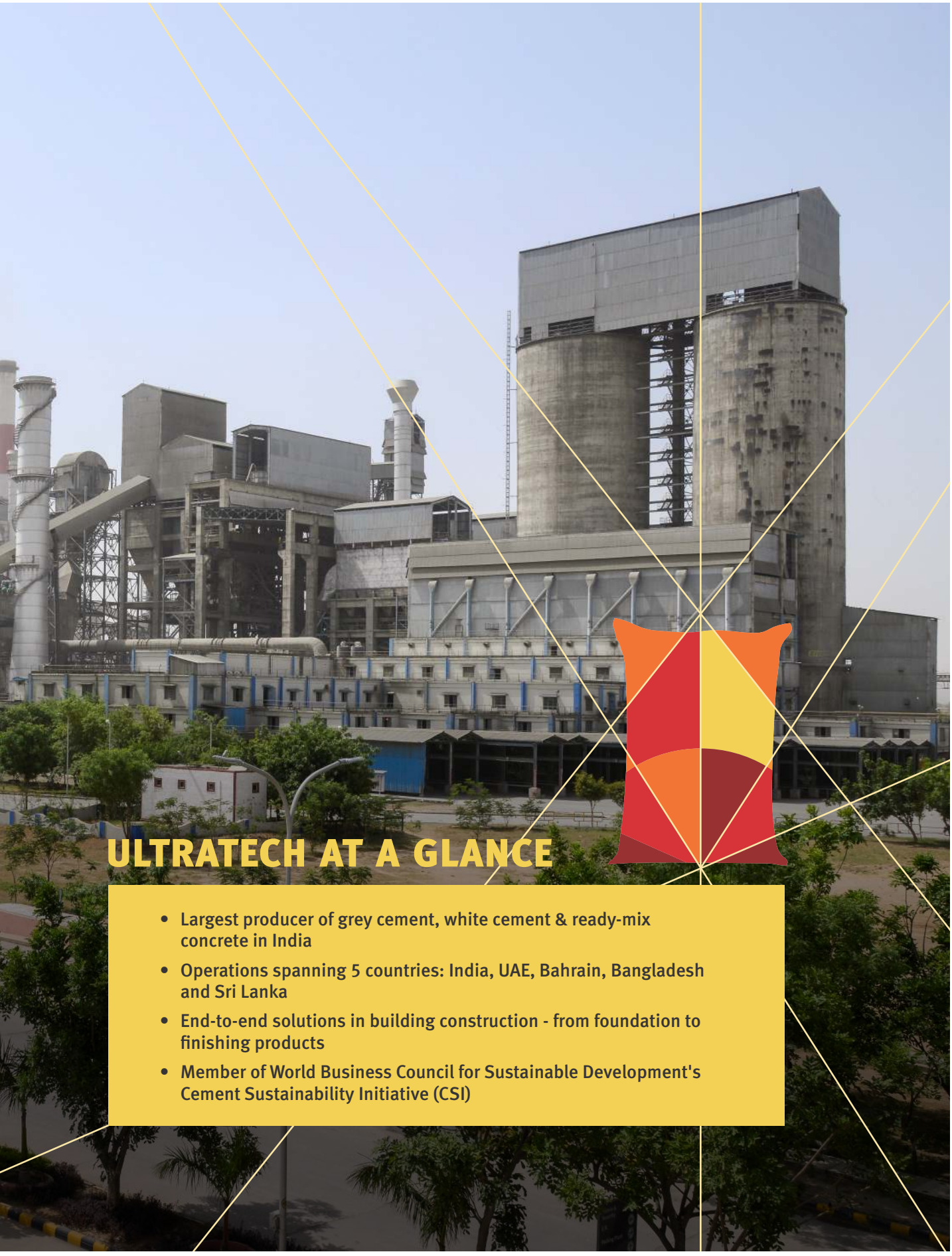


ABOUT ADITYA BIRLA GROUP

UltraTech Cement is part of the Aditya Birla Group, a USD 41 billion corporation anchored by a workforce of over 120,000 employees belonging to 42 nationalities. It is a Fortune 500 Company with operations spanning 36 countries and more than 50% of the revenue generated overseas.

The Aditya Birla Group has topped the Nielsen Corporate Image Monitor three years in a row as the No.1 Corporate and was adjudged 'Best in Class' on most of the parameters. The Group is a member of the Global Compact, an international forum that operates under the aegis of the United Nations to usher in a 'more sustainable and global economy'.

**Please refer our Annual Report FY 2015-16 for additional information.*



ULTRATECH AT A GLANCE

- Largest producer of grey cement, white cement & ready-mix concrete in India
- Operations spanning 5 countries: India, UAE, Bahrain, Bangladesh and Sri Lanka
- End-to-end solutions in building construction - from foundation to finishing products
- Member of World Business Council for Sustainable Development's Cement Sustainability Initiative (CSI)

PHYSICAL FOOTPRINT

- 12 Integrated Plants
- 1 White Cement Plant
- 2 Wall Care Putty Plants
- 1 Clinkerisation Unit
- 19 Grinding Units
- 7 Bulk Terminals
- 5 Jetties
- 100+ RMC Plants
- 1,000+ Retail Format Stores

OUR SUBSIDIARIES

- Dakshin Cements Limited
- Harish Cements Limited
- UltraTech Cement SA (PTY)
- Gotan Limestone Khanij Udyog Private Limited
- Bhagwati Limestone Company Private Limited
- UltraTech Cement Lanka Private Limited
- UltraTech Cement Middle East Investments Limited
- PT UltraTech Mining Indonesia
- PT UltraTech Investments Indonesia

PRODUCTS

Durability and consistency strengthen UltraTech's position as the market leader in the Cement industry. We strategically focus on the development of products and services which are more resource-efficient, more cost-effective and more conducive to human lifestyle. Our product portfolio caters to all aspects of construction, from foundation to finish.

ULTRATECH CEMENT

Ordinary Portland Cement, Portland Blast Furnace Slag Cement, Portland Pozzolana Cement, Cement complying with European and Sri Lankan standard specifications

BIRLA WHITE

White cement, Wallcare putty and white cement based products

ULTRATECH CONCRETE

Ready mix concrete and a range of specialty concretes with specific functional properties

ULTRATECH BUILDING PRODUCTS

AAC blocks, waterproofing solutions, grouting solutions and plastering solutions

The total capitalisation for UltraTech is judiciously funded by debt as well as equity. For additional information, please refer to Page 19, 76 and 77 of our Annual Report FY 2015-16.

SERVICES

ULTRATECH BUILDING SOLUTIONS

Home building solutions right from planning to completion with over 1000+ retail stores catering to customers.

UltraTech Building Solutions

KEY ACCOUNT MANAGEMENT

The Key Account Cell formed in FY 2002 is a first for the industry, with a focus on developing successful B2B relationships with leading players in the highly competitive construction industry for sustainable growth.

TECHNICAL SERVICES

Technical assistance and services for architects, engineers, masons, contractors and home builders.

We are not restricted by industry sectors or type of customers while providing products and services. For additional information, please refer to Page 30 of our Annual Report FY 2015-16.

ACCOLADES

At UltraTech 'Customer Delight' has always been the foremost indicator of performance excellence. Our commitment towards quality and consistent pursuit of distinction has brought us recognition and accolades. Listed here are a select few

- Greentech Environmental & CSR Award
- IMC Ramkrishna Bajaj National Quality Award for Performance Excellence
- Golden Peacock HR Excellence Award
- India Sustainability Leadership Award to Vikram Cement Works in the category of Community Project of the Year (Water) conferred by World CSR Day for Integrated Watershed Management Project
- IICA NGO BOX CSR Awards for Birla White and Vikram Cement
- FICCI Water Award for Jafrabad Cement
- Adjudged 'SUPERBRAND' by the Superbrands Council and 'POWERBRAND' by Powerbrands India – both are consumer validated awards
- Most Valuable Brand & Most Admired Brand by WCRC (World Consulting Research Corporation)

SUSTAINABILITY TARGETS & PROGRESS

ENVIRONMENT

GOAL	PROGRESS
ENERGY EFFICIENCY	
Implement Waste Heat Recovery (WHR) Systems at Integrated Plants for Grey Cement TARGET YEAR 2015-16	During the year, we implemented 26 MW of WHRS capacity at different locations. Total installed WHRS capacity stands at 59 MW.
CLIMATE PROTECTION	
Implement on-line monitoring of SOx and NOx in all kiln stacks TARGET YEAR 2015-16	A continuous on-line monitoring system has been implemented in all the 26 kilns of UltraTech.
Reduction in CO_2 emission intensity @ 0.5% annually up to FY 2015-16 with baseline year as 2009-10 resulting in the reduction of 2.96% over 6 years TARGET YEAR 2015-16	During the reporting period, our CO_2 emission intensity decreased by 1.59% compared to last year. This decrease is due to decrease in the clinker to cement ratio. Overall we have achieved a reduction of 0.6% from FY 2009-10 levels. The expected reduction could not be met mainly due to the acquisition of new plants such as Star Cements and Sewagram Cement Works.
Set new target for reducing CO_2 emission per tonne of cementitious product.	**Reduce CO_2 emission intensity by 25% from 2005-06 level**** TARGET YEAR 2020-21
Introduce low NOx burners in new projects TARGET YEAR CONTINUOUS	During the year, low NOx burners have been installed in Gujarat Cement Works – Line 1 and 2 and at Jafrabad Cement Works.

*** These target are calculated on the basis of expected production and demand in 2021*

EMPLOYEE HEALTH & SAFETY

GOAL	PROGRESS
WORK SAFETY	
Reduce Lost Time Injury Frequency Rate (LTIFR) to 0.55 and achieve a 10% year on year improvement on the target TARGET FOR YEAR 2015-16 - 0.45	We have achieved LTIFR of 0.37 during the reporting period.
LTIFR to be less than 0.5 TARGET YEAR 2020-21	New target set for reducing the LTIFR.

OUR APPROACH TO REPORTING

This sustainability report is a testament to our commitment to the triple bottom line approach towards growth. For our various stakeholders, it showcases the efforts and initiatives we undertook to create a better world for all of us. We follow an annual cycle of reporting. The last report was released in FY 2014-15.

REPORT BOUNDARY

This report covers our performance* for the period 1st April 2015 to 31st March 2016 and spans across operations of UltraTech Cement Limited including manufacturing locations, subsidiaries and bulk terminals in India, Sri Lanka and the Middle East.

It encompasses energy, materials and GHG data from the entire operations of UltraTech. The Ready Mix Concrete (RMC) plants operated by the Company for specific customers, within their premises on a temporary basis, have not been included. There have been no restatements of data for any of the previous year's reports.

**The economic indicators presented in the report are based on the data that forms a part of UltraTech's Annual Report.*

INDEPENDENT ASSURANCE

The veracity and credibility of this report is assured by KPMG, our external auditor, after proper due diligence.

The assurance statement can be viewed on page no. 109 of the report.

COMPLIANCE WITH GLOBAL REPORTING NORMS

This report is in accordance with Global Reporting Initiatives (GRI) G4 Core guidelines. Additionally, our disclosures are aligned with the following international and national charters and guidelines:

- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses in India, issued by the Ministry of Corporate Affairs, Government of India.**

  Suggested Framework on Business Responsibility Reports, by Securities and Exchange Board of India circular dated August 13, 2012.

- Cement Sustainability Initiative (CSI) on key performance indicators in the cement industry. For detailed index, refer page no. 111.

*** www.mca.gov.in/Ministry/pdf/voluntary_guidelines.pdf*

SUGGESTIONS & FEEDBACK

This report encompasses all aspects of our sustainability performance and has been prepared following standard benchmarks and processes. Your feedback, enquiries, suggestions or information are welcome, as they would enhance our reportage in future. You can reach us at:

sustainability.ultratech@adityabirla.com

www.ultratechcement.com

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CSI DASHBOARD

At UltraTech, we have always believed that sustainable practices make a great business sense as well. We have been a proud signatory of the Cement Sustainability Initiative (CSI), part of the World Business Council for Sustainable Development (WBCSD), since FY 2006. Along with 23 other major cement producers spread globally in more than 100 nations, who share the same belief of sustainable growth, we are a voluntary member of CSI.

CSI helps member companies develop a shared understanding of sustainable development and recommends best practices that enhance performance across wide-ranging parameters. Disclosure on the guideline parameters of CSI helps us compare our performance vis-a-vis industry benchmarks.

Being a part of the CSI has helped us gain a wider perspective and a worldwide view of cement industry's various stakeholders and their myriad needs.

KPI	2013-14		2014-15		2015-16	
Climate Protection (excludes captive power)	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
CO_2 Emissions - Gross (Million Tonnes)*	26.27	28.34	29.66	31.84	30.79	33.00
CO_2 Emissions - Net (Million Tonnes)*	26.17	28.23	29.55	31.72	30.68	32.89
Specific CO_2 Emissions - Net (kg/tonne of cementitious material)	626.88	633.54	637.98	643.52	627.37	633.3
Target Reduction for CO_2	Reduction in CO_2 emission intensity by 25% from FY 2005-06 level by FY 2020-21					
Independently verified CO_2 data	Externally verified					
Fuels & Raw Materials	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
Specific heat consumption of clinker production (MJ/tonne clinker)	3,015	3,018	2,998	3,002	2,986	2,987
Total Alternative Fuel Rate (% of thermal energy consumption)	2.1	2.2	2.00	2.20	1.60	1.60
Alternative Fuel Rate Non Biomass (% of thermal energy consumption)	1.4	1.3	1.3	1.3	1.2	1.1
Biomass Alternative Fuel Rate (% of thermal energy consumption)	0.7	0.9	0.7	0.9	0.4	0.5
Alternative Raw Materials Rate (% of total raw materials for cement production)	14.56	13.72	14.29	13.54	14.61	13.86
Clinker/Cement Ratio (%)	77	77.8	77.6	78.2	76.6	77.3

** Acquisition of new plants and increase in total production during this year contributed to increased CO_2 emission*

KPI	2013-14		2014-15		2015-16	
Health & Safety	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
Number of fatalities (directly employed)	1	1	0	0	1*	1*
Number of fatalities (indirectly employed)	3	3	0	0	3	3
Number of fatalities (involving 3rd parties)	2	2	1	1	0	0
Number of fatalities per 10,000 directly employed	1.01	0.97	0	0	0	0
Lost Time Injuries (LTIs) per million man-hours (directly employed)	0.68	0.89	0.56	0.65	0.35	0.37
Emissions Reduction	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
NOx emissions (tonnes/year)**	50,834 (18 out of 22 kilns)	54,038 (19 out of 23 kilns)	73,022.57 (23 out of 25 kilns)	76,352 (24 out of 26 kilns)	71,458	74,316
SO_2 emissions (tonnes/year)	4,022 (18 out of 22 kilns)	4,163 (19 out of 23 kilns)	3,660.1 (23 out of 25 kilns)	4,224.5 (24 out of 26 kilns)	4,509	4,814
Dust emissions (tonnes/year)	5,824	5,835	6,976.77	7,087.3	2,104	2,175
Specific NOx emissions (g/tonne clinker)	1,583	1,562	2,013.49	1,963.38	1,896.65	1,841.78
Specific SO_2 emissions (g/tonne clinker)	125	120	100.92	108.63	119.68	119.31
Specific Dust emissions (g/tonne clinker)	181	169	192.37	182.25	55.84	53.90
Target reduction for NOx	As per the regulatory compliance by the State Pollution Control					
Target reduction for SO_2						
Target reduction for Dust						
% Clinker produced with monitoring of major & minor emissions	Major emissions are provided in the next row. Minor emissions are measured only on sample basis, if hazardous wastes are used as fuel.					
% Clink produced with continuous monitoring of major emissions - Dust, NOx, SO_2	Dust 99.9%	Dust 98.9%	Dust 99.83%	Dust 99.84%	Dust 99.83%	Dust 99.84%
	NO_x, SO_2 84.7%	NO_x, SO_2 82.6%	NO_x, SO_2 94.8%	NO_x, SO_2 94.45%	NO_x, SO_2 94.8%	NO_x, SO_2 94.45%
Local Impact (plants reported)	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
% of sites with quarry rehabilitation plans in place	100% Integrated sites	92.30% Integrated sites	100% Integrated sites	92.86% Integrated sites	100% Integrated sites	92.86% Integrated sites
% of sites with community engagement plans in place	100% Integrated sites	92.30% Integrated sites	100% Integrated sites	92.86% Integrated sites	100% Integrated sites	92.86% Integrated sites
Number of active sites where biodiversity issues are addressed	12	12	13	13	13	13
No of active quarries within, containing or adjacent to areas designated for their high biodiversity value	NIL	NIL	NIL	NIL	NIL	NIL

**This is off-site related fatality*
***The values reported for NOx, SOx and dust emission are only for kiln stacks as per the CSI Guideline for emission monitoring and reporting.*

SUSTAINABILITY APPROACH

It's time to adopt a 'think big, think ahead, think systemic' approach to sustainability. It's time to question benchmarks, spot next practices, chart ambitious roadmaps, and strategically evolve on the triple bottom-line journey. It's time to move beyond the laws of the land and embrace best-of-the-world norms. It's time to evaluate FY 2016, by testing one's business readiness for the year 2050.

In the reporting year, UltraTech evolved on its sustainability journey by recording a number of milestones:

Ushering in a sustainability evolution in the process, policies and practices by

- Adopting the Group Sustainability Framework aligned to international standards
- Carrying out a structured materiality assessment
- Creating a new sustainability roadmap
- Voluntarily embracing the global benchmarks like World Business Council for Sustainable Development's Water, Sanitation and Hygiene (WASH) pledge

Going beyond 'improvement approach' and reinforcing commitment to 'complete transformation approach'

- Thinking beyond resource conservation and focussing on resource creation, viz. adding more green to the energy mix and achieving water self-sufficiency

Innovating the traditional sustainability models in UltraTech through a series of strategic and systemic interventions, with an aim to futureproof our businesses

This sustainability 2.0 approach will enable us to move to international standards, prepare for external forces that are likely to cause business disruptions, and create shared stakeholder value while working in a shrinking operating space.

SUSTAINABILITY FRAMEWORK

The Aditya Birla Group has institutionalised a sustainability framework that defines three strategic pillars which should be embraced by the Group businesses to achieve a common sustainability vision. These pillars include Responsible Stewardship, Stakeholder Engagement and Future Proofing.

Responsible Stewardship focusses on how we can be exceptionally well today by performing responsibly on all key sustainability aspects. Our ongoing pursuit is to build a framework of policies, and technical and management standards which are aligned to international standards as defined by the IFC, OECD, UNGC, ISO and OSHAS. Introducing these standards into our systems is enabling us to excel across the major triple bottom-line parameters of our operations.

Stakeholder Engagement enables us to capture a broader and more forward-looking perspective of macro scenarios through interactions with stakeholder groups. We go beyond the traditional interactions with our 'principal stakeholders', and build strong relationships with 'strategic stakeholders' who have an influential point of view on our business. We have institutionalised various thought exchange platforms with key technical experts and strategic stakeholders to gain knowledge on critical parameters such as climate change, human rights and safety. By doing so, we expect to learn the trends that will most likely affect our businesses in the future and how are they likely to change.

Future Proofing is embedding sustainability trends into our strategic business plans to minimise the risks and find new opportunities to remain ready for what the world will potentially look like in 2030 and 2050.

MATERIALITY

OUR APPROACH TO MATERIALITY ASSESSMENT

We believe material issues are those which have a direct or an indirect impact on our ability to create, preserve or deplete economic, environmental and social value for ourselves, our stakeholders and the society at large.

An assessment of materiality streamlines our sustainability process, allowing for the identification of the most relevant aspects, which aid in defining our sustainability goals and their alignment with our business aspirations. Materiality also ensures focus on aspects which stand at the intersection of the expectations of our stakeholders and our business goals.

OUR PROCESS FOR MATERIALITY ASSESSMENT

During the reporting year, we reached an important milestone in our sustainability reporting journey by transitioning to the G4 reporting guidelines by the Global Reporting Initiative (GRI). The GRI G4 framework provides us with a suitable platform to focus our strategy and reporting on the key sustainability risks and opportunities material to our business.

OUR MATERIALITY ASSESSMENT PROCESS HAS BEEN CARRIED OUT IN ACCORDANCE WITH OUR SUSTAINABILITY FRAMEWORK.

Accordingly, we carried out a detailed and structured materiality assessment to identify, prioritise, and validate aspects considering our Group sustainability framework.

While we are regularly gaining information about the expectations and priorities of our varied stakeholder groups through ongoing engagements with our business functions, our 'Strategic Stakeholder Engagement' process enables us to capture a broader, forward-looking perspective, through interactions with specialists, who may have a significant point of view on our business. This ensures a full and fair view of best practices and trends of sustainability in defining our materiality.

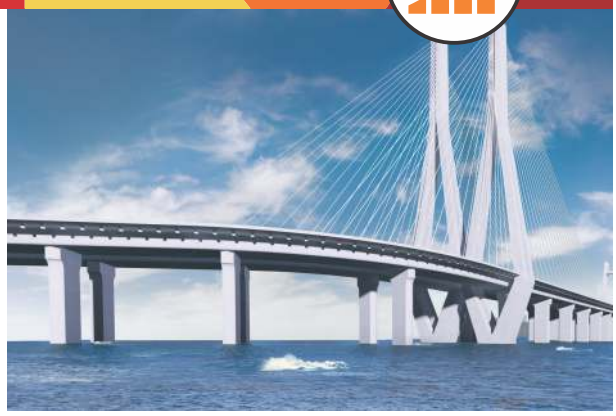
Our materiality assessment process includes the following key steps:

- **Identification and understanding of best practices to determine the common issues across the cement industry internationally**
- **Media perception and current trends**
- **The requirements and key focus areas defined by CSI**
- **The requirements and key focus areas of disclosures such as CDP and non-financial disclosures required by investor analysts**
- **Detailed discussions with mid and top level management who regularly interact with stakeholders such as government, regulatory authorities, customer groups etc.**

We identified 18 broad aspects, out of which the following eight were identified to be the most material to our business. Please find the Materiality Aspect mapping table on Page 114.

DISCLOSURE ON MANAGEMENT APPROACH

ECONOMIC PERFORMANCE



At UltraTech, we are driven by a relentless pursuit of excellence and an attitude of 'Big on Growth'. As a cement manufacturer, this attitude translates into the ability to fuel the world's fastest-growing economy and meet its huge infrastructure needs. While continuing to deliver products for many of India's prominent urban landmarks, we also work closely with the government schemes to enhance the rural infrastructure such as affordable homes, roads and schools. Our innovative products are helping improve the quality of Indian roads and overcoming the challenges faced in transporting ready mix concrete in congested areas.

