

FOUNDATION FOR A SUSTAINABLE TOMORROW

SUSTAINABILITY REPORT 2010-12



Foundation for a sustainable tomorrow...

A value based approach to sustainable development has been a key driver for success at UltraTech Cement Limited. This report, spanning the financial years 2010-11 and 2011-12, reflects our commitment to laying a foundation for a sustainable tomorrow.

With a well framed strategy and relentless execution, we have created industry-wide benchmarks for best practices across a wide range of issues. We continue to become stronger as we take strides into the future with greater confidence and more awareness.

We focus on producing high quality products that meet the needs of our customers, while ensuring that we reduce our environmental footprint, take care of our employees' health and safety and contribute to wider initiatives for our communities.

We have opted for the path of sustainable development to cement our position as a preferred partner for infrastructure development, creation of iconic landmarks and towards becoming an employer of choice for generations to come.

On the cover: *Rajiv Gandhi Sea Link*, Mumbai where we were the preferred cement supplier.



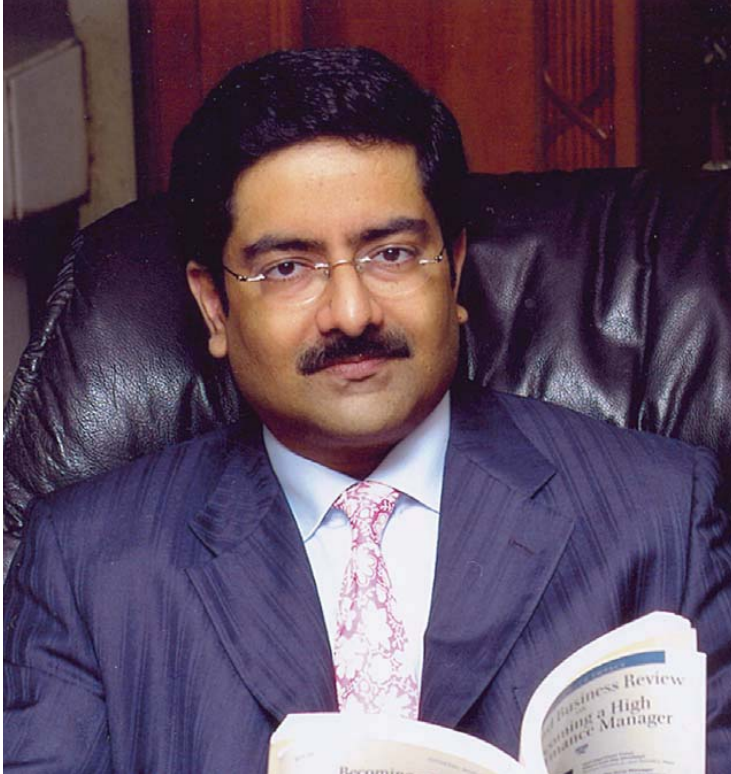
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Your window to interact

Your feedback is valuable to us. We welcome your comments at trc@adityabirla.com to establish a frank and open dialogue on our reporting journey

FROM THE CHAIRMAN'S DESK



Social and environmental practices, far beyond compliance, have been an integral part of our group philosophy since its inception. We have and continue to invest heavily in them. These investments are the outcome of an innate sense of responsibility towards the well-being of society and environment. In recent years, to cement these relationships, our initiatives have become more structured and have been seamlessly integrated in our business process. This report titled "Foundation for a Sustainable Tomorrow", forms part of the process.

Our key focus areas include – conserving natural resources, energy and water management, emission reduction, safety and social responsibility – all of which are critical to ensuring the

sustainable development of cement business.

We have always placed a premium on the safety of our employees, service providers, host communities and society at large. Given UltraTech's expansion plans and advances in technology, it is even more imperative to drive home the criticality of safety in every single operation at our plants – be it the construction site or at the shop floor. Our intent is to ensure that safety becomes a way of work at our plants. As a part of this initiative, we have set up an Apex Safety Council which is spearheaded by UltraTech's Whole-time Director. For over three years now it has been providing strategic direction and setting priorities to inculcate the safety mindset across employees,

including contract workers. Over 350 employees, about 3% of our workforce, are part of formal safety committees. Our ambition is to attain the status of a benchmark cement company in safety.