Our approach to growth and profitability is rooted in the ethos of creating shared value for all our stakeholders. We strive to create an enabling environment for all our employees, put our customer needs squarely in the centre of all our research efforts and future plans, mitigate our environmental impacts and contribute to the development of our local communities.

Big on Growth means seeking gains not just from a competitive marketplace but from within as well. As we continue to invest extensively in capacity augmentation and product research, we are equally focussed on enhancing productivity and achieving process efficiency. We recognise that manufacturing the best quality at the lowest cost will be critical for our long-term sustainability, and we are making relentless efforts to this end.

Achieving process efficiencies also come with the added benefit of reducing the environmental footprint of our operations. It's important to evaluate our performance for which we continuously take feedback from our stakeholders such as shareholders, investors and lenders on our performance, and also verify our economic performance through external auditors.

WATER AVAILABILITY AND WATER USE

The declining stock of groundwater, deteriorating quality of surface water and sub-optimal water management is leading to reduced availability of water across geographies. At UltraTech, we recognise that water availability is critical for the continuity of life and business as usual. This is especially material to us since most of our cement plants are located in water-stressed regions of the country.

This poses a critical challenge to our business continuity, and we are addressing this issue through a systematic 3R water conservation approach – reduce, recycle and reuse.

We have included Cochin Bulk Terminal in this reporting period. Please refer to capacity additions section of the Annual Report FY 2015-16.

Rainwater harvesting, groundwater recharging, wastewater recycling and reducing the usage of fresh water are standard operating procedures at our manufacturing plants. We continually monitor our specific water consumption and aim to become water positive in a time-bound manner through gradual scale-up of our water conservation and mitigation efforts. As of now, 3 of our 13 integrated plants are water sufficient.

As a responsible corporate, we are of a firm view that water is a shared resource, and we are sensitive to potential impacts of water use in our plants on the neighbouring communities and the local ecosystems. To this end, we are exploring the possibilities of conducting rigorous independent studies on watershed mapping, aquifer quality and impacts of groundwater recharge in and around our plants. We also benchmark our specific water consumption internally amongst our units and also with our peers to understand the improvement areas.

CLIMATE CHANGE, ENERGY AND AIR EMISSIONS

The constraint of traditional energy sources and the ill impacts of emissions on the local environmental quality and global climate change are well-documented. Energy and emissions are therefore material to ensure environmental sustainability.

On the energy management front, our key priorities are energy efficiency, waste heat recovery (WHR) and generation of renewable energy. We have undertaken several process efficiencies, utilities optimisation and operational control measures across all stages of production and across all our plants, leading to significant energy savings. As one of the early adopters of waste heat recovery systems, we have now strategically taken a decision to install Waste Heat Recovery System in all our future plants as well as all the potential existing plants. Currently, our installed WHRS capacity stands at around 59 MW, contributing to a total of 1,869 Lac kWh energy produced during the year. We have also continued to increase the percentage share of renewable energy in our total energy mix, and are currently exploring further opportunities for purchase of green power as well as investments in solar and wind generation. We have adopted a target for reducing the specific energy consumption of our products. These initiatives have helped us gain the benefits of Perform, Achieve and Trade (PAT) and Renewable Energy Certificates (REC) schemes.

We recognise the climate impacts of our operations and have been an early adopter of the practice of measuring, managing and reporting our greenhouse gas (GHG) emissions. We annually report on our emissions performance through sustainability reports, CSI dashboard and the Climate Disclosure Project (CDP). In the reporting year, we continued with initiatives to reduce our GHG emissions through increasing the share of blended cement, multi-blended cement, enhanced fly ash and slag

WE ARE THE BEST WHEN IT COMES TO SPECIFIC THERMAL ENERGY CONSUMPTION (714 KCAL/KG OF CLINKER) COMPARED TO OUR PEERS.

(WORLD AVERAGE = 838.5, INDIA AVERAGE = 733.39).

absorption and decreasing the clinker factor in our cement. We have adopted targets for reducing our specific carbon emissions (Target Year: FY 2021). The above efforts have put us well on our way to achieve these targets and contribute to India's Intended Nationally Determined Contributions (INDC) pledge at the UNFCCC's Conference of the Parties (COP 21) in Paris. We also closely monitor our stack emissions (SOx, NOx and Particulate Matter) with the aim of managing the local ambient air quality in and around our plants. We have also formulated a roadmap for reducing our stack emissions, including setting up of targets, strategy and investments.

CSI GNR database http://wbcsdcement.org/GNR-2014/world/GNR-Indicator_93AG-world.html
CSI GNR database http://wbcsdcement.org/GNR-2014/India/GNR-Indicator_93AG-India.html

RESOURCE MANAGEMENT

Manufacturing of cement is inherently dependent on natural resources. Going forward, there will be constraints on the quantity and quality of naturally available material as well as the prospect of stringent regulations surrounding their extraction and use. It is therefore prudent for us to ensure efficient use of natural resources.

As part of our environmental responsibility, we continue to explore ways to reduce dependence on natural resources through utilisation of low-grade limestone, use of alternative sources of fuels and materials as well as the productive use of waste and also continuously measure, monitor and benchmark our consumption to identify opportunities for minimising resource consumption. We use waste materials such as chemical and marine gypsum as additives, and fly ash and slag from thermal power plants and steel plants for blending. Currently, such alternative material constitutes 13.90% of our total raw material use. There is a continued focus on devising strategies to enhance the effective lives of our mines through the two levers of process optimisation and efficiency improvement.

COMMUNITY RELATIONSHIP MANAGEMENT

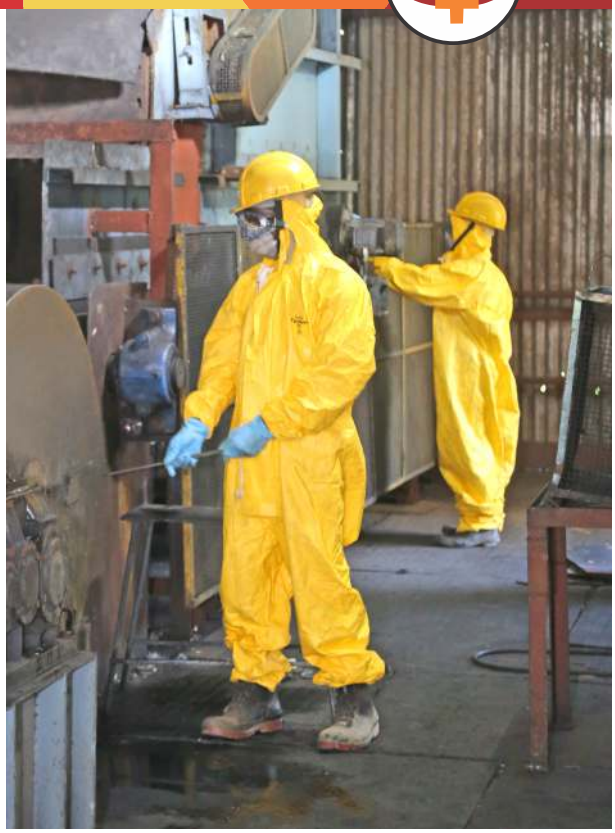
We have a long-standing history of carrying out community service, long before it became mandatory to invest in community engagement. We believe that a continuous, long-term and need-based CSR approach enhances the quality of life of the country, ensures a social license to operate, reduces the risk of community disruptions and aids in predicting and mitigating social issues. Our implementation approach is centred around two enablers: engagement and empowerment. We regularly engage with local communities to understand the impact of our operations, as well as identification & mitigation of grievances. Based on the insights, we conduct CSR initiatives to empower the communities with holistic growth opportunities. The initiatives are undertaken in focus areas such as healthcare, education, infrastructure, sustainable livelihood and social reform.

Our Corporate Social Responsibility (CSR) Vision:

**'TO ACTIVELY CONTRIBUTE TO THE SOCIAL AND ECONOMIC DEVELOPMENT OF THE COMMUNITIES IN WHICH WE OPERATE.
IN DOING SO, BUILD A BETTER, SUSTAINABLE WAY OF LIFE FOR THE WEAKER SECTIONS OF SOCIETY AND RAISE THE COUNTRY'S HUMAN DEVELOPMENTAL INDEX.'**

We work for the communities surrounding our factories and follow a partnership model, where we operate in alliance with social institutions, to ensure wider reach and long-lasting impact. These organisations include the district rural development authorities, local hospitals, healthcare institutions and district panchayat institutions. We have also established various monitoring mechanisms and continuously enhance their efficiencies. These include a periodic community needs assessment to better align our programmes with the needs of the community, and a periodic impacts assessment and social satisfaction survey to discern effectiveness. This not only strengthens the impact of our CSR programmes, but also fortifies our relationship with the community. Going forward, we aim to further strengthen and harmonise our processes to better track progress against the objectives.

OCCUPATIONAL HEALTH AND SAFETY



Safety is an indelible part of UltraTech's core values and a business imperative. We engaged DuPont, a global leader in sustainability solutions, to introduce and instil a comprehensive safety culture in our company. Our 5-year Safety Excellence Journey, initiated in FY 2009 has resulted in a marked improvement in incidents rate. While we strive hard towards embedding a culture of high safety in our units, we also have systems and processes in place to enable safer operations.

Occupational Health and Safety (OHS) impacts are identified, assessed and addressed through our integrated HSE management system, which conforms to global guidelines such as the CSI protocol, OHSAS 18001 and SA 8000. Our 29 critical standards for safety are mandatory at all our facilities. We periodically report our safety KPIs to CSI and benchmark our performance with our peers.

Our safety mission includes all our stakeholders, i.e. employees, contractors, suppliers and communities. We follow a 'zero tolerance' policy for safety breaches and conduct business with only those vendors who are approved on stringent safety parameters.

LABOUR MANAGEMENT

A structured labour management system is in place to ensure fair and proper labour management. We adhere in intent and action to the Group policy on Human Rights, in line with principles ascribed in the UN Global Compact:

- Support and respect the protection of internationally proclaimed Human Rights
- Make sure that we are not complicit in Human Rights abuses
- Elimination of all forms of forced and compulsory labour
- Uphold the freedom of association and the effective recognition of the right to collective bargaining
- Prohibition of child labour or forced labour
- Elimination of discrimination in respect of employment and occupation

WE HAVE ESTABLISHED PROCESSES FOR GRIEVANCE REDRESSAL FOR ALL OUR EMPLOYEES.

We respect an employee's freedom to opt for a union, however, we do not support any bias or discrimination towards any specific group. We also ensure that all our formal agreements with trade unions cover health and safety aspects.

EMPLOYEE WELL-BEING

Our employees are one of our core strengths, and we strive hard to provide them with a supportive environment through various structured processes.

UltraTech's 'Employee Value Proposition' is a promise we make to each of our employees with an aim to foster a better and more secure work environment. It is based on the four pillars of opportunity:

CAREER ENHANCEMENT	GROWTH & DEVELOPMENT
RECOGNITION	ENRICHED LIFE

We deliver on our EVP through five tenets:

A CULTURE OF MERITOCRACY
TRANSPARENCY AND RESPONSIVENESS
EXCELLENCE THROUGH LEARNING
CULTURAL DIVERSITY
FUN AT WORK

Our Group-wide 'One HR' strategy provides a uniform working environment and experience to all employees across units, verticals, businesses, and companies. 'One HR' envisions the Aditya Birla Group as a preferred global employer, a valuable brand, and a great place to work.

We adhere to our Group's policy on Human Rights, through which we support the principles ascribed in the UN Global Compact, and this is binding on all employees. Our comprehensive grievance management system encourages employees to proactively report on human rights violations, sexual harassment and discrimination. We benchmark ourselves with our peers and adopt some of the best practices that can be implemented for employee well-being.

RESPONSIBLE STEWARDSHIP

STAKEHOLDER ENGAGEMENT

FUTURE PROOFING

FOCUS ON HOW WE MANAGE TODAY BY BUILDING A FRAMEWORK OF POLICIES, TECHNICAL AND MANAGEMENT STANDARDS ALIGNED TO INTERNATIONAL STANDARDS

RESPONSIBLE STEWARDSHIP

BLUECHIP PERFORMANCE

How we perform in the present, sets the foundation for growth in the future. At UltraTech, we remain on a relentless pursuit of Responsible Stewardship. Our growth is measured not just through financial numbers, but also through number of lives uplifted; not just in units of cement produced, but also through quantum of resources conserved; not just through man-hours of productivity, but also through safe man-hours of production. Excellence across the triple bottom line helps us retain industry leadership and deliver reliable growth.

We wish to reach higher standards of stewardship and go beyond mere legal compliance to compliance with best-in-class global standards.

TO ENSURE SHARP FOCUS ON THE MULTIPLE VARIABLES, WE HAVE SEGMENTED RESPONSIBLE STEWARDSHIP IN SEVEN PERFORMANCE SILOS AND ARTICULATED GUIDING PRINCIPLES FOR EACH OF THEM.

ECONOMIC PERFORMANCE

Invest ahead of the industry curve and remain competitive. Expand existing operations and grow inorganically. Leverage local suppliers and labour workforce to do more, while doing better for everyone.

SAFETY PERFORMANCE

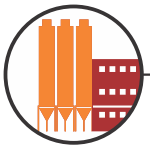
Reinforce our safety focus through a 360^{0} intervention approach. Maintain a zero-tolerance policy for safety breaches. Instil safety ownership and cascade the safety message across the organisation.

CORPORATE GOVERNANCE

Ensure the absorption of sustainability into work culture. Identify areas for improvement and implement performance enhancement measures. Track, assess and mitigates risks and facilitate sustainable growth.

PEOPLE PERFORMANCE

Build a robust leadership pipeline. Continue to maintain the sanctity of meritocracy and remain an equal opportunity employer. Enhance the diversity of UltraTech by encouraging local employment and introducing women-friendly policies.



PRODUCT PERFORMANCE

Engage with diverse stakeholders through distinct platforms. Invest extensively in research to introduce path-breaking offerings with triple bottom line advantages.

SOCIAL PERFORMANCE

Pursue a project-based approach. Erase barriers of accessibility. Act as a catalyst for community development. Raise the standard of life for the weaker sections. Raise the Human Development Index of the country.

ENVIRONMENT PERFORMANCE

Rationalise energy consumption and moderate the use of fossil fuels. Use industrial waste as alternative fuel. Accelerate water conservation. Reduce use of natural raw materials and upcycle waste sustainably. Rehabilitate exhausted mines and reclaim land.

ECONOMIC PERFORMANCE

At UltraTech, Big on Growth is an attitude. It prompts us to ask what our customers will need tomorrow and then plan for it through capacity accretion today. This attitude has seen us evolve from being a product manufacturer to a solutions provider, and from selling a commodity to providing customer delight. This attitude also helps us look beyond the minor hiccups and correction cycles in the economy today, towards a more promising and profitable future.

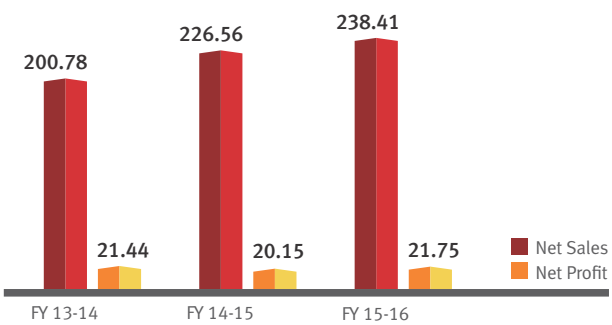
DESPITE THE GLOBAL ECONOMY REMAINING IN A LOW GROWTH TRAJECTORY, AND SUBDUED DOMESTIC MANUFACTURING AND CONSTRUCTION INDUSTRIES, ULTRATECH REPORTED A TURNOVER OF INR 238.41 BILLION.

But while growth is an ambition, ensuring growth that is sustainable for the planet and inclusive for all stakeholders, is a responsibility. Hence, our focus on harnessing alternative means of power like WHRS, solar and wind continues to remain strong.

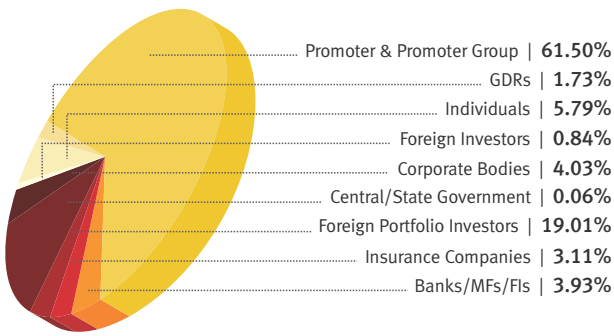
FINANCIAL DASHBOARD

SALES & PROFIT

In INR billion



SHAREHOLDING PATTERN



ECONOMIC VALUE GENERATED & DISTRIBUTED (INR)

UltraTech & Star Cement and Sri Lanka	2013-14		2014-15		2015-16	
	Value in INR billion	Value in INR per bag	Value in INR billion	Value in INR per bag	Value in INR billion	Value in INR per bag
Economic Value Generated						
Gross Value of Operations	**282.62**	**318.51**	**320.72**	**333.12**	**325.34**	**317.36**
Economic Value Distributed						
Operating Costs	159.25	179.47	177.83	184.70	184.50	179.98
Govt. Taxes including Excise / VAT / Income Tax / Other Levies	75.59	85.18	91.10	94.62	84.56	82.49
Depreciation	11.39	12.83	12.03	12.49	13.68	13.34
Employees Welfare and Community Development	11.04	12.44	13.08	13.59	14.43	14.08
Payment to Lenders	3.61	4.07	5.87	6.09	5.60	5.46
Proportionate Dividend to Shareholders	2.65	2.99	2.80	2.90	2.84	2.77
Total Economic Value Distributed	**263.53**	**296.99**	**302.70**	**314.40**	**305.62**	**298.12**
Economic Value Retained						
Retained Earnings for Reinvestment / Modernisation	**19.09**	**21.51**	**18.024**	**18.721**	**19.72**	**19.23**

ECONOMIC VALUE GENERATED & DISTRIBUTED (USD)

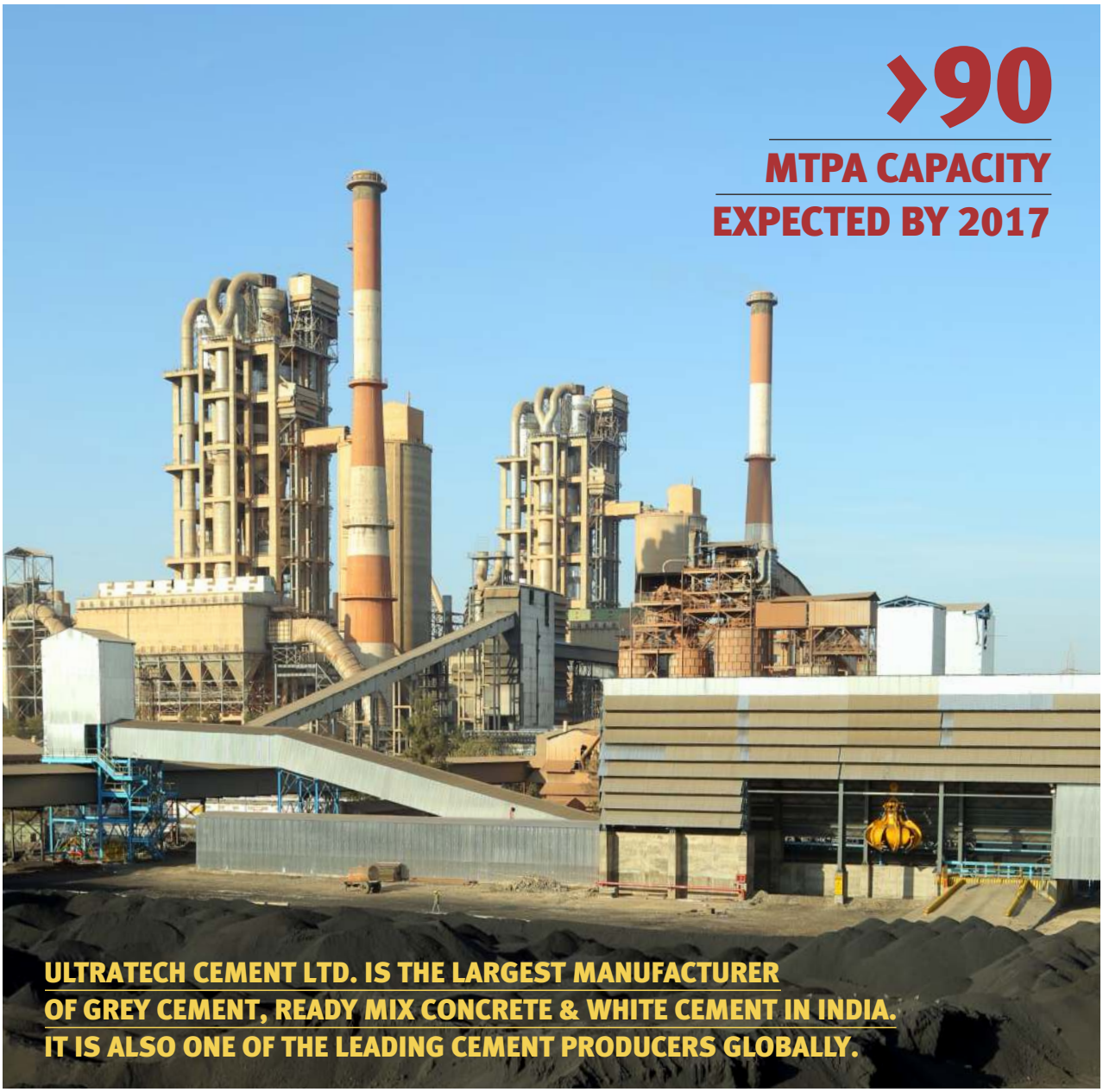
	Value in USD billion	Value in USD per bag	Value in USD billion	Value in USD per bag	Value in USD billion	Value in USD per bag
Economic Value Generated						
Gross Value of Operations	**4.73**	**5.33**	**5.13**	**5.33**	**4.92**	**4.80**
Total Economic Value Distributed	**4.41**	**4.97**	**4.84**	**5.03**	**4.62**	**4.51**
Economic Value Retained						
Retained Earnings for Reinvestment / Modernisation	**0.32**	**0.36**	**0.29**	**0.30**	**2.79**	**2.72**

Note: INR to USD conversion as on 31st March 2014: 59.75, as on 31st March 2015: 62.53 and as on 31st March 2016: 66.14

Financial Assistance Received from the Government *(In INR million)*	2013-14	2014-15	2015-16
Significant financial assistance received from the Government	**Nil**	**Nil**	**Nil**
Benefits received under state investment promotion schemes	**1,699**	**1,684**	**2,081**

CAPACITY EXPANSION

To cater to the world's fastest growing economy, we must grow faster. UltraTech has been investing ahead of the industry curve to remain competitive. We are working through two different approaches for faster growth. We are expanding our existing operations both in India and abroad, and growing inorganically through acquisition of JP Associates' cement plants. Through a combination of organic and inorganic growth, UltraTech's capacity will grow greater than 90 MTPA in coming years.



Additionally, during the reporting year, we further strengthened our capacity in response to the growing demand for building material, through the following assets and capacities:

- 4.5 MTPA cement grinding capacity; this includes greenfield cement grinding capacity at Jhajjar in Haryana and Dankuni in West Bengal, and a 1.6 MTPA cement grinding unit at Pataliputra in Bihar
- 2.0 MTPA cement packaging terminal at Pune in Maharashtra

In the cement manufacturing sector, expansion in manufacturing capacity needs to be fuelled and supported by power generation. A robust captive power supply ensures uninterrupted production.

With the addition of 26 MW waste heat recovery systems during the year, our total waste heat recovery capacity is now 59 MW. These systems are stabilising and addressing approximately 5.1% of our total power requirement.

Additionally, we have solar and wind installed capacity of 2.6 MW and 1.13 MW respectively. All this, combined with our 717 MW thermal power capacity, ensure that majority of our total power requirement gets met through internal means. All our integrated units are now power self-sufficient and are also wheeling surplus power to some grinding units.

It is important to harmonise developmental activities with the environmental concerns. Hence, we got a comprehensive Environmental Impact Assessment (EIA) done for the expansion project by an independent external agency.

FINANCIAL IMPLICATIONS OF CLIMATE CHANGE

We understand that climate change poses a credible threat to the long-term continuity of business – not just at an individual company level of UltraTech, but also at Aditya Birla Group level. Conscious of this, ABG has adopted a group-wide sustainability policy with three core pillars – Responsible Stewardship, Strategic Stakeholder Engagement and Future Proofing.

MITIGATING CLIMATE CHANGE IS A NECESSARY PRECONDITION FOR US TO FUTURE-PROOF OUR BUSINESS. HENCE, WE TAKE IT UPON OURSELVES TO ADDRESS CLIMATE CHANGE SYSTEMATICALLY THROUGH CLEAR GOALS, TARGETS AND ACHIEVEMENTS.

We have been an active member of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), since 2006. This has given us a better understanding of the environmental and climate change initiatives. We also proactively measure our carbon footprint as per Cement Sustainability Initiative's CO_2 protocol.

CDP
DRIVING SUSTAINABLE ECONOMIES

We have also been actively participating in the Carbon Disclosure Project and have been awarded a score band 'B' in FY 2016.

To view a detailed account of our environment management measures, refer pg. 11 (CSI dashboard) and pg. 43 (environment performance chapter).

LOCAL SUPPLY

Our global ambitions go hand in hand with local support and capabilities. The benefits - economic, social and environmental, of encouraging local supply cannot be understated. It is our continuing endeavour that even when we operate in some of the remotest corners of India, we leverage local suppliers and labour workforce to do more while doing better for everyone.

Purchase from locally-based suppliers	
2013-14	74.33%
2014-15	70.72%
2015-16	82.69%

CORPORATE GOVERNANCE

Responsible Stewardship is born out of value-driven and committed governance. Future Proofing is made possible by policies and decisions in the present. And Strategic Stakeholder Engagement becomes seamless and more meaningful when stakeholders trust the integrity of the organisation. So in essence, the three pillars that support our sustainability model are reinforced by our robust corporate governance practices.

GOVERNANCE STRUCTURE

Structures are integral to our business. Some, we help build; some, help build us. Our governance structure guides us with focus on the core values.

The Sustainability Committee, headed by the Managing Director, includes CXOs and Business Heads of Grey Cement, White Cement and RMC verticals.

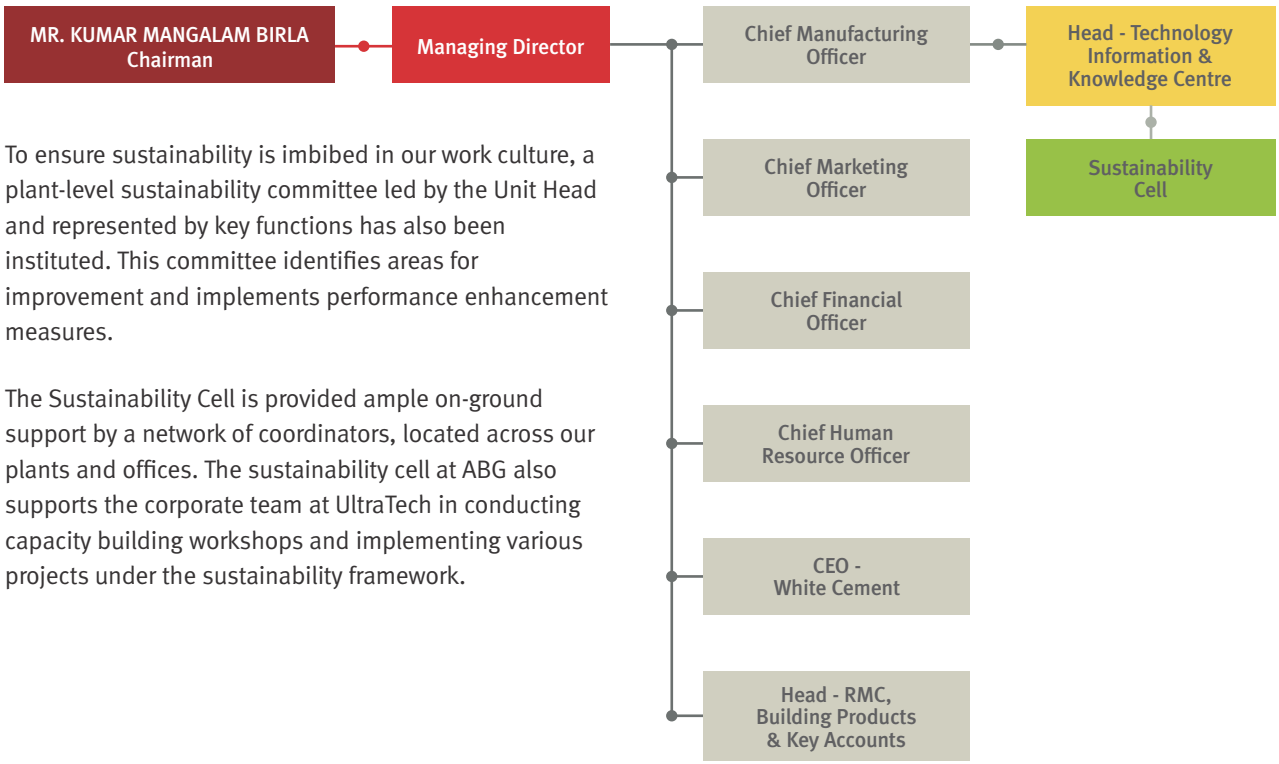
The major responsibilities of the Board are:

CORE VALUES

- Integrity
- Commitment
- Passion
- Seamlessness
- Speed

1. To drive the implementation of sustainability roadmap across business functions and verticals
2. To set targets and identify various business risks (including climate change risk) and recommend action plans

The committee meets periodically, to discuss the work done and strategise the way forward. Outcomes of the meeting are then circulated to the committee members and a brief is presented to the Managing Director.



To ensure sustainability is imbibed in our work culture, a plant-level sustainability committee led by the Unit Head and represented by key functions has also been instituted. This committee identifies areas for improvement and implements performance enhancement measures.

The Sustainability Cell is provided ample on-ground support by a network of coordinators, located across our plants and offices. The sustainability cell at ABG also supports the corporate team at UltraTech in conducting capacity building workshops and implementing various projects under the sustainability framework.

BOARD OF DIRECTORS

Our Governance system is centred around the Board of Directors. The Board is responsible for the monitoring, control and decision making with regards to the remuneration of the Directors with the approval of shareholders. It also reviews and approves corporate strategies, business plans, projects, annual budgets, capital expenditure etc. Our Board comprises 12 (Twelve) Directors, including the Managing Director and 6 (six) Independent Directors.

1	**Mr. Kumar Mangalam Birla**	Non-Executive	7	**Mrs. Sukanya Kripalu**	Independent
2	**Mrs. Rajashree Birla**	Non-Executive	8	**Mr. S. B. Mathur**	Independent
3	**Mr. Arun Adhikari**	Independent	9	**Mrs. Renuka Ramnath**	Independent
4	**Mr. R.C. Bhargava**	Independent	10	**Mr. D. D. Rathi**	Non-Executive
5	**Mr. G.M. Dave**	Independent	11	**Mr. O. P. Puranmalka***	Non-Executive
6	**Mr. Rajiv Dube**	Non-Executive	12	**Mr. K. K. Maheshwari****	Managing Director

** retired as Managing Director of the Company with effect from the close of business hours on 31st March 2016.*
*** appointed as Additional Director & Managing Director w.e.f. 1st April 2016.*

BOARD COMMITTEES

The Board Committees, headed by Independent Directors, ensure excellence through continuous supervision, rigorous review, and implementation of policies and procedures.

Audit Committee

Responsibilities

- Overseeing financial reporting process and disclosure of financial information
- Appointment, re-appointment, replacement or removal of the statutory auditor, cost auditor and fixation of audit fees
- Approval of payment to statutory auditors for any services rendered by them
- Review with management, the annual financial statements, before submission to the board for approval

Members

Mr. R.C. Bhargava | Mr. G.M. Dave | Mr. S. Rajgopal*

Mrs. Renuka Ramnath#

Permanent Invitees

Mr. D. D. Rathi (Non-Executive Director)

Mr. Atul Daga (Chief Financial Officer)

**Mr. S. Rajgopal retired from the Board and the Committee w.e.f. 28th August 2015.*

#Mrs. Renuka Ramnath was appointed as member w.e.f. 28th August 2015.

Nomination, Remuneration & Compensation Committee

Responsibilities

- Set the level and composition of remuneration of the Directors and the Senior Management and link it to performance
- Formulate appropriate policies and institute processes in order to identify potential candidates for Directorship and Senior Management
- Review and implement succession and development plans for Directors and Senior Management
- Devise a policy on Board diversity

Members

Mr. Kumar Mangalam Birla | Mr. G.M. Dave

Mr. Arun Adhikari

Stakeholder Relationship Committee

Responsibilities

- Issues relating to share and debenture holders including transfer / transmission of shares / debentures
- Issue of duplicate share / debenture certificate
- Non-receipt of dividend
- Non-receipt of annual report
- Non-receipt of share certificate after transfers
- Delay in transfer of shares
- Any other issues of shareholders

Members

Mr. R. C. Bhargava | Mr. G. M. Dave | Mr. D. D. Rathi

Finance Committee

Responsibilities

- Exercise all powers and discharge all functions relating to working capital management, foreign currency contracts and operation of bank accounts
- Authorise officers to deal in matters relating to excise, sales tax, income tax, customs and other judicial or quasi-judicial authorities

Members

Mr. R. C. Bhargava | Mr. Arun Adhikari* | Mr. D. D. Rathi

** w.e.f. 28th August 2015 upon the retirement of Mr. S. Rajgopal*

Corporate Social Responsibility Committee

Responsibilities

- To monitor and implement the Company's CSR policy
- Recommend the activities to be undertaken during the year to the Board and amount to be spent for the same

Members

Mrs. Rajashree Birla | Mr. G. M. Dave

Mr. O. P. Puranmalka | Mr. K. K. Maheshwari

Permanent Invitees

Dr. Pragnya Ram (Group Executive President, Corporate Communications & CSR)

Risk Management Committee

Responsibilities

- Identification, assessment and classification of risks relating to business
- Conceiving mitigation plans to minimise risk
- Monitoring various risks

Members

Mr. Rajiv Dube | Mr. K. K. Maheshwari | Mr. K. C. Jhanwar

Permanent Invitees

Mr. Atul Daga (Chief Financial Officer)

For further information on the Board Structure and Functions, please refer our Annual Reports

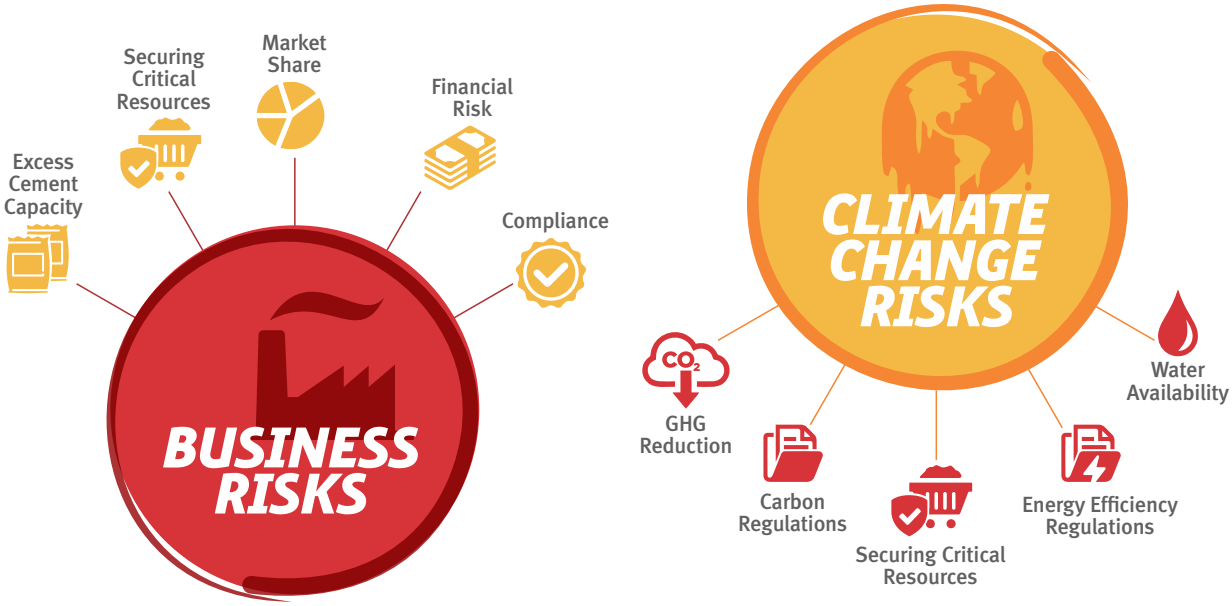
CODE OF CONDUCT

Fair and thorough enforcement of rules are as important as the formulation of right ones. At UltraTech, a comprehensive and uniform Code of Conduct applies to the entire workforce across designations. The Company website hosts a copy of the Code of Conduct, which is regularly updated to match the latest requirements. We have also laid down norms for various policies and processes, to functions like HR, procurement and investor relations, in alignment with the uniform code. Together, these measures provide our employees, the right direction towards moral conduct and foster an ethical work culture.

RISK MANAGEMENT

UltraTech follows a structured risk management approach, which encompasses identifying potential risks, assessing their potential impact, mitigating them through taking timely action and continuous monitoring. The risk management strategy and processes are regularly reviewed by the Risk Management Committees, at the corporate level and unit level.

Business risks and climate change risks are also continuously tracked and assessed by the committee, to help timely mitigation and facilitate sustainable growth.



For more information, please refer to the Product Responsibility section.

RISK MANAGEMENT MECHANISM

UltraTech has a comprehensive risk management mechanism that straddles both corporate and unit levels.

Unit Level

A risk management committee, consisting of key functional heads, has been constituted at each Unit. The risks identified from each function is aggregated and categorised by the functional head for Finance. The assessment of risks associated to climate change is the responsibility of the Unit Head, while the operational risks are analysed by different functional heads.

Corporate Level

The corporate risk management follows a similar structure, where the Chief Finance Officer (CFO) is the risk manager who collates the risks from various business heads. The sustainability team supports the Chief Manufacturing Officer (CMO) to identify the climate change risks. The risks are then marked to a ranking matrix based on criticality to the unit/organisation (reputational, regulatory and financial impact) and are noted in the risk register with the recommended mitigations/action plans. This risk register is then presented to the Apex Committee for review. Based on the degree of impact of the risk on the unit/company, the Apex Committee lays down its risk mitigation recommendations every quarter. Risks with the highest level of impacts are directly reported to the Group Apex Committee.

Third party risk assessment is carried out for legal, financial, environmental, supply chain, operational functions as well as compliance and reputation.

The Apex Committee then prioritises these risks along with the third-party agencies. Post this, a mitigation strategy is worked out and assigned to the respective business heads.

PUBLIC POLICY AND ADVOCACY

We are members of various industrial and commercial organisations such as:

- Cement Manufacturers Association (CMA)
- Federation of Indian Chambers of Commerce and Industry (FICCI)
- Confederation of Indian Industries (CII)
- Advertising Association of India
- Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development

UltraTech constantly endeavours to innovate green products and incorporate green processes to ensure long-term sustainable growth and development.

In alignment to this vision, we associate with organisations under Task Forces and Committees of Bureau of Indian Standards (BIS) and Bureau of Energy Efficiency (BEE).

PRODUCT PERFORMANCE

From manufacturing building products to offering building solutions, UltraTech is a 360° building materials destination.

With every offering that bears the stamp of UltraTech, sustainability comes built-in. We are strategically focussing on development of products and services that help customers build sustainable structures which are not just more durable, but also more resource-efficient, cost-effective and conducive to human lifestyle.

We are moving in the right direction in sustainability and by being the leader today, we are giving ourselves the best possibility of achieving long term success in developing products and solutions for tomorrow.

WE LEARN FROM THE PAST, PERFORM IN THE PRESENT AND STRATEGISE A MORE SUSTAINABLE FUTURE.

We have adopted four mechanisms which help us accelerate outcomes.

REGULAR CUSTOMER ENGAGEMENT

We engage with a wide range of individual customers, professionals, retailers and distributors using a gamut of communication mechanisms.

RESPONSIBLE VALUE CHAIN

A pilfer-proof and environmentally-sensitive value chain adds to profitability and prosperity. Right from sourcing to distribution, we are strengthening our entire value chain.

CONTINUOUS INNOVATION

We have introduced a varied portfolio of products that addresses a spectrum of stakeholder and real-world concerns.

BENCHMARKING & BEYOND

Our products comply with national and international standards; and in many cases, transcend benchmarks. We understand that compliance is only the first step towards excellence.

We have included Cochin Bulk Terminal in this year reporting period. Please refer to capacity additions section of the Annual Report FY 2015-16.

REGULAR CUSTOMER ENGAGEMENT

UltraTech has been able to build a loyal customer base not only by providing innovative solutions quickly and easily to its customers, but also by learning from the customers, understanding their requirements and responding appropriately to their preferences.

Whether it is an insight survey of Individual house builders, technical guidance forums for engineers, construction benchmarking seminars or builders' meets - engaging with each set of customers through distinct platforms helps us understand their feedback, expectations and choices. These insights are a fuel to expand our product and service portfolio.

For more information about our engagement initiatives, please refer to the Stakeholder Engagement section on Page 14 of our Annual Report FY 2015-16.

In addition to soliciting customers' views, we also educate them on the sustainable aspects of our products. The Technical Services Department educates the users of cement like masons and the IHB, on using cement optimally and reducing wastage.

We also share knowledge with government agencies regarding the advantages of using cement for mass housing and roads. Several seminars have been conducted on this front such as enumerating on the environmental benefits of switching from bituminous roads to concrete roads. UltraTech works closely with government schemes like Pradhan Mantri Gram Sadak Yojna, Swachh Bharat and Indira Awas Yojna, which are directed at enhancing rural infrastructure - affordable homes, roads and schools.

For more information about our engagement initiatives, please refer to the Stakeholder Engagement section on page no. 103.

CONTINUOUS INNOVATION

We manufacture a range of sustainable products that cater to the construction needs from foundation to finish. These include high-tech specialty concretes with wide-ranging attributes and properties, innovative building products and value-added services that relate to the use of concrete and construction materials.

Being India's largest manufacturer for grey cement, white cement and ready mix concrete, we believe in investing extensively in research to introduce path-breaking offerings with triple bottom line advantages.

A case in point is the development of Portland Limestone Cement that enhances conservation of raw material, and reduces energy intensiveness and emissions.

Key benefits of innovation include:

Product improvement | Cost reduction | Product development | Import substitution | Reduction in specific energy consumption | Improved product quality | Customer satisfaction | Achievement of sustainability targets

Our R&D centre is devoted to exploring new ways of sustainable product development, environment preservation and responsible use of resources.

- The Technology Innovation & Knowledge Management Centre drives technological innovation which extends beyond conventional cost management outcomes. With a team of more than 50 scientists and engineers, it focusses on raw mix, process improvements (clinker-cement conversion ratio) and the use of cost-effective hard-to-burn fuels.
- Our Research and Development Centre concentrates on the development of new products and processes with a significantly moderate environmental footprint.
- We are closely engaged with the Aditya Birla Science and Technology Company Private Limited (ABSTCPL), the corporate research and development centre for the Aditya Birla Group. It caters to the corporate research needs of the Group's businesses through multi-disciplinary experts working on applied research projects. Our active collaboration with ABSTCPL is closely linked to its corporate objectives of mineral securitisation, process debottle-necking and predictive studies, based on natural and non-renewable resource preservation, energy conservation and improved product durability.

Along with developing a green product portfolio, we also continue to innovate on our industrial by-product recycling measures and introduce sustainable technologies in our processes. Replacing traditional fuels with alternative fuels, improving energy efficiency of our products, using clinker additives and implementing waste heat recovery systems wherever possible, are some alternatives that we have adopted on our manufacturing front. These initiatives contribute towards lowering the carbon footprint of our products.

CASE STUDY

ULTRATECH CONCRETE ZIP – A COMPACT POWERHOUSE

Use of concrete for small repairing jobs often used to be a hassle to the customer, and delivering small volumes a challenge for concrete manufacturers. UltraTech Concrete Zip is a unique concrete solution to this challenge, providing liberty to the end user to plan and complete small concreting jobs.