UltraTech is a member of Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), a global voluntary initiative on climate protection, emission reduction and responsible use of fuels and raw materials. Through this association we have initiated many actions on responsible use of natural resources. As part of our commitment to CSI, we aim to reduce CO₂ emission by 3% over the next three years¹.

Fuel is important in the cement manufacturing process and 30% of the CO₂ emissions are from fuels. So, we have drawn up a strategy to conserve natural fossil fuels by using alternate fuels from bio mass and industrial wastes. Our thrust on use of alternate fuels is gaining momentum. Fossil fuels are being substituted by waste from other industries. Use of hazardous wastes provides a safe option for disposal of waste without sacrificing the energy loss compared to incineration and land fill which have a larger environmental impact.

The use of renewable energy sources is yet another area of focus. With the installation of 100 KW photo voltaic cell based solar power plants in Kotputli Cement Works, the total installed capacity of photovoltaic solar power generation has gone up to 400 KW. We are in the process of adding further capacity at other locations.

To fulfill our commitment to

¹ Considering 2009-10 as the baseline year

reduce carbon foot print, we have identified power generation potential through Waste Heat Recovery Systems (WHR) of 90 MW for all our units. We are implementing WHRS for all our plants in a phased manner, including one at Star Cement, a recent acquisition of UltraTech in the UAE.

Particulate emissions from many of the kilns stacks are lower than the norms specified by the pollution control boards. As part of the exercise to reduce emissions in a few of the older plants, we have successfully commissioned a reverse air bag house of adequate capacity to replace the electrostatic precipitators at Awarpur cement works in Maharashtra. As a measure of transparency in reporting, Reddipalayam cement works in Tamil Nadu, has installed continuous monitoring of stack emissions. These are linked to the website of the pollution control board. A few of the units are equipped with on line stack monitoring system. We are in the process of installing on line ambient air monitoring systems at all the integrated plants.

Water is a scarce resource in the Indian context. So we are focusing on reducing water consumption in all our plants. The installation of bag house in kilns and air cooled condensers in thermal power plants are a few of the major steps in this direction. Water conservation of about 9 million m³ per annum at the present operational capacity through air cooled condenser in thermal power plants is envisaged.

The potential of rain water harvesting to replenish and recharge the aquifer has been

"Our efforts to solidly consolidate our pole position in the cement business continue unabated, synergizing growth with responsibility"

– Mr. Kumar Mangalam Birla,
Chairman

evaluated. Water bodies in the catchment areas for rain water storage and aquifer recharging have been set up where possible. Rain water harvesting has also been installed in schools, hospitals and housing colonies in various locations near our plants.

Many of the pits created during limestone mining have been converted as storage areas for rain water which is used in our plants and by the nearby communities. These water bodies help in maintaining the bio diversity of the area. Over 12% of water demand is met by recycling of waste water. At most of the units, there is zero water discharge.

Transcending business, we reach out to marginalized communities and to endeavour to make a qualitative difference to their lives. Under the aegis of the Aditya Birla Centre for Community Initiatives and Rural Development, spearheaded by Mrs. Rajashree Birla, we work in 407 villages, touching the lives of 11.26 lakh people. These villages are in proximity to the Company's 22 plants across the country. We believe that bringing the benefits of education, basic healthcare, sustainable livelihood, infrastructure and espousing social reform will make a difference to the lives of the poor.

On the business front, UltraTech is a pan India player and is the largest cement producer in the country and among the top 10 globally². We have lined up aggressive growth plans in the Cement business. Projects that have been rolled out include clinkerisation plants through brownfield expansions at Chhattisgarh and Karnataka. Additional grinding units, waste heat recovery systems, bulk packaging terminals and ready mix concrete plants, will also take off. These projects are expected to be operational from early FY14. On their completion, UltraTech's cement capacity will stand augmented by 10 mtpa to total 62 mtpa. A capital outlay in excess of US\$ 2 million has been earmarked for these projects.