It is a multipurpose premixed concrete available in buckets, manufactured from high-quality cement, specially selected and graded sand coarse aggregate, best-in-class high performance additives and measured quality of clean potable water. It can be specially designed as per customer's requirement in terms of quality, strength, workability and specific value-added properties required for the job.

The USP of Zip is that it can be delivered in small quantities and in congested areas, where it is difficult to transport concrete through transit mixers.

The major application avenues include column starters, minor concrete repairs, bedding in drains, manhole covers, greenhouse bases, foundations for paving slabs, small pathways and steps, concreting of sunken slabs and road repairs.

Zip is packed in compact plastic buckets of 15 litre each. Depending on the required volume, multiple buckets can be ordered.

ULTRATECH ZIP CAN BE TRANSPORTED EVEN IN SMALL VEHICLES TO THE DESIRED DESTINATION. THIS BECOMES A CONVENIENT AND COST-EFFECTIVE SOLUTION FOR OUR CUSTOMERS LOOKING AT SMALL JOBS FOR CONCRETING.

The assured quality of concrete is guaranteed due to scientifically designed mix and use of raw materials after testing as per BIS norms. Zip also provides freedom from hassles of concrete mixing on site. A couple of examples highlighting Zip's utility:

- **When a factory of corrugated boxes was facing issues of cracking of floors due to impact of heavy loads, Zip proved to be an ideal solution. This challenge was overcome by providing UltraTech Concrete Fibrecon in Zip buckets.**

- **A pavement repair solution project for Municipal Corporation Chennai to repair a pothole of an old bituminous road had a unique requirement. A premixed Zip was the right solution. The technical team recommended UltraTech Zip Concrete of M40 grade which helped overcome the challenge, and the unique service of Zip was well appreciated.**

RESPONSIBLE VALUE CHAIN

UltraTech follows a holistic and long-term approach to seed sustainability in the supply chain. Our approach entails various interventions which support our business goals, contribute to the socio-economic conditions of our suppliers as well as protect the planet. We also invite ideas from our suppliers to bring our products into the market in a more sustainable way.

PROCUREMENT MANAGEMENT

Procurement practices and selection criteria are focussed on protection of environment, societal interest, quality enhancement and cost effectiveness.

Whenever we procure a product, we analyse its impact over the entire life cycle. We dispose e-waste or hazardous waste in an environmental-friendly manner. We have a stringent vendor evaluation system which also considers social aspects of the business.

The vendor registration form of the company requires its potential vendors to specify their commitment on the following aspects.

UltraTech believes in long-term partnerships with the vendors by engaging in Annual Rate Contracts. Efficiency is ensured by providing periodical feedback on performance in terms of quality, delivery, services and environmental health & safety compliance. This helps the vendors boost performance by taking corrective actions on improvement areas.

Transparency and fair approach are maintained while dealing with the vendors during the entire procurement cycle. Efficient use of information technology reduces the procurement cycle time. We have launched a vendor portal which not only reduces the cycle time, but also empowers vendors to make use of its useful features.

Sourcing through E-procurement

E-procurement has made our sourcing process more transparent and efficient. It includes a web-based supplier portal with features like Request for Quote, submission of offers by the suppliers, generation of comparative charts and release of orders. The module is integrated with our SAP system. A reverse auction process of real time competitive bidding for buying and transportation of material, adds to the efficacy of the process. E-procurement has resulted in a more effective communication with our vendors and enabled significant reduction in paper work as well as travel hours.

Giving Preference to Local Vendors

UltraTech has always given preference to local vendors when it comes to sourcing materials. In case of PP packing bags vendors, we have optimised the vendors located near our cement plant based on their capability and capacity. This has also resulted in lower fuel consumption.

CASE STUDY

FOLLOWING THE SEA

Sea transport is the most economic mode of transport, especially when plants are situated near ports. UltraTech has its operations on the Indian west coast with the loading terminals situated at Pipavav and Jafarabad, Gujarat. The state-of-the-art system includes the cargo conveying and handling system as a part of the cement plant. This captive jetty handles about 5 million tonnes of captive cargo of cement and clinker, with more than 80% berth occupancy rate.

MONITORING VEHICLE MOVEMENT

UltraTech has implemented an RFID-based Vehicle Movement System at one of its plants to monitor real-time, in-plant movement of vehicles, improve overall safety inside the plant and reduce the overall time taken within the plant for road loading.

MAPPING SUPPLIERS

UltraTech maps the Polypropylene (PP) bag suppliers across the country to minimise distance between supplier plants and units. We also encourage and empower our PP bag suppliers to achieve 9001:2008 certification.

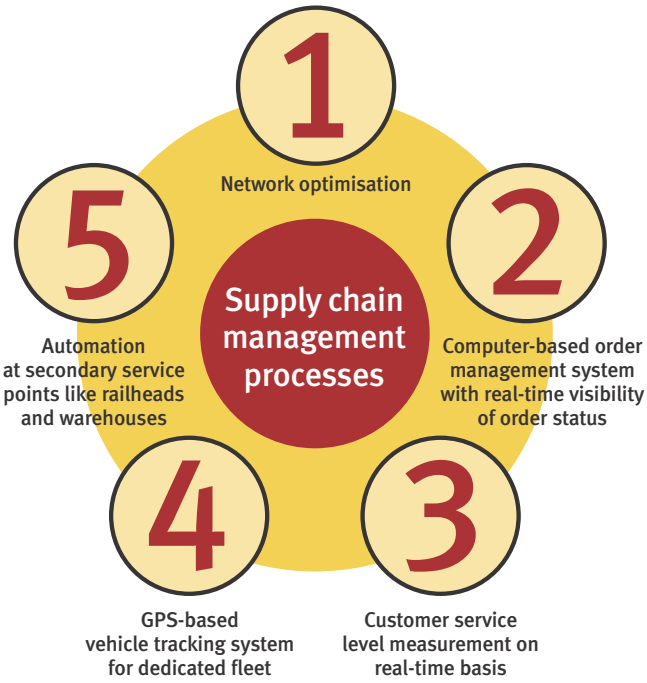
IMPROVING PACKING PERFORMANCE

After acquiring Sewagram Cement Works from JP Cement, cement dispatch from the unit increased drastically but still we were unable to match up with the market demand. There were many reasons for this, one of which was poor packer performance. High weight variation was observed during packing of the bags; it was either overweight or underweight, resulting in bottlenecks in the truck turnaround time. To address this challenge, Six Sigma concept was incorporated which reduced the weight variation and increased the quality of delivery.

LOGISTICS MANAGEMENT

The key to managing our vast scale and complexity of distribution network is the use of robust processes for planning, distribution, network design, order execution, visibility and optimal resource utilisation.

Some of the best-in-class supply chain management processes adopted by UltraTech include:



Putting sustainability at the heart of logistics management, we prefer fuel-efficient transport options and select vendors who are close to our manufacturing locations.

We import coal in bulk size vessels in collaboration with suppliers, under which about one-half of the shipment quantity is taken by us with full cost advantage of freight, and the balance is sold by the suppliers to their retail customers.

This consumes lesser fuel as compared to smaller size shipment in terms of per ton of material sailed.

BENCHMARKING & BEYOND

At UltraTech, benchmarking is going beyond what is already required. That's why we are trying to move from merely following local laws to aligning ourselves voluntarily with the international standards set by the global bodies like International Finance Corporation (IFC), Organisation for Economic Co-operation and Development (OECD) among others.

NOT ONLY DO OUR CUSTOMERS APPRECIATE OUR EFFORTS, BUT THE INDUSTRY TOO HAS GIVEN US THUMBS UP IN THE FORM OF MULTIPLE RECOGNITIONS AND ACCREDITATIONS.

We are already compliant with some of the international standards such as ISO and OSHAS, and publish our report as per the GRI standards. We also benchmark ourselves with our peers based on the CSI Key Performance Indicator (KPI) performance.

TERMINAL 2, CSIA - MUMBAI

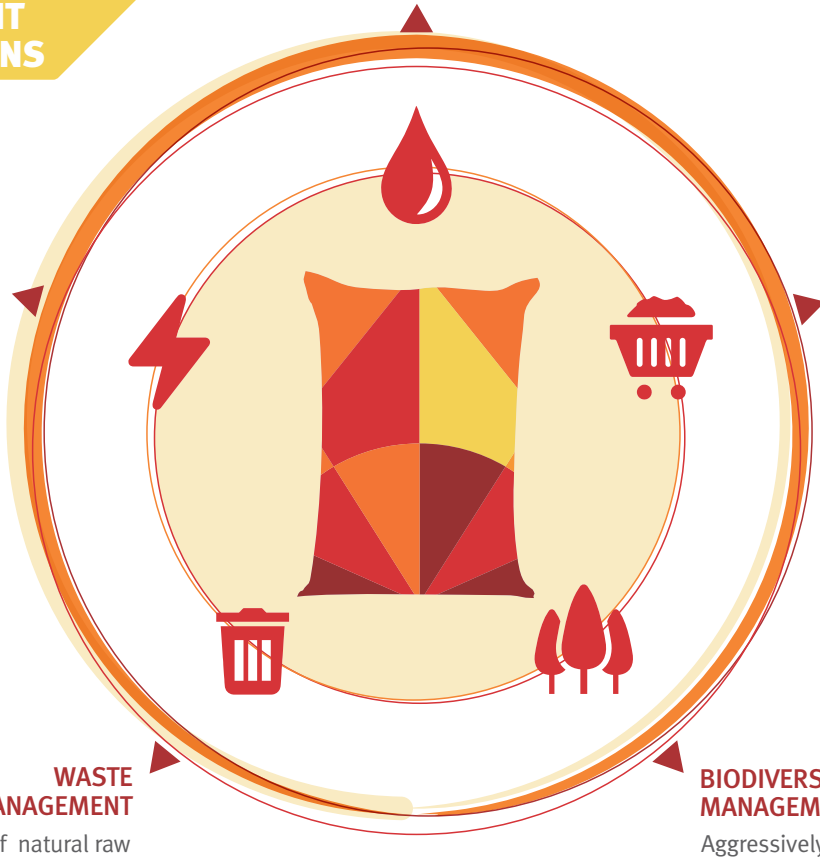
Our strong commitment to quality and a robust distribution network, make us the preferred choice for infrastructures that support a new and vibrant India. Case in point is the extensive usage of our products in the construction of Terminal 2 at the Chhatrapati Shivaji International Airport in Mumbai.

ENVIRONMENT PERFORMANCE

Natural resource management is a crucial cog for future proofing our business. Right from rationalising energy consumption to accelerating water conservation, and moderating the use of finite fossil fuels to increasing biodiversity protection - every action that we take today, be it small or large, will play a significant part in ensuring a sustainable tomorrow.

Being one of the earliest proponents of alternative fuel usage, waste heat recovery and other environment friendly practices in the country, we continue to raise the bar of our environmental performance. We have put in place a well-thought-out environmental strategy and a well-chalked-out green roadmap, with a view to measure, monitor and manage our green status. Our precautionary approach has been articulated through practices adopted by us for mitigating risk and managing our environmental performance.

KEY PILLARS OF OUR ENVIRONMENT INTERVENTIONS



WATER MANAGEMENT

Water is critical for the continuity of our operations, since most of our cement plants are in water stressed regions across the country

CLIMATE CHANGE

Energy efficiency, waste heat recovery and generation of renewable energy are our key priorities

RESOURCE MANAGEMENT

Efficient use of natural resources and reducing dependence on it by using alternate fuels and materials

WASTE MANAGEMENT

Reducing use of natural raw materials, utilisation of waste from other industries for blended cements and using industrial waste as alternative fuel

BIODIVERSITY MANAGEMENT

Aggressively working on tree plantation, green zone development, rehabilitation of exhausted mines and reclamation of land

211%
Jump in Waste Heat Recovery over the Last Few Years

10
Million Ton of Recycled Material Used in FY 2015-16 (Cement + RMC)

As the largest cement producer in India, we continually strive to play a key role in finding effective and responsible ways to preserve the environment. We follow the best practices in the cement industry and benchmark our sustainability practices with global players through Cement Sustainability Initiative (CSI), a part of World Business Council for Sustainable Development (WBCSD).

HIGHLIGHTS

MODERATED CARBON EMISSIONS PER TON OF CEMENTITIOUS MATERIAL FROM 759 KG IN 2006 TO

633 KG

IN 2016

A GREEN BELT OF MORE THAN

4 MN

TREES DEVELOPED

MORE THAN

4 MN

UNITS OF RENEWABLE ENERGY GENERATED

CDP
DRIVING SUSTAINABLE ECONOMIES

SCORE BAND 'B'

AWARDED FOR CARBON DISCLOSURE PROJECT

CLIMATE CHANGE

We are aware of our dual responsibilities to the environment and to the nation's progress. Our key priorities are energy efficiency, waste heat recovery and generation of renewable energy. We annually report on our emissions performance through sustainability reports, CSI dashboard and the Climate Disclosure Project (CDP).

We have implemented various initiatives to improve our environmental performance related to NOx, SOx and dust emissions, and are continuously monitoring the same. Our specific CO_2 emissions have come down by around 24% since 1990. With respect to energy efficiency, we have overachieved the target set by the Government of India for the first Perform, Achieve and Trade (PAT) cycle and moving ahead for the next phase of the cycle.

CO-CHAIRING ROADMAP FOR CARBON INTENSITY REDUCTIONS

UltraTech was one of the co-chairs of the expert working group, for the development of roadmap outlines of a low-carbon growth pathway for Indian Cement Industry that could lead to carbon intensity reductions, jointly developed by WBCSD, CSI and the International Energy Agency (IEA) along with other CSI members.

MONITORING EMISSIONS

In our cement operations, total specific CO_2 emissions (direct) witnessed a decrease of 1.6% and indirect emissions saw a reduction of over 7% in FY 2015-16, as compared to the previous year. This decrease in direct CO_2 emission was due to the decrease in clinker factor.

At our RMC operations, direct specific emissions decreased by 10.71% and indirect specific emissions increased by 5.76% in FY 2015-16, compared to last year.

The total Scope 3 emissions were 4.522 million ton/year in FY 2015-16.

CARBON DISCLOSURE PROJECT (CDP)

We have also been actively participating in CDP for disclosing climate related information. Our CDP response achieved a performance band of "B" in 2016.

ABSOLUTE GHG & ODS EMISSIONS

Parameter	Unit	Cement			RMC		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Direct CO_2 (Includes CPP)	Thousand tCO_2/year	32,203	36,437	37,860	4.17	3.90	3.58
Indirect CO_2 (External power)	Thousand tCO_2/year	684	728	733	7.41	7.22	7.85
Indirect CO_2 (Clinker imports+) / export (-))	Thousand tCO_2/year	(-)498	(-)849	(-)14	NA	NA	NA
Total use of ODS	Equivalent ton	0.330	0.261	0.259	0	0	0

SCOPE 3 EMISSIONS

Parameter	Unit	Cement		
		2013-14	2014-15	2015-16
Scope 3 emissions	tCO_2/ year	1,358,727	3,477,097	4,522,167
	Million ton/year	1.36	3.48	4.52

Scope 3 emissions for inbound transportation increased by 31% and outbound transportation increased by 12% due to increase in the cement production.

SPECIFIC GHG EMISSIONS

Parameter	Unit	Cement		
		2013-14	2014-15	2015-16
Specific GHG emissions	kg CO_2 per ton of cementitious material produced	633.54	643.52	633.30
Specific indirect GHG emissions	kg CO_2 per ton of cementitious material produced	15	15	14
Parameter	**Unit**	**RMC**		
		2013-14	2014-15	2015-16
Specific GHG emissions	kg CO_2 per m^3 of concrete produced	1.12	1.03	0.92
Specific indirect GHG emissions	kg CO_2 per m^3 of concrete produced	1.98	1.91	2.02

MANAGING AIR EMISSIONS

NOx Emission Reduction Strategy

UltraTech has taken initiative to reduce its NOx emission by implementing the following measures:

Primary measures

- Raw mix optimisation, coal residue optimisation and process optimisation
- Burner management - conversion of old burner with low NOx burner
- Low NOx calciner selection for new plant and modification in old calciner for incorporation of low NOx feature

Secondary measures

Installation of SNCR system

UltraTech has taken an initiative in FY 2015-16 to demonstrate technologies for primary measures and secondary measures in one of its plant locations, to chalk out future process strategy and new technology adoption to minimise NOx emission. The new technology low NOx burners were commissioned in two plants. The performance was evaluated and established. Based on established performance, UltraTech has decided to replace all old technology burners with new low NOx technology burners in FY 2016-17.

After introduction of primary measures, UltraTech Cement initiated introduction of secondary measures technology for minimising NOx emission to its lowest value in cement manufacturing process. The demonstration scheme for installation of SNCR was prepared for one of the cement plants. The system was operated for a weeks' time to establish the performance and minimum achievable NOx value. After establishing the performance, complete technical evaluation and planning has been made to introduce the new technology in cement plants. The scheme is finalised for 20 installations in FY 2016-17.

After installation of primary & secondary measures, UltraTech cement would be able to reduce its NOx emission level and comply with the new norms irrespective of fuel quality.

Dust Emission Reduction Strategy

UltraTech has initiated technical improvement in performance of its dust control equipment in advance to comply with the new norms. The appropriate action was planned for upgradation of Electrostatic Precipitators (ESP) with approximate investment, to be incurred by UltraTech in the next two years to meet out these norms.

A TOTAL OF 65 ESPS WERE INSTALLED IN ULTRATECH CEMENT. EACH ESP WAS EVALUATED FOR ASSESSING ITS PERFORMANCE BY UTILISING ADVANCED TOOLS FOR MEETING OUT NEW NORMS OF 30 MG/NM^3.

Based on the evaluation, in-house modification, conversion of ESP to bag house and utilisation of latest technology like high frequency convertor, were planned for reducing the dust emission level. The decision to upgrade the equipment was taken on a case-to-case basis. The reduction of emission level was targeted to less than 30 mg/Nm3 for each plant from the present level. UltraTech Cement converted 12 ESPs to bag house in FY 2015-16. Remaining ESPs modification has been planned for FY 2016-17. With this planned improvement strategy, UltraTech cement has assured the nearby community to live in green environment.

SOx, NOx & SPM EMISSIONS

Parameter	Cement		
(ton/year)	2013-14	2014-15	2015-16
SPM	6,768	7,087	5,915
SOx	30,852	24,343	23,834
NOx	66,402	84,611	83,117

INITIATIVE

INSTALLATION OF DUST SUPPRESSION SYSTEM

GUJARAT CEMENT WORKS I KOVAYA

Suppression of dust greatly enhances work efficiency, and ensures a safe & healthy environment not only for the employees, but also for the neighbouring community. A dust suppression system, designed in-house, has been installed at the crusher plant at GCW, Kovaya with an aim to reduce the dust of the additives, such as Black Trap, Red Ochre and High Grade Limestone, to the minimum. This has led to reduction in dust emissions.

ENERGY MANAGEMENT

Three areas drive our energy management approach:

ENERGY EFFICIENCY

WASTE HEAT RECOVERY

GENERATION OF RENEWABLE ENERGY

MAJORITY OF OUR POWER REQUIREMENT IS MET THROUGH INTERNAL MEANS - CAPTIVE POWER PLANTS AND WASTE HEAT RECOVERY.

ENERGY EFFICIENCY

Several process efficiency measures continue to be spearheaded across all stages of production at our plants, to secure energy savings. During the year, we invested INR 734.8 million to deploy on energy conservation equipment and various measures for conserving energy.

THIS INVESTMENT COUPLED WITH A SERIES OF UTILITY OPTIMISATION AND OPERATIONAL CONTROL MEASURES, HELPED US TAKE OUR ENERGY CONSERVATION TO 343,459 GJ COMPARED TO LAST YEAR'S 129,506 GJ.

In PAT cycle 1, we overachieved our target and achieved a saving of 85,040 Ton of Oil Equivalent (TOE). For PAT cycle 2, we have a target of 0.204 million TOE. At UltraTech, following levers are being utilised to achieve reduction targets outlined under the PAT scheme:

- Improvement in Clinker Factor
- Use of Alternate Fuel Resource (AFR)
- Power Generation through Waste Heat Recovery (WHR)
- Improvement in Electrical Efficiency
- Improvement in Thermal/ Operational Efficiency
- Technological Upgradation

ENERGY CONSERVED

Parameter	2013-14	2014-15	2015-16
Energy Conserved (in GJ)	122,578	129,506	343,459

Following are some of the initiatives taken up on this front:

- Cycle modification in different plants for reduction in heat and power consumption
- Cooler upgradation, calciner modification, VVFD installation and burner modification

- Installation of energy-efficient screw pump in coal firing system
- Process optimisation and productivity improvement through internal modifications like grinding media optimisation, and conversion of two chambers mill to single chamber mill
- Maximisation of clinker factor and improvement in raw mill grinding efficiency
- Installation of energy-efficient blower for kiln primary air
- Replacement of plant and colony lighting fixtures with LEDs
- Installation of master air controller for energy saving of compressors

Key initiatives taken up during the reporting period to increase energy efficiency.

Expert Optimisation System

KCW installed a plant expert optimisation system and commissioned it in the main CCR to implement the control strategies in various process loops for Pyro section & Cooler. The system communicates with the existing ABB DCS system to control the process loops and takes proactive action on programmed strategies in the software.

Outcome

Specific Power	Specific Heat
0.49 kWh/MT clinker	**1.06 Kcal/kg clinker**

Optimising for Better Efficiency

Andhra Pradesh Cement Works (APCW) witnessed a drop in the cooling efficiency of its water pump due to depreciation as well as scaling inside the pump. To address this issue, pump internals were coated, increasing the efficiency by 3% and saving power to the tune of 6,768 kWh/year.

In another initiative, switch controllers were deployed at all electrical rooms at the Line-1 Raw Mill for lighting optimisation. With the help of these, the electrical person can switch them on and off as per the requirement.

Outcome

An annual power saving of
486,000 kWh

Reduction of Heat Rate & Auxiliary Power

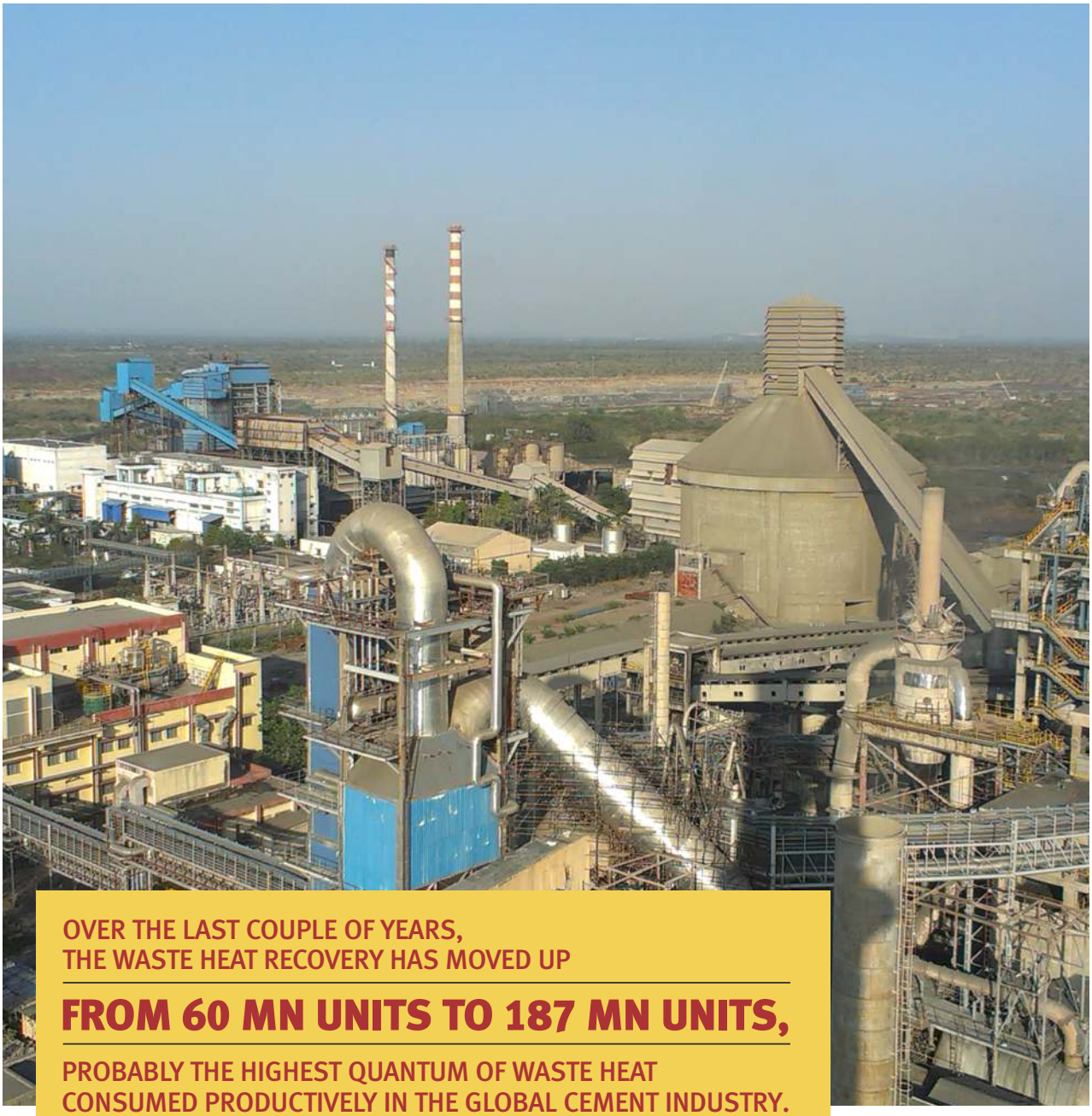
KCW reduced the heat rate and auxiliary power consumption, by replacing ACC HDG-type with ALE-type tube bundles. The replacement was done after a thorough feasibility study, followed by the pneumatic test of the system and commissioning.

Outcome

Saving	Power Saving
1,217.141 mn Kcal/annum	**2.567 mn kWh/annum**

WASTE HEAT RECOVERY SYSTEM (WHRS)

One of the earliest proponents of waste heat recovery in India, UltraTech has continuously enhanced the WHRS capacity of its operations. In the reporting period, our waste heat recovery efforts saw a significant leap. We commissioned 26 MW waste heat recovery systems, increasing the total capacity to 59 MW. 5% of our total power requirement was met through WHRS.



**OVER THE LAST COUPLE OF YEARS,
THE WASTE HEAT RECOVERY HAS MOVED UP**

FROM 60 MN UNITS TO 187 MN UNITS,

**PROBABLY THE HIGHEST QUANTUM OF WASTE HEAT
CONSUMED PRODUCTIVELY IN THE GLOBAL CEMENT INDUSTRY.**

ENERGY RECOVERED THROUGH WHRS

2013-14	2014-15	2015-16
51.7 TJ	222.29 TJ	817.01 TJ

We observed a marked increase in the energy recovered due to addition in our WHR capacities.

RENEWABLE ENERGY

We continue to advance on our renewable energy agenda through large-scale investments in solar, wind and thermal energy projects.

717 MW THERMAL POWER CAPACITY | **2.6 MW** SOLAR POWER INSTALLED CAPACITY | **1.13 MW** WIND POWER INSTALLED CAPACITY

Following mix of alternate sources of energy was adopted in the reporting period:

Thermal Power

With a thermal power capacity of 717 MW, all our integrated units are now self-powered and some of them also generate surplus power which is utilised in our grinding units.

Alternative fuels are also used for thermal energy generation in our kilns, which help in the substitution of fossil fuels and allow better management of industrial waste without compromising end product quality, while moderating our carbon footprint.

Solar and Wind Power

Our solar installed capacity stands at 2.6 MW and the energy generated is utilised mainly to provide electricity in our townships. Going ahead, plans are in place to further increase the use of solar energy in all our manufacturing units.

Our wind power installed capacity stands at 1.13 MW. We have also entered into long-term agreements for purchasing green power and put into place plans to increase the green power share.

TOTAL ALTERNATIVE FUEL RATE

% of thermal energy consumption

2013-14	2014-15	2015-16
2.20	2.20	1.6

TOTAL WIND & SOLAR ENERGY PRODUCED

	2013-14	2014-15	2015-16
Wind Energy (At Reddipalayam Cement Works) (in TJ)	7.62	6.64	5.29
Solar Energy (At Rawan, Hirmi, Aditya, Kotputli, Rajashree, Awarpur, Reddipalayam) (in TJ)	10.53	9.95	10.71

ENERGY PERFORMANCE

DIRECT ENERGY CONSUMPTION - PRODUCTION

Parameter	Cement			RMC		
(In PJ)	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Coal and Lignite	57.31	57.95	40.55	0	0	0
Pet Coke	47.83	56.98	79.51	0	0	0
Waste Fuel	2.32	2.57	1.53	0	0	0
Others (Includes diesel oil, furnace oil, LDO, polypropylene and other fuel)	0.522	0.420	6.720	0.033	0.032	0.030
Mining and transportation	0.80	0.98	1.00	NA	NA	NA

**A significant increase in Others category appears due to addition of polypropylene in the account.*

DIRECT ENERGY CONSUMPTION - CAPTIVE POWER PLANT

Parameter	Cement			RMC		
(In PJ)	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Coal and Lignite	29.70	32.38	24.41	0	0	0
Pet Coke	10.10	13.19	19.78	0	0	0
Other Fuels	0.51	0.15	0.14	0.024	0.023	0.020

INDIRECT ENERGY CONSUMPTION

Parameter	Cement			RMC		
(In TJ)	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Electricity Purchased	2,429	2,738	2,799	32.53	31.42	31.29
Electricity Sold	40.22	40.69	956.04	0	0	0

SPECIFIC ENERGY CONSUMPTION - CEMENT

Energy Consumption	2013-14	2014-15	2015-16
Specific thermal energy consumption (kcal/kg of clinker)	720.97	717.15	713.56
Specific electrical energy consumption (kWh/ton of cement)	82.1	85.3	82.3

SPECIFIC ENERGY CONSUMPTION - RMC

Energy Consumption	2013-14	2014-15	2015-16
(in GJ/100 m^3 concrete produced)	0.84	0.83	0.8

RESOURCE MANAGEMENT

We follow a dual approach for efficient waste management:

Lesser the waste, easier its management

We prevent waste by using raw materials judiciously

Reuse is the most productive form of management

We substitute fossil fuels and raw materials with waste material - generated not only from our plants, but also from other industries

Out of the total raw material used for production, 13.90% was recycled material comprising of fly ash, slag, waste gypsum, etc. Over and above focussing on reduction of waste at source, we also ensure responsible disposal. Waste inventory gets mapped on a regular basis and it is sent to authorised recyclers for recovery and disposal.

How are we responding to the Resource Challenge?

- ☑ **Innovations for 'closing the loop'**
- ☑ **Technical upgradation to enhance mine life**
- ☑ **Increasing use of low-grade limestone**
- ☑ **Greener concrete mix**
- ☑ **Increasing the share of green energy**

JUDICIOUS USE OF RAW MATERIAL

We continue to explore ways to reduce dependence on natural resources through utilisation of low grade limestone, use of alternate sources and productive use of waste.

Waste Management Performance

Total hazardous waste (solid + liquid) disposal increased over 83% in FY 2015-16 in comparison to the previous year, due to the addition of new categories of hazardous waste such as e-waste and batteries. For RMC, it decreased by 8% compared to the previous year, due to reuse of oil.

Across our sites, we do not import or export waste which has been deemed hazardous under Basel Convention. Also, there were no significant spills because of our operations in the reporting period.

HAZARDOUS WASTE DISPOSED - CEMENT

(in ton)	2013-14	2014-15	2015-16
Hazardous waste (solid)	173	282	871
Hazardous waste (liquid)	714	876	1,254

HAZARDOUS WASTE DISPOSED - RMC

(in ton)	2013-14	2014-15	2015-16
Hazardous waste (solid)	17	15	14
Hazardous waste (liquid)	2	1	1

NON-HAZARDOUS WASTE DISPOSED - CEMENT

(in thousand ton)	2013-14	2014-15	2015-16
Non-Hazardous waste (solid)	2,382	2,004	1,998

NON-HAZARDOUS WASTE DISPOSED - RMC

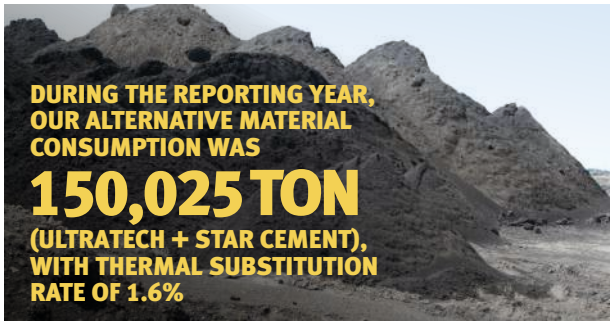
(in thousand ton)	2013-14	2014-15	2015-16
Non-Hazardous waste (solid)	61	69	73

CONSTRUCTIVE USE OF ALTERNATIVE MATERIAL

Alternative Materials

We use industrial waste as alternative fuel and material in cement manufacturing. This serves a dual purpose: reducing the requirement of natural raw materials without compromising on the product quality, and moderating carbon footprint.

We use alternative materials like fly ash, chemical gypsum and slag which help in conserving natural raw materials used for the cement production.



CEMENT
10,006

TOTAL RECYCLED MATERIAL USED 2015-16
(in thousand ton)

RMC
364

RECYCLED MATERIAL CONSUMPTION - BY CATEGORY

Parameter	Cement			RMC		
(in thousand ton)	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Fly Ash	6,627	7,757	8,314.33	266.41	268.7072	277.25
Slag	758	512	544	44.06	69.45149	80.61
Waste Materials such as gypsum (also includes chemical and marine gypsum)	964	902	864.44	0	0	0
Silica Fume	0	0	0	0.87	0.56	2.52
Other Industrial Wastes	121.36	133.92	282.48	0.707	0.67	3.79
Total Recycled Material Used	**8,471**	**9,305**	**10,006**	**312**	**399**	**364**

TOTAL MATERIAL CONSUMPTION

Parameter	Cement			RMC		
	2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Natural Raw Materials Million ton	53.26	59.44	61.94	7.10	7.36	7.43
Associated Materials Ton	22,979	26,392	24,260	36.78	37.62	31.95
Semi-manufactured Goods Thousand ton	5.24	9.03	6.84	66.36	78.94	11.02
Packaging Materials (plastic & paper bags) Thousand ton	59.50	56.79	65.88	NA	NA	NA

CASE STUDY

AN ALTERNATIVE TO AN ALTERNATIVE

UTILISATION OF POND ASH INSTEAD OF DRY FLY ASH | PANIPAT CEMENT WORKS

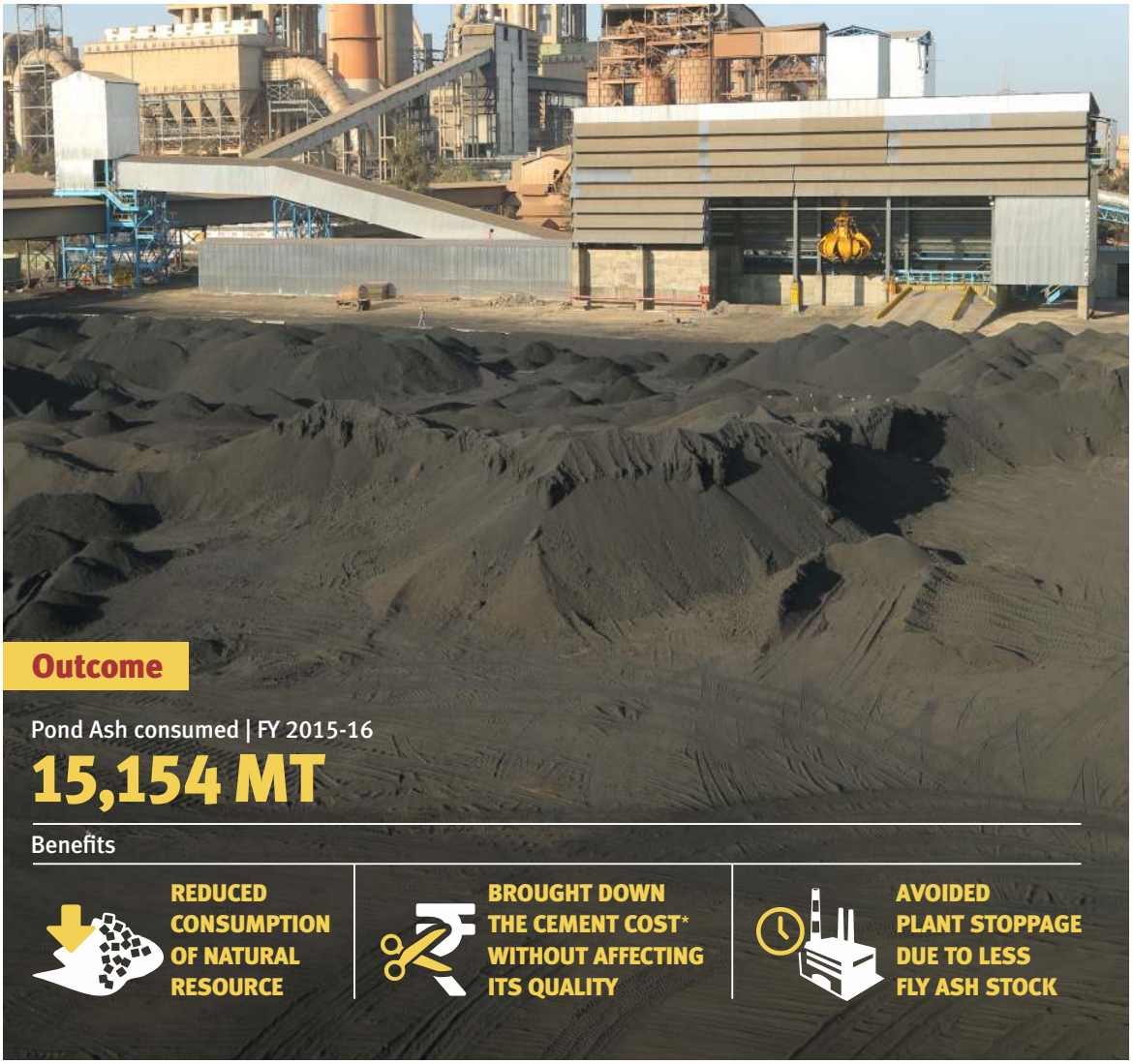
Challenge

With rapid growth in the construction industry, the world is witnessing an ever-increasing demand for concrete.

While fly ash is a well-known alternative material for cement production, there was a need to find an alternative for fly ash to meet the high market demand, and limit the burden on natural resources.

Action

One of the options to address this challenge was to increase the utilisation of pond ash in Portland Pozzolona Cement. PCW conducted laboratory tests by blending some percentage of pond ash and then did a comprehensive analysis of cement quality on various parameters such as CPK value analysis, quality analysis and cost benefit analysis. The tests confirmed that use of pond ash in concrete doesn't pose any adverse effect on the product quality and is as per the company benchmarks.



Outcome

Pond Ash consumed | FY 2015-16

15,154 MT

Benefits

- REDUCED CONSUMPTION OF NATURAL RESOURCE
- BROUGHT DOWN THE CEMENT COST* WITHOUT AFFECTING ITS QUALITY
- AVOIDED PLANT STOPPAGE DUE TO LESS FLY ASH STOCK

** the cost of pond ash is quite less compared to that of dry fly ash*

WATER MANAGEMENT

Our water conservation agenda is spearheaded by a systemic **3R approach: reduce, recycle and reuse.**

Harvesting rainwater, recharging groundwater, recycling wastewater and reducing freshwater use are standard operating procedures at our manufacturing plants.

How are we responding to the Water Challenge?

- ☑ **Source water vulnerability assessments**
- ☑ **Aquifer studies for withdrawal and mitigation impacts**
- ☑ **Integrated watershed management**

3 out of 13 integrated plants achieved water sufficiency - these plants are not dependent on any groundwater or fresh water sources

Rainwater harvesting is used in most of our units to reduce our dependence on groundwater

Star Cement, Dubai recorded 34% reduction in specific water consumption

Collaboration of UltraTech with CSI and ICRISAT for integrated water management at its sites

UltraTech has entered into an agreement with International Crops Research Institute for the Semi-Arid Tropics (ICRISAT) to conduct hydrological modelling for quantifying water resource availability and identifying suitable National Resource Management (NRM) interventions at Andhra Pradesh Cement Works located at Tadipatri in Andhra Pradesh.

This pilot project is a result of the collaboration of CSI with ABG for improving the granularity of the India Water Tool. The project involves undertaking detailed modelling exercises at the watershed level. Scope of the project involves identifying, implementing, monitoring, verifying, etc. of the on-ground interventions for harvesting and storing of rain water.

Increasing water availability and efficient use to enhance agricultural productivity leads to improvement in the livelihoods of rural poor in fragile dry land areas. GIS-enabled maps resulting from the exercise will be shared with the WBCSD coordinator for uploading on the India Water Tool.

ICRISAT has completed the study and submitted their report comprising of the soil and water analysis of the site, interventions and the budget required to implement them. UltraTech is in the process of analysing the interventions and prioritising the same.

A similar study will also be taken up at Rajashree Cement Works to increase the availability of water and improve the livelihood of the villagers around the site.

HARVESTING RAINWATER

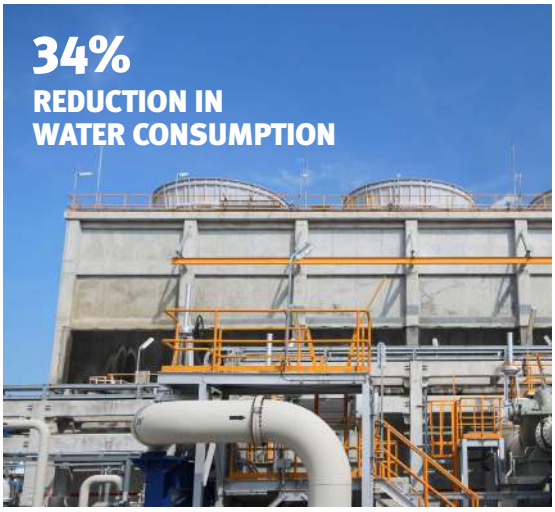
With the objective of reducing raw water consumption, Gujarat Cement Works took up rainwater harvesting at the Thermal Power Plant (TPP). The rainwater was directly channelised into the storage tank of TPP by natural flow through manholes. This led to raw water savings of 1,417 kl till September 2015. This initiative has been featured on the group-wide knowledge management site and has been made a best practice. In a similar initiative, a pit was made to save rainwater, which was pumped to the cement plant saving 450 kl of water per day.

INCREASING THE USE OF TREATED WASTEWATER

To utilise the treated wastewater from STP process cooling in line-III clinker cooler, Rajashree Cement Works laid an additional 200-metre pipeline from the existing wastewater tank. Earlier, 80 to 90 KLD freshwater was used for the purpose which has now been replaced by the treated water. A similar initiative was also taken up at the raw mill where treated wastewater was used instead of 30 KLD freshwater for mill internal cooling.

DE-SILTING OF LAKE CHANNEL

Reddipalayam Cement Works took up de-silting of Chetti Lake channel and cleaning of connecting drainages at Ariyalur town by sharing the cost of de-silting work equally among the cement units based on the request by the district collector. The initiative led to the filling of water in the lake which is now being used by the villagers for their livestock throughout the year.



REDUCING SPECIFIC WATER CONSUMPTION

UltraTech's Star Cement in Dubai embarked on the challenging exercise to moderate water consumption in FY 2015-16. A number of initiatives were listed. The odds appeared high. The Company created teams, delegated responsibilities and empowered them.

The plant achieved a significant 34% reduction in water consumption. Specific water consumption declined from 110 litres per MT of clinker in FY 2014-15 to 69 litres per MT of clinker in FY 2015-16

WATER WITHDRAWAL BY SOURCE

Parameter	Units	Cement			RMC		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Surface Water	Million m^3	5.59	5.89	4.32	0	0	0
Groundwater	Million m^3	3.08	3.19	3.49	0.52	0.49	0.46
Rainwater	Million m^3	5.57	5.75	6.10	0.01	0.01	0.01
Water from Municipality	Million m^3	0.42	0.40	0.31	0.67	0.70	0.75
Water Recycled & Reused	% of water withdrawn	12.13	10.99	12.92	6.98	5.20	5

BIODIVERSITY

At UltraTech, we are committed to operate responsibly with a view to ensure sustainability for all life forms. We continue to work passionately to enhance the green spread in and around our quarry sites, manufacturing units, residential colonies and nearby villages.