Our efforts to solidly consolidate our pole position in the cement business continue unabated, synergizing growth with responsibility.

Yours sincerely,



Kumar Mangalam Birla
Chairman
UltraTech Cement Limited

WE ARE ULTRATECH



"The march of technology and industry must be matched by a social and spiritual evolution. At UltraTech, our unswerving focus on incorporating our values and applying the concept of trusteeship in our business decisions, will deliver growth that is beneficial to all."

– Mr. O. P. Puranmalka,
Whole Time Director

UltraTech Cement, a subsidiary of Grasim Industries Limited, is part of the Aditya Birla Group, a US \$40 billion corporation, anchored by an extraordinary force of over 133,000 employees belonging to 42 nationalities. UltraTech is among the Top10 cement producers in the world. Our operations are based in India, the United Arab Emirates, Bahrain, Bangladesh and Sri Lanka. We have 11 integrated grey cement plants, one white cement plant, one clinkerisation unit, 15 grinding units, 5 bulk terminals and over 100 RMC plants. We are India's largest exporter of clinker.

Key figures:



NET SALES*

INR 154.06 Billion
(USD# 3.38 Billion)
in FY 2010-11

INR 181.66 Billion
(USD# 3.79 Billion)
in FY 2011-12



NET PROFIT*

INR 17.19 Billion
(USD# 0.38 Billion)
in FY 2010-11

INR 24.46 Billion
(USD# 0.51 Billion)
in FY 2011-12



INSTALLED CAPACITY

52 mtpa
(Grey cement)

0.56 mtpa
(White cement)

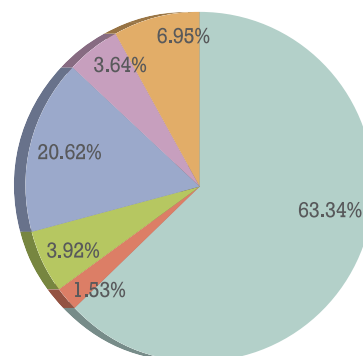


EMPLOYEES³

11,671
in FY 2010-11

12,247
in FY 2011-12

Shareholding pattern as on 31 March 2012



■ Promoter & Promoter Group
■ Banks / MFs / FIs
■ Insurance Companies
■ Foreign Investors
■ Corporates
■ Others

The Aditya Birla Group

Globally, our parent organization, the Aditya Birla Group, has interests in metals, cement, viscose staple fibre, carbon black, financial services, telecom, retail and several other industries. It is the largest Indian MNC with manufacturing operations in the USA. The Aditya Birla Group has been ranked 4th in the world and 1st in Asia in the "Top Companies for Leaders" study in 2011, conducted by Aon Hewitt, Fortune Magazine and RBL.

Conversion rate used: 1 USD = 45.57 INR for 2010-11; 47.94 INR for 2011-12

³ Permanent employees including Star Cement

* UltraTech standalone value

Our product portfolio⁴ consists of Ordinary Portland Cement, Portland Slag Cement, Portland Pozzallana Cement, Ready Mix Concrete (RMC), White Cement, Building Products and retail formats for primary construction products and services.

Our subsidiaries include Dakshin Cements Limited, Harish Cements Limited, UltraTech Cement Lanka (Pvt.) Limited and UltraTech Cement Middle East Investments Limited, which acquired management control of ETA Star Cement with its operations in the United Arab Emirates, Bahrain and Bangladesh.