Collaboration of UltraTech with International Union for Conservation of Nature and Natural Resources (IUCN)

UltraTech entered into an agreement with IUCN for developing detailed biodiversity and ecosystem services management plan for one of its sites. The site was selected based on the Integrated Biodiversity Assessment Tool report. This pilot project is a result of the collaboration of IUCN with ABG for the implementation of biodiversity policy, technical standards and guidelines developed by the Group Sustainability Cell, so as to replicate the same with other Group companies.

Sewagram Cement Works in Gujarat has been selected as the pilot site for conducting this study. The scope of the project involves ecosystem services review of the site and development of management plan. IUCN has already completed three seasons of site assessment covering post monsoon, peak winter and post winter.

The team has also conducted a capacity building workshop to develop the understanding of UltraTech staff on the basics of biodiversity and ecosystem services, management, linkages and identifying priority ecosystem services.

This project will also help in the replication of biodiversity assessment and development of management plan for other sites with high biodiversity value, if any.

In the reporting period, our Cement Business planted **171,312 SAPLINGS** with a survival rate of 83.17%, and our RMC units planted **3,098 SAPLINGS** with a survival rate of 90%.

PLANTATION DASHBOARD

Parameter	Units	Cement			RMC		
		2013-14	2014-15	2015-16	2013-14	2014-15	2015-16
Total Number of Saplings Planted	Number	311,663	240,556	171,312	3,297	3,101	3,098
Saplings Survival Rate	%	86	85.81	83.17	86	77	90

Green Belt Development

All our units pursue the objective of biodiversity conservation and convert dug up mines into green belts through seeding various afforestation programmes and rejuvenating local biodiversity. Below is a glimpse of some such initiatives:

Sewagram Cement Works, Kutch - Gujarat

Kutch is a semi-arid district where water is scarce. Despite this drawback, the unit took up landscaping around the operations through optimum utilisation of resources. Saplings were planted and nurtured by using STP water through drip and sprinkling irrigation system. Such a feat was achieved by training the team through knowledge sharing sessions.

Kotputli Cement Works

KCW has been running an environmental awareness campaign for the last five years with the objective of raising awareness of the community and encouraging them to adopt conservation practices. In FY 2015-16, apart from creating awareness by celebrating Environment Day, 4,000 saplings of different species were also distributed.

CASE STUDY

TURNING BARREN LAND INTO FERTILE GROUND

Challenge

At the time of commissioning of the Jafrabad Plant in the late '70s, the leased land and surrounding areas were completely barren, devoid of any vegetation.

Unfavourable conditions, such as high velocity saline winds from the sea, constant shifting of sand by these winds, poor quality of soil in the area and scarcity of potable water made it difficult for even the grass to survive.

Undertaking plantation in this area was thus, a highly challenging task.

Action

Narmada Cement- Jafrabad Works decided to reclaim this barren land and through interventions make it conducive for plantation.

The work related to reclamation was planned and as far as possible, attempts were made to backfill the area and grow vegetation on it, thereby improving the fertility of the land. Vermicompost was used as a source of plant nutrients to restore the original land.

A total of 32.57 hectare of land was covered under reclamation and backfilling by using overburden and then spreading top soil (black cotton soil extracted during mining) over this area. Large-scale plantation was then carried out.

Outcome

Total land area covered

32.57 HECTARE

- GREEN BELT DEVELOPED ALL ALONG THE LEASE BOUNDARY
- A CENTRALISED NURSERY HAS BEEN ESTABLISHED TO SUPPLY ADEQUATE SAPLINGS FOR PLANTATION
- THE PLANTATION AND AFTERCARE HAS RESULTED IN NEARLY 0.2 MILLION SURVIVING TREES
- THE FIRMER SOIL NOW SUPPORTS VEGETATION AND RETAINS WATER FOR UNDERGROUND RECHARGE
- ADVERSE EFFECT OF SALINE WINDS REDUCED TO A LARGE EXTENT

CASE STUDY

RDCW REHABILITATION EFFORTS BEAR FRUITS

Challenge

To support biodiversity and create a better habitat for various organisms in the exhausted ML1 mines by taking up rehabilitation work, and to create a learning site for environment education and awareness.

Action

15,000 selective indigenous trees such as Azhadiractaindica, Pungamiapinnata, Cassia fistula and Thespeciapopulne have been planted all along the mines' boundary and mines' rehabilitated areas

600 selective fruit trees including Tamarindusindica, Mangiferaindica and Jamun were planted in the mines' area to attract birds and animals

500,000 m^3 rainwater harvesting structure was developed to recharge groundwater table and attract water-borne birds

Tree seeds were collected from mature trees and were sown directly in the field during monsoon season to create an informal plantation forest

Partnered with Tamil Nadu Forest Department for saplings and plantation works, and post plantation care

5,000 Bamboo plants were planted using tissue cultured 'Bheema' variety

Biodiversity and conservation awareness was created among the employees

SAFETY PERFORMANCE

At UltraTech, safety is non-negotiable. It has been embraced as the 'only way to operate' by engaging with all stakeholders - employees, suppliers, contractors, as well as the community.

This thrust on safety is an outcome of a structured intervention approach, with an involvement right from the top and an articulation of our corporate goal:

Zero Harm. Zero Injuries. Zero Excuses.

In 2015, we successfully completed a 5-year-long safety excellence drive, instilling and embedding safety culture within the organisation. Over the years, we have reinforced our safety focus through a 360° intervention approach right from policies to practice, from awareness to action, from boardroom to shop floor, and from mines to customer premises.

In the reporting year, while we observed a marked decrease in lost time injuries for directly employed employees, we also unfortunately witnessed loss of our 3 indirectly employed people. As we mourn the loss of lives, we also affirm to reinforce our safety drive and bounce back with a record performance.

SAFETY GOVERNANCE

10
Accident-free Years
Recorded at
Ratnagiri Cement Works

Marked Decrease
in Lost Time Injuries
for Directly Employed
Employees

We have a zero-tolerance policy for safety breaches. Whether it is setting rigorous safety standards or evaluating safety perception, senior leaders are driving the safety ownership and spreading the message across the organisation right up to the workers.

59 CRITICAL STANDARDS, PROCEDURES AND GUIDELINES ARE IN PLACE AND ARE MANDATORY AT ALL OUR FACILITIES.

Top-down implementation:

Our Safety Board is chaired by the Managing Director and bifurcated into eight sub-committees, each chaired by a Unit Head.

Leadership is involved in various safety activities. Visible safety training is carried out for the line managers and front line engineers by leadership teams. Leaders at all levels also carry out safety observations for behaviour safety improvement.

We are aligned voluntarily with international standards set by global bodies - Occupational Health and Safety Advisory Services (OHSAS).

IMPLEMENTATION HIGHLIGHTS

- Structural stability checks were carried out over a year across plants and priority wise action plan prepared. Progress is being tracked on a periodic basis.
- Plants were audited by third party experts and followed up with identification of action areas for further correction.
- Incident investigations were accorded high value. They were reviewed at unit and corporate level, for learning and preventing similar incidents. 10 to 15 employees were coached at each of our integrated plants to hone their skills for the investigation process.
- Mechanical Integrity Quality Assurance was carried out at two units (Hirmi and Rawan) by Dupont and improvement areas identified.
- High-risk activities' videos, prepared with the help of an outside agency, were shared with plants for training workers.
- Focus on off-the-job safety was enhanced with several initiatives including 'Train-the-Trainer' programmes on Road Safety.
- The Company's policy on Safety, Health and Environment continued to extend to its subsidiaries.
- Conducted business with only those vendors who are approved on stringent safety parameters.
- Periodical feedback was provided to vendors on their performances in terms of Environment, Health and Safety, to help them improve their performance.
- Our safety mascot Zekk continued to share safety learnings, tips and slogans across the organisation regularly.
- Assessment of safety professionals was conducted by Belbin India with the objective of enhancing personal effectiveness by aligning individual strengths to job responsibilities as well as leveraging team strengths by understanding the technique of collaboration.

CASE STUDY

NURTURING SAFETY CHAMPIONS. BUILDING SAFETY OWNERSHIP.

To enhance the safety skills of wage board employees and develop them to become the champions of our zero-harm goal, a unique programme 'Sankalp' was launched this year by Narmada Cement Jafrabad Works (NCJW).
The training approach was designed keeping in mind the needs of identified trainees and its implementation was assigned to experienced personnel.

Training was imparted on aspects including:

safety standards & procedures | life-saving rules | safety observation process | contractor field safety audit | occupational health | emergency preparedness | communication and interpersonal skills

As a result, wage board employees were developed as 'Suraksha Veers' (safety champions). These employees have developed a better understanding on the subject and started participating actively in the safety excellence journey.

Suraksha Veers are also taking greater ownership in cascading the importance of safety among their peers.

KEEPING SAFETY AT THE CORE OF ALL ACTIONS

At UltraTech, we gauge the success of our project through its safety quotient. Safety best practices are accorded the highest priority across all stages of projects, right from planning to implementation. Highlighted below is one of the success stories:

10 SAFE YEARS AT RATNAGIRI

Ratnagiri Cement Works marked 10 years of safe journey (3,652 Reportable Accident-free Days) in the reporting year. The unit has completed three major projects within this journey without any loss time work case, medical treatment case and restricted work case. A key factor behind this feat was the commitment of all employees and contract workforce towards driving the safety excellence journey. The unit is expected to continue their progress in this journey with the same spirit and achieve more milestones in the days to come.

CASE STUDY

SAFETY MANAGEMENT AT AWARPUR CEMENT WORKS

A clinker bulk loading project (approximately 3,000 MT clinker per day) was successfully completed through best-in-class management and monitoring of safety measures such as:

- Safety rounds every morning
- Safety training and motivational programmes
- Strict compliance with safety processes and policies
- Completion of maximum jobs at ground level to minimise the risk of working at height
- Rewards, recognitions and instant prizes to encourage safe practices
- On-ground presence of team leaders and safety interactions
- Advice from technical experts involved at other sites
- Safe and efficient working environment and infrastructure
- Proper use of personal protective equipment
- Emergency rescue planning

A 360° APPROACH TO SAFETY MANAGEMENT PLAYED A KEY ROLE IN DEVELOPING A STRONG SAFETY CULTURE. IT LED TO THE ACCOMPLISHMENT OF THE PROJECT WITH ZERO INJURY INCIDENTS WITHIN A RECORD TIMEFRAME.

SAFETY REPORT

	2013-14		2014-15		2015-16	
Parameters	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
Number of fatalities (Directly employed)	1	1	0	0	1*	1*
Number of fatalities per 10,000 (Directly employed)	1.01	0.97	0	0	1*	1*
Number of fatalities (Indirectly employed)	3	3	0	0	3	3
Number of fatalities (Involving third parties)	2	2	1	1	0	0

	2013-14		2014-15		2015-16	
LTIFR	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement	UltraTech	UltraTech + Star Cement
Lost Time Injuries (LTIs) per million man-hours (Directly employed)	0.67	0.89	0.51	0.61	0.35	0.37

*This is off-site related fatality

INITIATIVE

TRAINING THE TRAINER ON ROAD SAFETY

UltraTech embarked on a journey to spread the importance of safety beyond the workplace, under the umbrella of iCare initiative. One of its programmes focussed on entrenching off-the-job safety sensibility among the employees. The month of January 2016 was observed as Road Safety Month and compliance with five road safety rules was reinforced.

A business-wide training programme was conducted to increase awareness on road safety covering our employees and their families.

To achieve the objective, a select group of about 50 potential trainers were identified from across UltraTech Cement who would conduct these training programmes in their respective units/zones/offices.

Overall best performance (first position) in Gujarat Mines Safety Week 2015-16

#1

In the 6th Gujarat Metalliferous Mine Safety Week 2015-16 which was celebrated under the aegis of the Directorate General of Mines Safety, Ahmedabad region, NCJW Mines secured the first position overall. In this event, 13 mechanised mines participated in the Cement Group Mines category.

PEOPLE PERFORMANCE

The differentiator between a good company and a great company is its intellectual capital. People have always been the key contributors of UltraTech's growth story. Hence, it is only natural for us to follow the 'Employee First' policy. Be it providing growth, recognition, training, recreation or motivation - we invest in people with a focus on nurturing their future.

BEING PART OF THE ADITYA BIRLA GROUP, WE PROVIDE A UNIFORM WORKING ENVIRONMENT AND EXPERIENCE TO ALL EMPLOYEES ACROSS UNITS, VERTICALS, BUSINESSES AND GEOGRAPHIES, THROUGH OUR GROUP-WIDE 'ONE HR' POLICY.

OUR TALENT STRENGTH

PARAMETER	2013-14	2014-15	2015-16
No. of employees (in numbers)	13,420	14,724	14,950
Attrition (in %)	8.03	5.30	4.48

Attrition Rate
4.48%

E-learning
500 Modules
in Multiple Languages

Total
274,581
Training Hours

EMPLOYEE VALUE PROPOSITION

A Culture of Meritocracy	Transparency & Responsiveness	Excellence through Learning	Cultural Diversity	Fun at Work
Meritocracy creates a level playing field where talent can be identified, appraised and encouraged. This in turn promotes performance, which is at the heart of UltraTech's work culture.	Transparency builds trust, while responsiveness strengthens dialogue. We believe in maintaining transparency across processes and being an active listener.	Learning is a lifelong process and ensures development when pursued continuously. We encourage learning and nurture development of our employees through a host of specialised training programmes which are tailored to individual requirements.	We recognise the importance of cultural diversity in our workforce and provide a fertile ground for our global workforce to grow and excel.	It is our endeavour to make work fun, because we believe that employees deliver their best when they enjoy what they are doing.

WORKFORCE MANAGEMENT

Companies thrive because of good workforce management. We believe in attracting the best talent and providing the best environment so that they perform par excellence, and ensure that UltraTech retains its leadership position.

ORIENTATION PROCESS

Stronger the foundation, higher the growth. UltraTech's comprehensive induction programme lays a firm foundation for a lasting relationship with new employees.

Conducted by senior professionals across functions, all new joinees undergo this programme which includes introducing them to their individual, departmental and unit-based roles, responsibilities, and goals; acquainting them with the overall vision and values of the organisation; and providing an overview of SOPs like safety norms and code of conduct.

AARAMBH

A BEGINNING OF A PROMISING JOURNEY

VIKRAM CEMENT WORKS ADVANCED ON ITS ONBOARDING PROCESS WITH THE LAUNCH OF 'AARAMBH', ENCOMPASSING INTERVENTION FOR JOINEES AT THREE STAGES - PRE-JOINING, JOINING DAY AND POST-JOINING.

A stepwise process map has been prepared chalking out various services to be offered to joinees, timelines for delivery of these services and people accountable for implementation.

Upon accepting the offer, the recruit is sent a document including information on facilities like accommodation and transportation as well as all amenities available in the vicinity like grocery store, hospital and school. This ensures ease of settling down in a new area. The joining documents are also handed over to the new joinee, one day before the date of joining so that the individual can become a contributing member as quickly as possible.

The quality of facilities delivered to the new employees is tracked every month and a performance board is shared with all service providers which includes feedback from the new employees.

An HR professional has been dedicated to oversee the implementation of this entire process.

As a result of this programme, new joinees feel welcomed and valued, reaching expected levels of productivity in the shortest time possible. This programme will also reduce attrition and improve the employee satisfaction quotient.

GROWTH OPPORTUNITIES

Employees at UltraTech are encouraged to grow vertically or horizontally, based on their aspirations. They achieve growth through a spectrum of opportunities: learning & development, leadership platforms, competitive remuneration, fair appraisals and motivating career development options.

MERITOCRACY-BASED APPRAISAL

UltraTech's Annual Compensation Review is a comprehensive and transparent appraisal process. A true growth compass, it factors in parameters like self-assessment, supervisor assessment, business performance, employee performance, market information and variable pay.

INTERNAL RECRUITMENT SYSTEM

Employees are encouraged to pursue career moves which are mutually beneficial, to them as well as the organisation. True to our 'Employee First' philosophy, internal talent is provided the first right to apply for any open position over external candidates. Be it in India or abroad, vacancies across locations are first posted on the internal portal.

We follow a practice of no hiring outside ABG for middle and senior management roles. In the last 3 years, we have had many inter-business and intra-business movement of employees across levels.

NURTURING LEADERSHIP

Empowering our best talent with stimuli to climb the leadership ladder is a continuing pursuit. Building a leadership pipeline is a part of our talent identification process wherein candidates with high potential are spotted, and then exposed to challenging projects and stimulating roles.

We follow a unique '2/2/2 Philosophy', which implies that every employee must work across two businesses, two functions (or sub-functions) and two geographies for a broader understanding of the business and the Company. This enables one to become a well-rounded leader.

TRAINING & DEVELOPMENT

With rapidly advancing technology and fast changing business landscape, it is imperative that our employees are in step with best & next practices.

TECHNICAL TRAINING

UltraTech has a state-of-the-art training centre which is supported by more than 40 subject matter experts. This unique, forward-looking initiative is dedicated extensively to train graduate engineer trainees and make them job-ready.

TECHNOLOGY LEADERS

High performers with expertise in functional areas are selected to work on process improvement projects like mining, coolers and thermal power plant.

EXECUTIVE EDUCATION

We have an ongoing relationship with the Birla Institute of Technology and Science (BITS), and our employees are encouraged to pursue a degree in subjects such as Power and Process Engineering.

ONLINE MBA

This is an opportunity to upgrade employee skills on the job, through our e-learning modules. Several of our management cadre employees have seized the opportunity and completed their online MBA course from U21, Singapore.

TRAINING

PARAMETER	2013-14	2014-15	2015-16
Total training hours	235,681	324,016	274,581
Training hours per employee	18	22	19.31

AVERAGE TRAINING HOURS PER PERSON PER YEAR

	2013-14			2014-15			2015-16		
CATEGORY	Male	Female	Total	Male	Female	Total	Male	Female	Total
Leaders	9	0	9	19	0	19	14	0	14
Managers	26	8	34	28	23	28	23	23	46
Executives	19	12	31	26	14	26	21	13	34
Workers	13	14	27	11	10	11	15	17	32
Retainers	0	0	0	1	0	1	0	0	0
Trainees	89	24	113	94	334	100	6	33	39

EMPLOYEE ENGAGEMENT

Effective engagement acts as a bridge between employee needs and organisational goals. While it drives job satisfaction, high productivity and low turnover, soliciting feedback from employees also develops in them, a sense of belonging towards the organisation.

At UltraTech, we rely on our people's feedback to develop robust processes, policies or initiatives. Provided below are few of our new and ongoing engagement initiatives that give us a perspective on where we stand on the employee satisfaction index.

For a complete list of our employee engagement platforms, refer the stakeholder engagement section.

SAMIKSHA - FEEDBACK SESSION WITH NEW EMPLOYEES

Formal Joint Management-worker safety and health committees have been established at plant level, which typically represents the entire workforce within the plant.

The initial experience of newly joined employees has a direct bearing on the longevity of their association with the organisation. To understand the pulse of new joinees, 'Samiksha' has been set-up as a platform at Vikram Cement Works – Khor (Neemuch) to understand their onboarding experience. New employees are encouraged to share their feedback on various elements including:

- **Joining formalities**
- **Meeting with senior management**
- **Guesthouse services**
- **House allotment and related services**
- **Settling of family members**
- **Quality of neighbourhood amenities like school and hospital**

BASED ON THE FEEDBACK RECEIVED IN THE SAMIKSHA SESSION, THE EFFECTIVENESS OF EMPLOYEE ONBOARDING PROCESS IS IMPROVED. SO FAR, FOUR SUCH SESSIONS HAVE BEEN ORGANISED COVERING 35+ JOINEES.

HR SHIKSHA - TAKING PEOPLE POLICIES TO THE PEOPLE

What good are human resource policies and procedures, if the intent and meaning of these documents are not clearly communicated to the wider spectrum of the organisation.

HR-Shiksha is a drive to educate employees about people processes. It also proactively clarifies the misconceptions related to the people policies prevailing among the employees.

HR Shiksha not only provides an open platform for employees to share their views, issues and queries on people development related policies, but also increases the participation of employees in various people related drives.

EMPLOYEES CAN ALSO WRITE IN WITH THEIR QUERIES AT A DESIGNATED EMAIL ID CREATED FOR THE PURPOSE. THE DETAILS OF QUERIES RAISED AND RESOLVED, ARE RECORDED BY THE UNIT HR AND PRESENTED TO UNIT HEADS AND FUNCTIONAL HEADS, MONTHLY.

SUPPORT BEYOND WORK

Peace of mind in an employee, goes a long way in improving the productivity. We endeavour to support our employees in various walks of life such that they remain happy and motivated.

PRATIBHA SCHOLARSHIPS

'Pratibha', ABG Employees' Children's Education Scholarship Plan was launched in 2004, to reward academic excellence. Under this plan, the most deserving children of employees across the Group level are awarded scholarships to pursue professional education. The scholarship programme is driven centrally in partnership with Business and Unit teams.

CASE STUDY

SHARING IS EMPOWERING

'Margdarshan' is a one-to-one skill building programme, in which a senior leader helps a young professional to hone his/her technical skills.

The emphasis is on transferring skills and experience of the area experts, called 'Dronas' to seekers called 'Arjunas'. The pairing of Dronas and Arjunas is done in 1:3 ratio.

The objective is to address the challenge of learning cycle time reduction through experiential learning.

Highlights

- Identification of Unit Margdarshan Coordinators
- Finalising critical learning objectives for each department
- Scheduling online classes, attendance and examinations
- Regular review and recognition
- Involvement of family members for better engagement
- Online system to track the progress and create the knowledge base
- Involvement of stakeholders to measure the effectiveness
- Providing platform for two-way learning

Outcome

The outcomes have been very encouraging:

Qualitative

- INCREASE IN PROBLEM SOLVING, DECISION MAKING AND ANALYTICAL ABILITIES
- CREATION OF A CULTURE OF LEARNING AND KNOWLEDGE SHARING
- ENHANCED TEAM BONDING AND DEVELOPMENT OF INTERPERSONAL RELATIONSHIPS

EMPLOYEE WELLNESS

Challenges come in different forms and can only be addressed by a diversity of people who bring with them a variety of strengths. Being an equal opportunity employer, merit is the only parameter for recruitment at UltraTech. This approach has led us to build our teams with an array of experience, demographics and skill set.