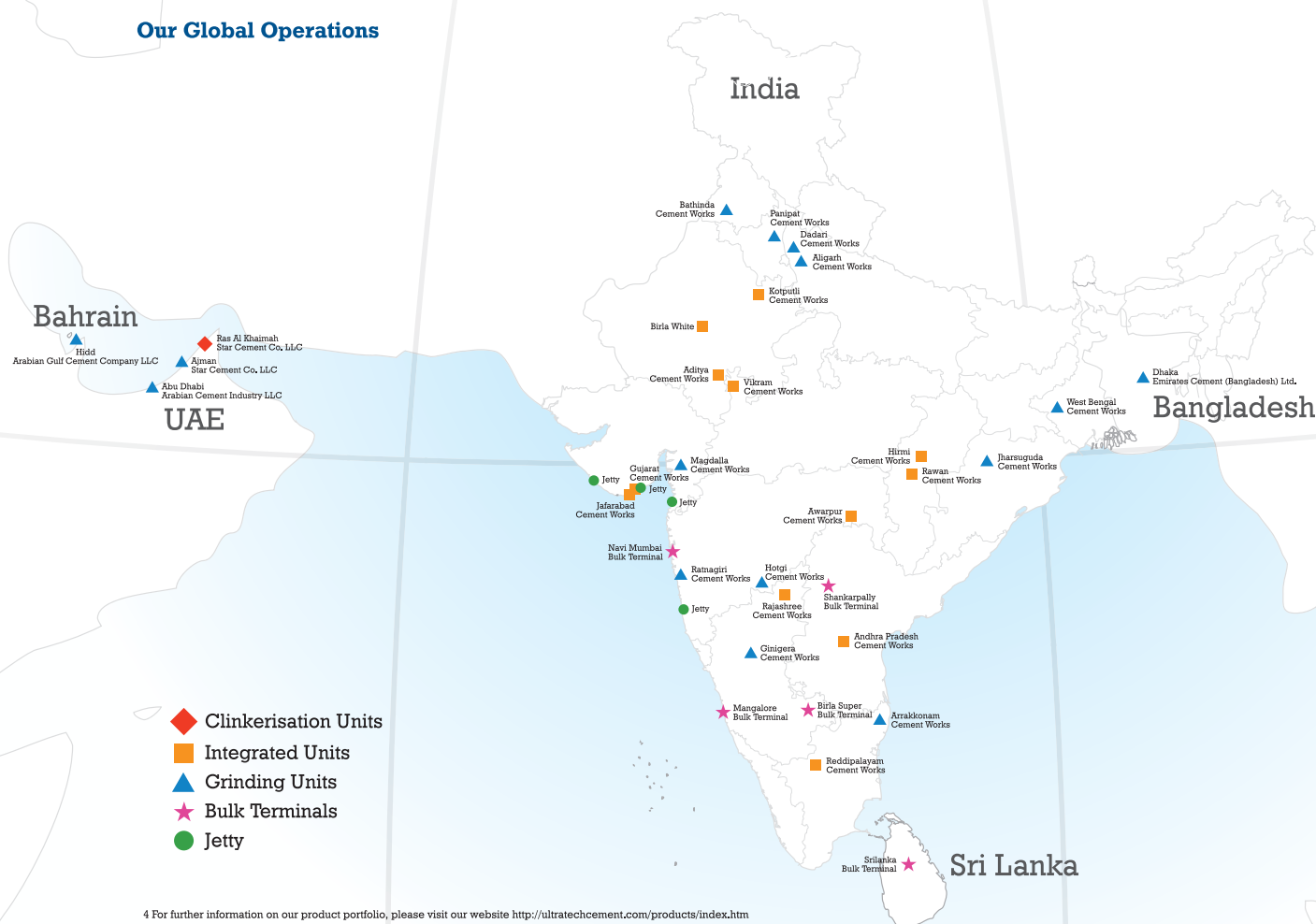
"The coming together of organizations is an opportunity to amplify the combined green footprint. With Star Cement coming into the fold of UltraTech, we have become the first cement company in the Middle East to use alternative fuels, laying the foundation for a greener future."

– **Mr. Vivek Agarwal**,
CEO, Star Cement

Integration of Star Cement

The acquisition of ETA Star Cement in 2010 marked our foray beyond Indian shores. It has been our aspiration to establish our leadership position in India and to have a formidable presence on the Indian Ocean rim. This acquisition has given us a strong foothold in the Middle East and the neighbouring regions.

Our Global Operations



CSI PERFORMANCE INDICATORS

We are a member of Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD), a global voluntary initiative on sustainable development. This engagement has given us a better understanding of the environmental and social impact of the manufacturing process. Through this association we have initiated many actions towards building a sustainable tomorrow.

(The following data on CSI KPIs are based on CSI's definitions and include cement operations only)

#	KPI	FY 2010-11		FY 2011-12	
A	Climate Protection (excludes captive power)	UltraTech	UltraTech + Star Cement ⁵	UltraTech	UltraTech + Star Cement ⁵
i	CO ₂ Emissions – Gross (Million tonnes)	25.74	27.46	26.18	28.13
ii	CO ₂ Emissions – Net (Million tonnes)	25.69	27.42	26.14	28.07
iii	Specific CO ₂ Emissions – Net (kg/tonne of cementitious material)	631.2	636.5	633.8	638.6
iv	Target Reduction for CO ₂	Reduction in CO ₂ emission intensity @ 0.5% annually up to 2015 – 16 with baseline year as 2009 – 10 resulting in the reduction of 2.96% over 6 years. This will also include CO ₂ emissions from Star Cement Co. LLC and upcoming projects.			
v	Independently verified CO ₂ data	Externally verified	Externally verified	Externally verified	Externally verified
B	Fuels & Raw Materials				
i	Specific heat consumption of clinker production (MJ/tonne clinker)	2,989	2,986	2,990	2,984
ii	Total Alternative Fuel Rate (% of thermal energy consumption)	1.14	1.07	1.03	1.26
a	Alternative Fuel Rate Non Biomass (% of thermal energy consumption)	0.59	0.56	0.56	0.67
b	Biomass Alternative Fuel Rate (% of thermal energy consumption)	0.55	0.51	0.47	0.59
iii	Alternative Raw Materials Rate (% total raw materials for cement production)	14.88	14.10	14.61	13.75
iv	Clinker/Cement Ratio (%)	75.97	76.63	76.75	77.42
C	Health & Safety				
i	Number of fatalities (directly employed)	1	1	1	1
ii	Number of fatalities (indirectly employed)	6	6	2	2
iii	Number of fatalities (involving 3rd parties)	0	0	7	7
iv	Number of fatalities per 10,000 directly employed	1.26	1.18	1.30	1.36
v	Lost Time Injuries (LTIs) per million man-hours (directly employed)	0.95	0.90	0.82	0.79

⁵ Data for Star Cement Co. LLC includes the operations at Ras Al-Khaimah, Ajman and Abu Dhabi in UAE, Bahrain and Bangladesh.



World Business Council for Sustainable Development

Cement Sustainability Initiative

#	KPI	FY 2010-11		FY 2011-12	
D	Emissions Reduction	UltraTech	UltraTech + Star Cement ⁵	UltraTech	UltraTech + Star Cement ⁵
i	NO _x emissions (tonnes/year)	42,920 (21 out of 21 Kilns)	43,693 (22 out of 22 Kilns)	48,397 (21 out of 21 Kilns)	51,553 (22 out of 22 Kilns)
ii	SO ₂ emissions (tonnes/year)	4,205 (21 out of 21 Kilns)	4,226 (22 out of 22 Kilns)	4,146 (21 out of 21 Kilns)	4,246 (22 out of 22 Kilns)
iii	Dust emissions (tonnes/year)	6,717	6,741	6,348	6,405
iv	Specific NO _x emissions (g/tonne clinker)	1,370	1,308	1,519	1,505
v	Specific SO ₂ emissions (g/tonne clinker)	141	127	130	124
vi	Specific Dust emissions (g/tonne clinker)	200	187	186	175
vii	Target reduction for NO _x	To be fixed after the installation of continuous monitoring system in all Kilns and the release of SO ₂ / NO _x emission limits by regulatory authorities.			
viii	Target reduction for SO ₂				
ix	Target reduction for Dust				
x	% Clinker produced with monitoring of major and minor emissions	Major emissions – as in the next row. Minor emissions – measured only on sample basis if hazardous wastes are used as fuel.			
xi	% Clinker produced with continuous monitoring of major emissions - NO _x , SO ₂ , Dust	Dust – 80%, NO _x , SO ₂ – 23%	Dust – 81%, NO _x , SO ₂ – 22%	Dust – 80%, NO _x , SO ₂ – 23%	Dust – 81%, NO _x , SO ₂ – 22%
E	Local Impact (plants reported)				
i	% of sites with quarry rehabilitation plans in place	100% Integrated sites	92% Integrated sites	100% Integrated sites	92% Integrated sites
ii	% of sites with community engagement plans in place	100% Integrated sites	92% Integrated sites	100% Integrated sites	92% Integrated sites
iii	Number of active sites where biodiversity issues are addressed	12	12	12	12
iv	No of active quarries within, containing or adjacent to areas designated for their high biodiversity value	Nil	Nil	Nil	Nil