The two pivotal areas of focus in our diversity policy are:

LOCAL EMPLOYMENT

We continue to hire for potential and train for skill. We give preference to hiring from within the local communities we operate in. This not only cascades prosperity across the neighbouring villages and towns, but also strengthens our social license to operate.

GENDER DIVERSITY

Female employees have traditionally represented a small percentage of the total workforce in the cement sector. To change this representation and make our workforce more gender diverse, we have institutionalised a host of women-friendly initiatives.

The Women Empowerment & Engagement (WEE) initiative at UltraTech works on the issues of importance for the women employees. It also includes a WEE community - an intranet based forum for women employees of UltraTech.

We have a zero-tolerance policy towards any form of sexual harassment and conform to the Group policy on prevention of sexual harassment at the workplace.

HUMAN RIGHTS

We adhere in intent and action, to the Group policy on Human Rights, which enunciates:

- **Support and respect the protection of internationally proclaimed human rights**
- **Make sure that we are not complicit in human rights abuses**
- **Uphold the freedom of association and the effective recognition of the right to collective bargaining**
- **Elimination of all forms of forced and compulsory labour**
- **Abolition of child labour**
- **Elimination of discrimination in respect of employment and occupation**

The policy is in line with the principles ascribed in the UN Global Compact and is binding on all employees. Child labour or forced labour are strictly prohibited at our operations. Stringent checks that screen any underage worker trying to enter our facilities, are deployed to ensure the same. All our formal agreements with trade unions cover health and safety aspects as a step to ensure the well-being of the workforce.

We respect an employee's freedom to opt for a union, however we do not support any bias or discrimination towards any specific group. Currently, 26% of permanent employees are unionised.

No complaint related to human rights was received during the last financial year.

INITIATIVE

WELCOMING MOTHERS BACK TO WORKPLACE

Launched in 2014, the comprehensive Maternity Support Programme provides options and choices to female employees, so that they can effectively manage the maternity phase and return to work in a seamless manner.

The maternity programme is a bouquet of benefits available to full-time Management cadre women employees who have completed at least 18 months of service with the organisation. It includes maternity leave, mediclaim coverage, prenatal support through 'Healthy Pregnancy Programme', phase-back programme to support the returning mothers and emotional assistance support through the 'World of Women Network'.

MATERNITY LEAVE STATISTICS

DESCRIPTION	Employees entitled to maternity leave	Employees who took maternity leave (FY 2015-16)	Employees who returned to work after maternity leave ended (FY 2015-16)	Employees returning from maternity leave in FY 2014-15	Employees who took maternity leave in FY 2014-15, returned to work and were employed for 12 months after return
No. of employees (in numbers)	244	8	7	12	9
Rate (in %)			88		75

WORKFORCE DASHBOARD

TOTAL WORKFORCE: GENDER-WISE BREAKUP

TOTAL WORKFORCE	2013-14		2014-15		2015-16	
Category	M	F	M	F	M	F
Permanent Employees	13,178	242	14,379	245	13,969	244
Contractors	20,593	636	23,547	777	23,325	683

TOTAL WORKFORCE: REGION-WISE BREAKUP

TOTAL WORKFORCE	2013-14		2014-15		2015-16	
Category	Within Country	Outside Country	Within Country	Outside Country	Within Country	Outside Country
Permanent Employees	13,032	388	14,342	382	13,673	540
Others	156	2	24,385	81	24,009	316

TURNOVER: GENDER-WISE BREAKUP

TOTAL WORKFORCE	2013-14		2014-15		2015-16	
Gender	M	F	M	F	M	F
Turnover	1,050	27	768	17	646	24

TURNOVER: REGION-WISE BREAKUP

TOTAL WORKFORCE	2013-14		2014-15		2015-16	
Region	Within Country	Outside Country	Within Country	Outside Country	Within Country	Outside Country
Turnover	1,049	28	774	11	563	107

TURNOVER: AGE-WISE BREAKUP

TOTAL WORKFORCE	2013-14			2014-15			2015-16		
Age Group	‹30	30-50	›50	‹30	30-50	›50	‹30	30-50	›50
Turnover	281	623	173	270	397	118	236	311	123

SOCIAL PERFORMANCE

For generations, the Aditya Birla Group has been reaching out to communities with the spirit and culture of sharing and caring. At UltraTech, we are carrying this legacy forward by taking concrete steps to co-create value for business and the society.

We pursue a project-based approach with a robust implementation structure, monitoring process and a team of professionals in place across all locations. To erase barriers of accessibility and, go deeper and wider, we collaborate with district rural development authorities, local hospitals, healthcare institutions and district panchayati raj institutions with the objective of empowering the community.

Even before it became mandatory to invest a portion of our annual profit into CSR, we engaged in a number of programmes to raise the standard of life of people from the weaker sections.

13 States	407 Villages	1.3 Million Beneficiaries

Our CSR Outreach

Of the 407 villages that we work in, we have identified 54 that will be transformed into model villages by 2017. This transformation will make these villages self-reliant in education, healthcare, infrastructure, agriculture, watershed management and sustainable livelihood.

Our Board of Directors, our Management and our colleagues across UltraTech are committed to inclusive growth.

FOR THE YEAR 2015-16, OUR CSR SPEND WAS INR 508.9 MILLION, WHICH IS NEARLY 1.8% OF OUR NET PROFIT. IN ADDITION, WE MOBILISED INR 203.4 MILLION THROUGH VARIOUS SCHEMES OF THE GOVERNMENT, ACTING AS CATALYSTS FOR THE COMMUNITY.

OUR CSR VISION

To actively contribute to the social and economic development of the communities in which we operate. In doing so, build a better, sustainable way of life for the weaker sections of society and raise the country's human development index.

HEALTHCARE

PREVENTIVE HEALTHCARE | CURATIVE HEALTHCARE | REPRODUCTIVE & CHILD HEALTHCARE

PREVENTIVE HEALTHCARE

- **217** rural medical check-up and awareness camps were conducted, where minor health ailments like malaria, diarrhoea and skin problems were treated.
- **48** speciality health camps identified complicated and long-term cases like hepatitis, diabetes, arthritis and heart-related problems. Our on-site hospitals treated patients who needed further care.
- **144,495** villagers covered under all these camps.

CURATIVE HEALTHCARE

Mega cataract operation camps were conducted at Khor, Chittaurgarh, Kharia, Rajula and Awarpur in conjunction with the government's anti-blindness drive. At the local level, we worked with the district health teams and eye specialists. The aim of this initiative was to create cataract-free villages in and around our operational areas.

- **13,045** patients were checked and treated
- **4,903** patients were selected for cataract operation
- **3,500** persons with vision problems were given spectacles

REPRODUCTIVE AND CHILD HEALTHCARE

- **226,512** children were immunised against polio and more than 4,672 children were immunised against BCG, DPT and hepatitis B across all locations, in collaboration with the respective local District Health Departments.

- **8,122** women participated in antenatal care, postnatal care, mass immunisation, nutrition and escort services for institutional delivery. These camps were organised in Malkhed, Hirmi, Rawan, Awarpur, Kovaya, Khor, Shambhupura, Kotputli and Kharia Khangar.

- **2,270** girls were covered under the focussed healthcare programme at Government Girls High Schools and Kasturba Gandhi Balika Vidyalayas in Malkhed, Kovaya, Jafrabad, Kharia and Reddipalayam.

- **1,126** villagers opted for family planning as a result of our intensive motivational drive towards responsible family raising.

EDUCATION

PRESCHOOL EDUCATION | SCHOOL EDUCATION | EDUCATION SUPPORT | VOCATIONAL/TECHNICAL EDUCATION | SCHOOL INFRASTRUCTURE SUPPORT

PRESCHOOL EDUCATION

- **5,411** children were enrolled extending support to 250 Anganwadis across 15 villages.

- Six Government-run Anganwadis were transformed into Model Anganwadis by painting the centre building with attractive colours and cartoons, providing books, child development toys and other implements, making them an attractive and fun place for children.

  Additionally, preschool education has been started at these Anganwadis and the number of kids enrolled are increasing.

SCHOOL EDUCATION

- **9,965** students were enrolled from Class I to VIII in schools of Surat and Amreli district in Gujarat, Baloda Bazaar in Chhattisgarh and Solapur in Maharashtra under 'Shala Praveshotsav' - the school enrolment programme, in collaboration with the district education department.

- Over **21,000** students benefitted under the Sarva Siksha Abhiyan through our tie-up with 42 primary schools in 24 villages. These students were provided technical support, study materials, school bags and uniforms. We also assisted in the delivery of midday meal programmes in schools at Jafrabad, Jharsuguda, Hotgi and Durgapur, through need-based support.

Access to education is every child's right. UltraTech works with governments, NGOs and other agencies to facilitate quality education to children, living in the towns and villages near our operation sites.

- **35,914** students benefitted from our special coaching classes and career counselling programmes for students across different sections in Malkhed, Kovaya, Jafrabad, Kotputli, Kharia Khangar, Reddipalayam, Shambhupura and Awarpur. The focus was on enhancing the reading and writing abilities of primary students, reducing the number of dropouts at the middle levels and encouraging academic excellence at the secondary level. We created a student friendly environment in schools across locations by reinforcing basic amenities and school fixtures. In addition, various initiatives such as counselling and motivational programmes were introduced to bring down the dropout ratio.

EDUCATION SUPPORT

- **1,546** students of Navodaya school near Hirmi and Rawan were provided with special coaching, so that they can compete in the entrance examinations. Until now, 40 students have cleared these exams, of which 70% belong to economically poor families.

- As part of Project Utkarsh, we have initiated the Smart Class Computer project at four government schools in Kharia with 1,500 students, in collaboration with the Government of Rajasthan.

  At Malkhed, this project will eventually reach out to **22,000** children.

- Conducted 6-month computer literacy programmes across Rawan, Malkhed, Khor, Hirmi, Shambhupura, Ratnagiri, Magdalla, Dhar and Kharia, benefitting 548 rural students.

- Conducted talent search programmes in Reddipalayam, Kotputli, Rawan, Awarpur and Shambhupura, benefitting 6,467 children from different schools.

- Supported two residential schools for visually impaired at Kovaya and Gulbarga.

- With the objective of providing quality education and personality development to tribal students, Vikram Cement Works has been running Aditya Gyan Shakti Primary and Middle schools in remote villages of Sanjaygram and Kenpuriya since 1992. 195 students from very poor families study in these schools. Free education, study material and uniforms are provided to encourage education.

SCHOOL INFRASTRUCTURE SUPPORT

- Provided **21,253** village children access to books by setting up libraries across areas of our operations.

- Aditya Cement, Rajasthan is transforming 20 schools at Shambhupura into model schools by setting up a library, introducing new teaching tools and constructing toilets for girls. This will benefit more than **2,000** children.

- Supported students from below poverty line with educational materials so that they continue their higher education.

VOCATIONAL/TECHNICAL TRAINING

We led functional literacy programmes in 18 villages surrounding Khor, Durgapur, Jafrabad and Malkhed, for women in the age group of 25-60 years. The programmes were conducted during the evenings for their convenience.

SUSTAINABLE LIVELIHOOD

AGRICULTURE | ANIMAL HUSBANDRY | VOCATIONAL TRAINING | SKILL DEVELOPMENT MISSION | SELF HELP GROUP (SHG) | SKILL UPGRADATION

TRAINING ON STONE ART

AGRICULTURE

- Conducted training programmes in crop diversification, advanced cropping techniques, floriculture, integrated pest management and post-harvest technology at Khor, Kharia, Shambhupura, Malkhed, Rawan, Jafrabad, Awarpur, Hirmi and Jharsuguda locations. This has benefitted 3,659 farmers in increasing their productivity.
- The multi-cropping, crop diversification and resource management initiative, started a couple of years back

with just two farmers, has expanded and supported the livelihood of 112 farmers in three villages of Jharsuguda.

- 50 farmers from Awarpur and four surrounding villages were taken for an exposure visit to Nagpur and Chanderpura in Maharashtra to showcase modern cropping patterns and techniques. 22 farmers from Khor went on a trip to Krishi Vigyan Kendra, Chittaurgarh to learn more about organic cultivation. Additionally, 340 farmers were supported with agricultural equipment in the villages of Khor and Malkhed.
- 12 farmers' clubs were promoted at Jharsuguda and Malkhed to optimise procurement cost, earn better margins through collective marketing of agricultural products, avail facilities and services under different schemes, and exchange ideas and best practices.
- Supported the installation of 68 new biogas units at Kovaya and Jafrabad to support green energy movement. In all, there are 108 such units in operation now.
- Organised plantation drives in villages of Rawan, Hirmi, Khor, Malkhed, Reddipalayam and Ratnagiri.
- At Vikram Cement, the Integrated Watershed Management Project is on track. We are collaborating with the Watershed Mission implemented by the Madhya Pradesh Government.

ANIMAL HUSBANDRY

- Through our farmer support initiatives, more than 40,386 animals were immunised at veterinary camps in Malkhed, Kotputli, Kharia, Khor, Shambhupura, Hirmi, Rawan, Awarpur, Sewagram, Kovaya and Jafrabad.
- The Navjeevan Gaushala at Kharia Khangar gives shelter to 740 stray cows and oxen in the arid climate of Rajasthan.
- The fodder support programme at Sewagram substantiated the need of three villages in collaboration with the respective panchayats.
- Technically supported by BAIF, the integrated breed improvement programme at our Kovaya and Jafrabad locations in Gujarat, and Khor in Madhya Pradesh has been very successful. The programme has been extended to the Wanakbori location as its effectiveness and impact cuts across various classes of farmers. To reach out to the landless farmers, a new initiative of breeding small ruminant bucks has been initiated.

CASE STUDY

EMPOWERMENT THROUGH WATERSHED

Challenge

Since the last few decades, the threat of water scarcity has loomed large over the people living in the Neemuch district in Madhya Pradesh. A number of factors like gradual decrease in the groundwater table, excessive dependence on rainwater for farming, and soil and topography conditions have all added to this problem.

Action

To bring holistic development in villages through water management and conservation, Vikram Cement Works conducted a baseline study in the region which found that the area comes under the dark zone, terrain is undulating with ridges and slopes, and degraded forest land has very few irrigation facilities.

This led to the launch of an Integrated Watershed Management Programme in conjunction with the state government's Watershed Mission. The Public-Private Partnership project was developed in phases to eventually bring 5,742 hectare of land under irrigation at a cost of INR 68.9 million.

The three phases in which the project was divided include:

PREPARATORY

- Survey of watershed area
- Preparation of DPR and construction of entry point activity which included community sheds, water tank and waiting hall

WORK

- Treatment of ridge and drainage area
- Construction of watershed structure, training of self-help group, watershed committee
- User group initiation of livelihood activities

CONSOLIDATION

- Completion of repair work
- Post-project capacity building and management of developed natural resources and structure

Facilitated by a dedicated multidisciplinary team, the project involves making farmers and local people aware of rainwater harvesting, training them in diverse agro-based activities and ways to support watershed management. Some of the major activities undertaken during the project include:

1 **Entry Point Activity:**
11 Water Tanks, 1 Nali Farshikaran,
13 Community Sheds, 4 Waiting Halls

2 **Watershed Development Work:**
65 Stop Dams, 1 Farm Pond,
1 Staggered Contour Trench (SCT-1400 Trench)

3 **Productivity Enhancement:**
Distribution of 1,400 kg of Foundation Seeds of Soya Bean, Wheat and Mustard,150 sets of PVC Pipes, 7 Spiral Graders and Seed Treatment Drums, 10 Sprinkler Systems, 300 Spray Pumps, 30 Motor and Engine Sets.

4 **Livelihood Activities:**
46 Self-help groups were created with activities like goatery, tailoring, surf and phenyl making. A total of 502 families benefitted from these activities.

Outcome

The project continues to have a significant impact in the region. Some of the key ones include:

- THE CROPPING PATTERN CHANGED FROM SINGLE TO DOUBLE, AND FROM DOUBLE TO TRIPLE
- UP TO 30% INCREASE IN KHARIF CROP AND UP TO 35% IN RABI CROP PER HECTARE
- TOTAL WATER HOLDING CAPACITY INCREASED BY 3.02 MILLION M^3 PER YEAR THROUGH WATERSHED WORKS
- TOTAL IRRIGATED AREA INCREASED BY 402 HECTARE PER YEAR BY WATERSHED WORKS
- INCREASE IN INCOME OF FARMERS/LANDLESS LABOURERS UP TO INR 18,000 PER YEAR
- MIGRATION IN THE REGION DECREASED TO 5% FROM 15%. INCREASE IN GROUNDWATER TABLE FROM 1.5 TO 2.0 METRE DUE TO ENHANCED RECHARGING BY WATERSHED INTERVENTIONS
- ALL 96 MEMBERS OF WATERSHED COMMITTEE & 502 MEMBERS OF SHG ARE WELL-TRAINED THROUGH CAPACITY BUILDING AND SELF-SUSTAINED INITIATIVES
- AT THE END OF THE PROJECT, TOTAL SAVINGS OF 46 SHG WILL BE INR 1.24 MILLION
- ALL 659 UG MEMBERS WILL BE WELL-TRAINED IN AGRICULTURE AND ASSETS UTILISATION

VOCATIONAL TRAINING

- 3,035 participants took vocational skills training in 17 villages across locations for non-farm skills.

- Birla White, Rajasthan has widened its Applicator's Training Programme to include women and unskilled construction workers recently. Through this programme, more than 6,000 people including 1,100 women were trained in the specialised application of Birla White putty.

- Rajshree Cement Works operates the Kagina Industrial Training Centre (KITC), a private industrial training institute recognised by the Directorate of Employment and Training, Govt. of Karnataka. KITC trains youth in fields like Electrical, Fitting, Welding, Electronics, Mechanical, Environment Health and Safety, and provides them employment in the organised sector. It has a teaching staff of 8 JTOs (Junior Training Officers), and well equipped classrooms and laboratories to efficiently conduct the classes. 99 students were enrolled this year with a special preference to those belonging to the 10 adopted villages near Malkhed.

- We manage the Industrial Training Institute at Raipur through public-private partnership. This institute provides government recognised diplomas in engineering and non-engineering technical fields. UltraTech also provides apprenticeship opportunities to students in the trades of electrician, fitter, welder and diesel mechanic.

SKILL DEVELOPMENT MISSION

The Government of Chhattisgarh focusses on 21 high priority sectors under its skill development mission. UltraTech Cement collaborated with the government for skill development of unemployed rural youth in one of the priority sectors -- building and construction. The training comprised construction basics, selection of materials, good construction practices, and do's and don'ts of the business. After the successful completion of the training programme, the participants were provided with mason's tool kit.

SELF HELP GROUP (SHG)

UltraTech teams empower 7,940 households, both financially and socially, through 840 SHGs. Besides encouraging saving and facilitating credit, these SHGs also provide training in tailoring, weaving, knitting, tie and die, handicrafts, beauty parlour, mushroom cultivation, food processing and other small businesses.

SKILL UPGRADATION TRAINING ON STONE ART

A 6-month training programme has been started at Bhainslana village in Rajasthan, with the objective of improving the existing skills of stone sculptors, increasing their output and enhancing their income through non-dependency on middlemen.

INFRASTRUCTURE

RURAL INFRASTRUCTURE | SAFE DRINKING WATER AND SANITATION | PARTNERING WITH NABARD

RURAL INFRASTRUCTURE

Rural infrastructure was strengthened by building of approach roads, construction and repair of community halls, public rest places, solar lights and maintaining bathing ghats at Awarpur, Shambhupura, Kotputli, Panipat, Kharia, Khor, Bhatinda, Aligarh, Dadri, Rawan, Hirmi, Durgapur, Jharsuguda, Kovaya, Jafrabad, Ratnagiri, Magdalla, Awarpur, Malkhed, Hotgi, Tadpatri, Arrakonam, Ginigera and Reddipalayam. Through our interventions, we have reached out to 539,051 people across all our units.

SAFE DRINKING WATER AND SANITATION

Till now, 10 reverse osmosis plants have been installed around our operational areas in Tadipatri, giving more than 21,000 villagers access to safe drinking water. Additionally, 80,000 villagers have now access to safe drinking water in villages around Khor, Shambhupura, Hotgi and other locations.

Under the Nirmal Gram Yojana, we have facilitated the construction of 1,039 individual toilets in and around 8 villages. In addition to the school toilets for the girl child, we are committed to construct and maintain the school toilets in 57 schools at Tadipatri.

PARTNERING WITH NABARD

Supported sanitation project comprising 1,766 sanitation units impacting 8,830 individuals in Nagpur district, Maharashtra and Chhindwara district, Madhya Pradesh. The first lot of 480 sanitation units have received support from UltraTech by way of cement bags (on average 8-10 bags per unit).

The construction of the next lot (240 toilets) is underway and we are targeting to complete all the 1,766 sanitation units by June 2016. We partnered an international NGO, Habitat for Humanity, for the project. The gap funding for constructing the toilets is funded by NABARD.

SOCIAL REFORMS

ESPOUSING SOCIAL CAUSES | ULHASOTSAV (GRAMIN MAHILA KHEL KUD MAHOTSAV) | MASS MARRIAGES

ESPOUSING SOCIAL CAUSES

We work with the communities at our operational sites to help bring an end to various social evils such as child labour, illiteracy, child marriages, the marginalisation and abuse of the girl child and women, drunken behaviour, maintaining poor hygiene and so on. We also promote rural sports, cultural programmes and celebration of national events/days in the locale.

During the reporting period, our socio-cultural programmes reached out to 287,421 people.

MASS MARRIAGES

210 poor couples took part in the mass marriages conducted at Kovaya, Jafrabad, Hirmi, Rawan and Rajashree Cement.

ULHASOTSAV
(GRAMIN MAHILA KHEL KUD MAHOTSAV)

The annual socio-cultural event Ulhasotsav at Awarpur was organised with an aim to empower women through sports.