⁵ Data for Star Cement Co. LLC includes the operations at Ras Al-Khaimah, Ajman and Abu Dhabi in UAE, Bahrain and Bangladesh.

A ROBUST FOUNDATION WITH CLEAR GOALS

Our commitment to key performance targets is ongoing and the following disclosure is in continuation to our commitments and achievements as stated in our previous sustainability report⁶.

What we said	Target	What we have achieved
Environment and Climate protection		
Implement Waste Heat Recovery (WHR) Systems at Integrated plants ⁷ for Grey Cement	2015-16	WHR system has been implemented in 1 plant and work is in progress in 5 plants. We expect to complete WHR systems in the 5 plants during 2014.
Implement on-line monitoring of SO ₂ and NO _x in all kiln stacks	2015-16	Online monitoring for SO ₂ and NO _x has been implemented in 5 Kilns out of 21. Order has been placed to install these systems for 11 kiln stacks ⁸ .
Reduction in CO ₂ emission intensity @ 0.5% annually up to 2015-16 with baseline year as 2009-10 resulting in a reduction ⁹ of 2.96% over 6 years.	2015-16	On account of new project implementation, changes to product mix and acquisition of ETA Star Cement during the reporting period, we have not been able to achieve significant reductions in our CO ₂ emissions. However, our plans are afoot to reduce the emissions during the next reporting period.
Introduce low NO _x burners in new projects	Continuous	Low NO _x burners have been installed in three new plants and orders have been placed for additional two projects.
Implementing waste fuel handling and feeding system in new projects	Continuous	Provision for setting up waste fuel handling and feeding infrastructure is in place for all new projects.
Employee Health and Safety		
Reduce Loss Time Injury Frequency Rate (LTIFR) ¹⁰ by 50% over the next 3 years with baseline year as 2009-10	2012-13	LTIFR has reduced from 1.57 in 2009-10 to 0.82 in 2011-12. A reduction of 47.77%.
Implement Contractor Safety Management System for all sites ¹¹	2012-13	Contractor Safety Management System has been established and initiated across all UltraTech manufacturing and projects sites.
Strategy (Management Systems)		
All Integrated plants ¹² to be certified for ISO 14001 and OHSAS 18001 management systems	2011-12	Current status: ISO 14001: Implemented at all 12 plants. OHSAS 18001: Implemented in 11 out of 12 plants. The process is in progress for the remaining plant.

⁶ http://www.ultratechcement.com/sustainability/Alternatives_Action_UltraTech_Sustainability_Report2010.pdf

⁷ Including Star Cement plants

⁸ Excluding Star Cement kilns

⁹ Includes CO₂ emissions from recently acquired ETA Star Cement and upcoming projects.

¹⁰ For permanent employees

^{11,12} Excluding Star Cement

AWARDS

ECONOMIC

- 🏆 The **'International Achievers Award for Infrastructure Excellence, 2010'** for the integrated unit at Kharia, Rajasthan by the Indian Achievers Forum.
- 🏆 The **'Top Global Benchmarking Network Company, 2010'** award for the Kharia plant by the Global Benchmarking Network.
- 🏆 The **'Business Superbrand, 2010-11'** award for the Kharia plant by the Superbrands Council of India.
- 🏆 The Economic Times and Frost & Sullivan IMEA **'Consistency in Performance – Platinum Award 2010'** in the Process Category for the Kharia plant.
- 🏆 The **'IMC Ramakrishna Bajaj National Quality Award, 2010'** under the category of 'Performance Excellence in Business' for the Kharia plant.
- 🏆 The CAPEXIL **'Highest Exporter of Cement/Clinker in India, 2010'** award for the integrated unit at Kovaya, Gujarat.