FOCUS-AREA WISE IMPACT	FY 2013-14	FY 2014-15	FY 2015-16
Education			
School Enrolment Programmes	6,700	7,300	9,965
Support with Educational Materials	30,000	19,241	21,005
Merit Scholarships	1,400	1,500	4,578
Support to Residential School Programmes	579	600	630
School Competitions	1,450	2,140	6,467
Computer Training	1,100	1,100	548
Support to Midday Meal	1,670	1,500	1,694
Special Coaching	340	2,800	3,080
Smart Classes	1,555	1,500	1,800
School Infrastructure	1,980	25,000	28,094
Support to Anganwadis	5,152	10,243	5,411
Literacy (Formal and Non-formal)	450	400	400
School Functions Awareness	21,042	21,650	35,914

FOCUS-AREA WISE IMPACT	FY 2013-14	FY 2014-15	FY 2015-16
Healthcare			
Mobile Medical Camps	133,453	134,643	134,995
Eye Camps (IOL Operations)	4,115	4,869	4,903
Support with Spectacles	3,500	3,700	3,500
Support Camp for Differently Abled	-	-	-
Speciality Medical Camps	13,000	13,100	13,273
Low-smoke Wood Stoves	200	200	100
Support to National Pulse Polio Campaign	175,400	180,000	226,512
Immunisation of Children	3,960	4,100	4,672
School Health Programmes	4,500	4,400	4,416
Antenatal Healthcare Programmes	7,439	7,620	8,122
Adolescent Health Programmes	4,200	3,820	2,270
Interventions for Planned Families	2,805	1,991	1,126
Toilets (Water and Sanitation)	500	740	1,039
Reverse Osmosis Plants (Water and Sanitation)	10,000	10,000	21,000
Drinking Water	80,000	80,000	80,000

FOCUS-AREA WISE IMPACT	FY 2013-14	FY 2014-15	FY 2015-16
Sustainable Livelihood			
Vocational Training	8,900	3,035	3,450
Putty Applicators Training	6,500	6,000	6,000
Industrial Training Centres	86	150	150
Agriculture Training and Orientation	2,037	3,659	3,582
Animal Husbandry Treatment and Vaccinations (No. of Animals)	35,207	40,386	40,500
Animal Husbandry Breed Improvement (No. of Milch Animals)	1,350	1,813	1,813
Self Help Group Women's Training	520	840	848
Watershed Management	18,000	22,000	-
Rural Infrastructure			
Community structures – Roads / Community Halls / School Repairs / Public Utilities	543,857	475,178	539,051
Social Welfare (Programme Stakeholders / No. of Participants)			
Social Empowerment and Support Programmes including Support to the Aged / Cultural Programmes / Awareness Sessions	258,828	263,893	287,421

RESPONSIBLE STEWARDSHIP

STAKEHOLDER ENGAGEMENT

FUTURE PROOFING

UNDERSTAND FROM EXPERTS, THE EXTERNAL CHANGES, THE PROBABILITY OF THEIR OCCURRENCE AND THE POSSIBLE IMPACT THAT THEY MAY HAVE ON OUR BUSINESS.

STAKEHOLDER ENGAGEMENT

SPOTTING MEGATRENDS

Change is constant, but never before have we witnessed it at such an accelerated pace. Trends that would earlier take decades to sprout and blossom, now storm markets in weeks. Businesses that miss important trends, often lose leadership and face existential crisis, whereas companies that stay in step with evolving industry paradigms post impressive growth. In a nutshell, trends matter. We at UltraTech, actively source out experts and think tanks to keep abreast with developing trends and unfolding business scenarios.

STAKEHOLDER ENGAGEMENT

We communicate with a wide spectrum of stakeholders through multiple channels of engagement. This year we interacted with our communities, suppliers and employees as part of our sustainability report development process to understand their views on the areas/issues that need to be further improved/addressed by the management.

CONTINUOUS CONSULTATION, HOLISTIC AND TRANSPARENT DISCLOSURE OF VITAL COMPANY INFORMATION AND REGULAR ENGAGEMENT WITH OUR STAKEHOLDERS, FORM THE ROBUST FOUNDATION OF OUR BUSINESS VALUE SYSTEM.

OUR ENGAGEMENT APPROACH

The engagement has the following fundamentals in common:

Informative	Descriptive	Interactive	Collaborative	Proactive	Inclusive
					
Disclose key information honestly and in a timely manner.	Communicate comprehensively to provide a holistic picture.	Identify stakeholder concerns through regular feedback and set the priorities accordingly.	Encourage active collaborations with stakeholders to get an external viewpoint.	Identify and address concerns before they escalate in severity.	Ensure that every stakeholder feels a part of the Company's progress.

OUR STAKEHOLDER CIRCLE

OUR BUSINESS IS INTRICATELY LINKED TO OUR STAKEHOLDERS.

We have mapped our external as well as internal stakeholders based on the level of impact they have on our business and vice-versa. The stakeholder engagement circle is a 360-degree inclusive approach to involve all stakeholders that affect our business.

OUR ENGAGEMENT PLATFORMS

We have devised a combination of platforms, formal and informal, to receive honest feedback from as well as disseminate desired information to all the stakeholders.

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT TOPICS
Shareholders, Lenders and Investors		
	Annual report and regulatory filings	Financial performance
	Annual general meeting	Annual performance and new projects
	Shareholder meetings and presentations	Change in governance structure
	Carbon Disclosure Project report	Disclosure on our carbon performance
	Sustainability report	Triple bottom line performance
	Grievance redressal	Addressing concerns
	One-on-one meetings, investor conferences, investor calls	Clarity on business direction
Government and Regulatory Authorities		
	Annual report and regulatory filings	Ethical business conduct
	Meetings on government directives and policy development	Regulatory compliance
	Facility inspections	Environmental stewardship
	Regular meetings	Safety
		Resolution of stakeholder grievances

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT TOPICS
Employees		
	Organisation health survey	Health and safety
	Annual performance review	Career growth and progression, competitive compensation
	Employee health checks	Work-life balance
	Employee volunteering in engagement activities	Building camaraderie
	Intranet, annual report, sustainability report	Regular sharing of company information
	Employee recognition activities	Employee motivation
Customers		
	Company website	Product information
	Product campaigns	Product benefits and features
	Satisfaction surveys	Product quality and feedback
	Grievance redressal	Timely availability and building trust
	Customer oriented initiatives	Building relationships
	Feedback surveys	Product and service innovations
Suppliers and Contractors		
	Contract procedures and project reviews	Product quality and pricing
	Facility inspections	Supply quality
	Review meetings	Organisation's performance and timely payments
	Vendor interaction meets	Cost overrun for compliance with company laws
	Feedback forms	Unbiased treatment and redressal, if required
	Annual performance report	Adherence to SLA (Service Level Agreement)
	Annual stakeholder meets	Business security and growth
Local Community		
	Community need assessments	Focus areas
	Disaster management workshops	Emergencies
	Community visits	Building relationships
	Satisfaction surveys	Living standards
	Meetings with community heads	Direction and application

STAKEHOLDERS	ENGAGEMENT PLATFORMS	ENGAGEMENT TOPICS
Media and NGOs		
	Published articles	Transparency
	One-on-one interactions	Timely information on future plans
	Direct contact during activities	Support on social issues
	Social surveys	Identification of effort areas
		Disclosure on compliance

CELEBRATING A DECADE OF ACTIVE ENGAGEMENT

The Cement Sustainability Initiative (CSI), a sector-project of the World Business Council for Sustainable Development (WBCSD), is a global effort by 23 major cement producers with operations in more than 100 countries who believe there is a strong business case for the pursuit of sustainable development.

Collectively, these companies account for around 30% of the world's cement production.

UltraTech has been a member of the Cement Sustainability Initiative (CSI) since 2006. This includes regular and active participation in various focus area working groups, workshops, forums, discussions and chairing various committees. This sustained engagement over 10 years has helped us gain perspective of the cement industry's stakeholder segments and globally relevant issues, as well as opportunities for cross-learning amongst global cement companies.

Birla White YuvaRatna Awards

The Birla White YuvaRatna Award continues to challenge the young engineers and architects to redefine the frontiers of space. The 12th Birla White YuvaRatna Awards was based on the theme **'Smart – Existence, Environment, Economy'.**

The participants were asked to design a 'smart' neighbourhood which was both high on aesthetics and eco-friendliness. The event witnessed 640 drawings from 57 institutes across India. The shortlisted entries from 5 regional zones were judged at the national level by our elite panel of jury members to announce the national winners.

CUSTOMERS

We proactively engage with our customers to disseminate product related information and gather feedback as it not only allows us to track market trends and demands, but also provides insights on innovations and disruptive products entering the market.

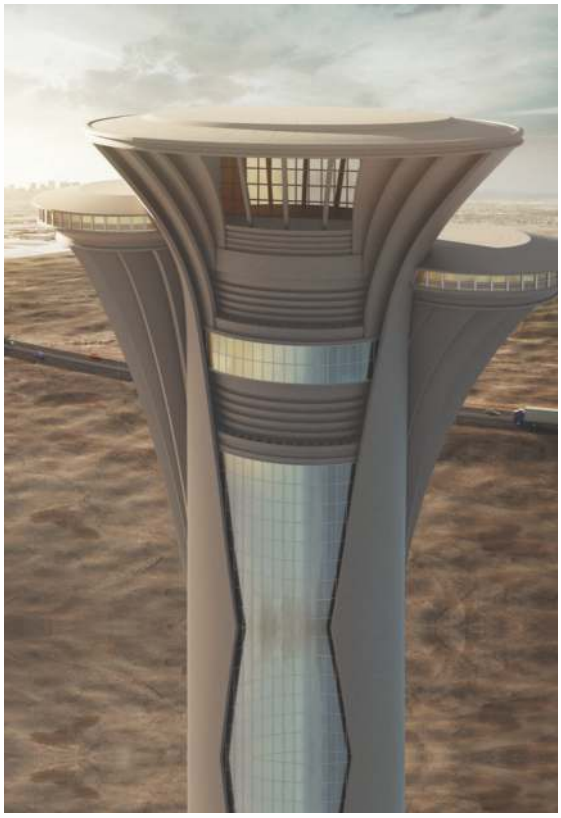
Mason Engagement

Masons, who use their skill to create homes, buildings and monuments using our cement, are our real influencers and one of our most loyal repeat purchasers.

To actively interact with masons, we introduced Mason Engagement – a pan-India influencer engagement programme.

Under this programme, a mobile application generates a unique virtual ID that flags each purchase made by the user. Purchases get converted into points, which is updated to the user through an SMS in the local language. Based on the points accrued, the user is rewarded in the form of technical training programmes and gifts.

The idea was to collaborate with them to understand their visualisation of a beautiful city or nation, while keeping its heritage intact.



Build Beautiful with Design Wall

Engineers and architects form a vital part of our customer base, and regular interactions with them provide an insight into their current creative inspirations and latest trends in the industry.

The 'Design Wall' initiative at AceTech exhibition showcases, promotes and fosters latest technologies in the construction, architecture and design industry.

As part of our Build Beautiful campaign, we engaged with leading architects and engineers at the Design Wall.

Under the theme 'You create the Future - Build Beautiful', the participants were asked to redesign the current, unplanned, clustered cityscape of Mumbai displayed on our wall, by placing square blocks on the canvas based on their imagination.

EMPLOYEES

We strive to create and maintain, an enabling and nurturing environment for our workforce. A clear communication channel is an important part of such an environment.

VIBES

Our comprehensive employee satisfaction survey - VIBES, is designed to provide an insight into the motivations and challenges among our employees. It is a platform which engages all our employees, union workers, wage board workers and contractors, to provide an opportunity for unbiased discussion and evolving innovative work practices.

Marketing and Manufacturing Town Hall

With the vision of giving the best to our employees to bring out the best from them, the Town Hall offers valuable performance analysis and review of the company's projects, resource allocations and safety initiatives, leading to the identification of concern areas for the employees.

An insight into the marketing campaigns, and feedback from various dealers and masons was shared with the employees so that they are aware of the brand image and positioning, thereby enhancing their emotional connect with the brand.

Operational Excellence Conclave

The Operational Excellence Conclave is a platform for the leadership to share UltraTech's Excellence Vision, and develop a sustainable roadmap towards achieving the same through active interaction with employees.

The Conclave held in this reporting period, was aimed at promoting an informed and empowered work environment, through diligent analysis and alignment of the unit's excellence objectives to that of the business. Best practices for operational excellence followed at UltraTech were featured.

The conclave was attended by participants from our Integrated Units, Grinding Units, Birla White, Star Cement and RMC SBUs.

SUPPLIERS & CONTRACTORS

We constantly engage with our suppliers through performance assessments and reviews to help them identify opportunities and risks. Consistent communication provides the suppliers with support to develop their sustainability performance, in line with ours.

Xcelerate Awards

We believe in the power of 'partnership' and the first ever All India Logistics Vendors Meet further strengthened the relationship we share with our transport partners. The event, first of its kind in the cement industry, was attended by 50 top primary transporters of cement and RMC from across India. At the event, which was a mix of appreciation activities and entertainment, outstanding contributions from each zone were honoured and awarded.

PP Bag Vendors Meet

Progress of our vendors is a critical part of our long-term growth. In recognition of the contribution of PP bag vendors to the success of UltraTech, a vendor meet was organised for our bag manufacturers from across the country and the best rated vendors were felicitated for their valuable contribution.

The meet also saw the audience receive valuable inputs on topics ranging from cost control measures to packaging best practices adopted by the industry.

Joint Improvement Projects with Suppliers

We continue to strengthen our bond with suppliers through Joint Improvement Projects that help them grow with us. Initiatives like the usage of by-products or leftover materials as raw materials or substitutes, common inventory for possible stores and spares, cost optimisation and strict quality adherence through annual rate contracts and annual maintenance contracts, improving the life cycle of critical spare parts and import substitution have ensured a win-win situation. We are also collaborating with other organisations for cost control towards transportation.

Supplier Satisfaction Drives & Recognition

A systematic approach to identifying relevant areas of intervention and execution for supply chain partners has been evolved to enable mutually beneficial outcomes. As part of this, supplier satisfaction drives are conducted on a regular basis to understand their difficulties and expectations. These drives also offer scope for improvement at our end.

We also understand that nothing triggers performance like appreciation. Hence, we make it a point to laud the achievements of our suppliers in quality and execution, through letters of recognition and appreciation.

RESPONSIBLE STEWARDSHIP

STAKEHOLDER ENGAGEMENT

FUTURE PROOFING

EMBED SUSTAINABILITY TRENDS INTO OUR STRATEGIC BUSINESS PLANS TO MITIGATE PROBABLE RISKS AND HARNESS EMERGING OPPORTUNITIES

FUTURE PROOFING

INTELLIGENT HEDGING

Anticipating the future is only half the battle. Developing capabilities to leverage it, is the significant other half. At UltraTech, we strongly believe that a stitch in time keeps the business fit and fine. We thus work meticulously to make our business risk-resilient and opportunity-ready by embedding flexibility, adaptability and innovation. A progressive strategy drives continuous investments in talent, training and technology, so that we are ahead of the curve and equipped to embrace the future as it unfolds.

'Future proofing' is a key pillar of our sustainability strategy to immunise ourselves from future challenges. It consists of two components. The first one involves scanning the time horizon for disruptions by discussing the global megatrends with experts in the fields of climate, water, human rights, supply chain management etc., while the second one is to test our current business models and strategies against various scenarios designed to simulate what the world will potentially look like in 2030 and 2050.

Identification of such factors in advance is critical to ensuring preparedness and provide sufficient response time to develop an action plan, and put systems and processes in place. The following are the key future risks and opportunities, and how we are responding to them.

RISK / OPPORTUNITY	PRESENT / FUTURE SCENARIO	OUR RESPONSE
Water Availability and Use	• Operations in water-stressed and water-critical areas • Higher water cost in future • Socio-environmental impacts of water withdrawal in local communities	• Source water vulnerability assessments • Aquifer studies for withdrawal and mitigation impacts • Integrated watershed management
Resource Management	Increasing constraints on availability and access to natural resources (limestone, coal etc.)	• Innovations for 'closing the loop' • Technical upgradation to enhance mine life • Increasing use of low-grade limestone • Greener concrete mix • Increasing the share of green energy
Climate Change and Energy	• Cement production causes approx. 5% of global GHG emissions and 7% of India's total GHG emissions • Impact of INDC's PAT • Carbon tax • Investor expectations on carbon performance • Fuel price volatility	• New product development, increasing absorption by securing availability, overcoming technical constraints • Improving energy efficiency • Transport and logistics optimisation • Waste-to-energy recovery • Strategic long-term plan for GHG emissions reduction and mitigation linked to planned business growth • Optimisation of fuel mix, strategy for renewable energy

INDEPENDENT ASSURANCE STATEMENT

Independent Limited Assurance Statement to UltraTech Cement Limited on their Sustainability Report for Financial Year 2015-16

To the Management of UltraTech Cement Limited, Ahura Centre, 1st Floor, Mahakali Caves Road, Mumbai, Maharashtra, India.

INTRODUCTION

UltraTech Cement Limited ('the Company' or 'UTCL') has requested KPMG in India ('KPMG', or We) to provide an independent assurance on its Sustainability Report for the FY 2015-16 ('the Report').
The Company's management is responsible for identifying its material issues, engaging with its stakeholders and developing the content of the Report. KPMG's responsibility is to provide limited assurance on the Report content as described in the scope of assurance.

REPORTING CRITERIA

UTCL applies sustainability reporting criteria derived from the following:

- 'In-accordance Core' option as per Sustainability Reporting Guidelines (G4) of GRI,
- Key performance indicators as per the Cement Sustainability Initiative's 'Safety in the cement industry: Guidelines for measuring and reporting' and 'CO_2 and Energy Accounting and Reporting Standard for the Cement Industry'
- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Businesses in India, issued by the Ministry of Corporate Affairs, Government of India.

ASSURANCE STANDARDS USED

We conducted the assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information,
  - Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.

SCOPE, BOUNDARY AND LIMITATIONS

The scope of assurance covers the sustainability disclosures of UTCL for the period 01 April 2015 to 31 March 2016.

The boundary of the report covers the economic, environmental and social performance of UTCL's operations in India, Sri Lanka, Bangladesh, the UAE and Bahrain as stated in the 'Our Approach to Reporting' section of the Report.

We have carried out assurance visits to the following sites:

- **Integrated Plants:** Redipallayam Cement Works, Birla White, Kotputli Cement Works and Awarpur Cement Works.
- **Grinding Plants:** West Bengal Cement Works, Arakkonam Cement Works, Ginigera Cement Works, and Magdalla Cement Works.
- **RMC Plants:** Hyderabad, Surat, Vapi, Noida, Greater Noida, Bangalore and Mumbai
- **Bulk Terminals:** Mangalore Bulk Terminal and Cochin Bulk Terminal.

The assurance scope excludes:

- Verification of data and information related to UTCL's financial performance, sourced from its audited annual report for FY 2015-16
- Data from the Ready Mix Concrete (RMC) plants operated by the company for specific customers, within their premises on a temporary basis
- The Company's statements that describes expression of opinion, belief, aspiration, expectation, aim or future intentions of the Company.

The General and Specific Standard Disclosures subject to assurance were as follows:

General Standard Disclosures

- Strategy and Analysis - G4-1
- Organisational Profile - G4-3 - G4-6, G4-8 - G4-11, G4-14 - G4-16
- Identified Material Aspects and Boundaries - G4-17 - G4-23
- Stakeholder Engagement - G4-24 - G4-27
- Report Profile - G4-28 - G4 - 33
- Governance - G4-34
- Ethics and Integrity - G4 -56

Specific Standard Disclosures

- Economic
  - Economic Performance (G4-DMA, G4-EC2)
- Environment
  - Materials (G4-DMA, G4-EN1, G4-EN2)
  - Energy (G4-DMA, G4-EN3-G4-EN5, G4-EN6)
  - Water (G4-DMA, G4-EN8, G4-EN10)
  - Emissions (G4-DMA, G4-EN15 - G4-EN18, G4-EN20- G4-EN21)
- Social
  - Labour Practices and Decent Work
    - Employment (G4-DMA, G4-LA1, G4-LA3)
    - Labour/Management Relations (G4-DMA, G4-LA4)
    - Occupational Health and Safety (G4-DMA, G4-LA5 - G4-LA6)
    - Training and Education (G4-DMA, G4-LA9)
  - Society
    - Local communities (G4-DMA, G4-SO1)

ASSURANCE PROCEDURES

Our assurance processes involve performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the standard disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to

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the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances. The procedures performed in a limited assurance engagement are less in extent than for a reasonable assurance engagement.

Our assurance procedures also included:

- Assessment of UTCL's reporting procedures for sustainability reporting regarding their consistency with the application of GRI G4 guidelines.
- Evaluating the appropriateness of the quantification methods used to arrive at the data presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions and estimations used by UTCL for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of the stakeholder engagement process through personal interviews and review of relevant documentation.
- Assessment of data reliability and accuracy.
- Verification of key performance data through site visits on an annual basis for
  - Testing reliability and accuracy of data on a sample basis
  - Reviewing of the processes deployed for collection, compilation, and reporting of sustainability disclosures at corporate and site level

Appropriate documentary evidence was obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same at UTCL's premise.

OBSERVATIONS

The following are the observations and opportunities reported to the management of UTCL. These do not, however, affect our conclusions regarding the Report.

- As per the principle of materiality, the Report should reflect material topics considering a combination of internal and external factors. The materiality assessment process includes inputs primarily from internal stakeholders and should include more extensive exercise to capture external stakeholder inputs.

CONCLUSIONS

Based on our review and assurance procedures performed, as described above, nothing has come to our attention that causes us not to believe that:

- The Report does present UTCL's sustainability performance covering its operations as mentioned in the scope.
- The Report is in accordance with the GRI's G4 Sustainability Reporting Guidelines.

INDEPENDENCE

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in line with the requirements of the ISAE 3000 (revised) standard. Our work was performed in conformance to the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) as well as the assurance firm (assurance provider) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behavior. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies International Standard on Quality Control (ISQC) 1 and the practitioner complies with the applicable independence and other ethical requirements of the International Ethics Standards Board for Accountants (IESBA) code.

RESPONSIBILITIES

UTCL is responsible for developing the Report contents. UTCL is also responsible for identification of material sustainability issues, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of UTCL in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to UTCL those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than UTCL for our work, for this Report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura
Director

KPMG in India
11 October, 2017

G4 CORE CONTENT INDEX

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Materiality Aspect Mapping Table

Material Topic	GRI Aspects	Boundary
Economic Performance	Economic Performance	Internal
Resource Management	Materials	Internal
Climate Change Energy and Air Emissions	Energy	Internal
	Emissions	External
Water Availability & Water Use	Water	Internal
Employee Well-being	Employment	Internal
	Training and Education	Internal
Health & Safety	Occupational Health and Safety	Internal
Labour Management	Labour/Management Relations	Internal
Community Relationship Management	Local Communities	Internal & External

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