ENVIRONMENT

- 🏆 Federation of Indian Mineral Industries' **'Abheraj Baldota Environment Award 2010-11'** for the integrated unit at Shambhupura, Rajasthan by the Honourable Union Minister for Mines.
- 🏆 The **'Andhra Pradesh State Energy Conservation Award 2010-11'** - first position, for the integrated unit at Tadipatri, Andhra Pradesh by the New & Renewable Energy Development Corporation of Andhra Pradesh.
- 🏆 The **'Gold Category Award for Achievement in Environment Excellence, 2011'** for the Kovaya plant at the 11th Annual Greentech Environment Excellence Awards, following the 'Silver Category Award for Achievement in Environment Excellence' in 2010.
- 🏆 The **'National Award for Excellence in Energy Management'** for two consecutive years, 2010 and 2011 for 'Excellent Energy Efficient Unit' for the integrated unit at Reddipalayam, Tamil Nadu by the Confederation of Indian Industries (CII).
- 🏆 The **'Subh Karan Sarawagi Environment Award, 2010-11'** for the Khor plant, by the Federation of Indian Mineral Industries.
- 🏆 In Feb 2012 Star Cement's Ras Al-Khaimah Plant received **'Environmental Performance Award'** from the Federal Ministry of Environment & Water.

SOCIAL

- 🏆 The **'Gold Category Award for Outstanding Achievement in Safety Management, 2010'** for the Kharia plant at the 9th Annual Greentech Safety Awards, 2010.
- 🏆 The **'Greentech Global Safety Award, 2010'** for the Reddipalayam plant at the 9th Annual Greentech Safety Awards, 2010.
- 🏆 **State level Safety Award for Construction Category-2012** by state Directorate of Factories, Karnataka for the Malkhaid plant.
- 🏆 **'Unnatha Suraksha Puraskara'** from National Safety Council, Karnataka, for outstanding safety performance in 2009-10 for the Malkhaid plant.
- 🏆 The **'Gold Category Award for Outstanding Achievement in Innovation in Employee Retention Strategies, 2010'** for the Kharia plant at the Greentech HR Awards.
- 🏆 The **'Asian CSR Award, 2010'** for the Khor plant, by the Asian Institute of Management Centre (AIM).
- 🏆 The **'ASSOCHAM CSR Excellence Award, 2011'** for truly outstanding CSR activities for the Kharia plant.

DEVELOPING SYNERGIES WITH STAKEHOLDERS



"Stakeholder engagement is a critical aspect of sustainability. Being able to assimilate varied perspectives can help develop a more inclusive and effective business strategy. At UltraTech, constructive dialogue helps achieve harmony between growth and accountability."

– Mr. K. C. Birla,
Senior Executive President &
Chief Financial Officer

We are working towards achieving the ambition of a sustainable future for our organization, by working with our stakeholders to formulate relationships based on creating shared value. We have thus maintained and enhanced existing channels of dialogue with our stakeholders over the years. While some engagement mechanisms are informal in nature and depend on the day-to-day requirements and

Stakeholder	 Shareholders, Lenders	 Government & Regulatory Authorities	 Employees
Means of engagement	- Annual reports and regulatory filings - AGM - Shareholder meetings and presentations - Sustainability report - Grievance redressal - One on one meetings	- Annual reports and regulatory filings - Meetings on government directives and policy development - Facility inspections - Regular meetings	- Organization Health Survey - Training - Galaxy (annual employee engagement program) - Annual performance review - Employee health checks - Employee volunteering in engagement activities - Intranet, annual report, sustainability report - Employee welfare schemes and activities - Employee recognition activities
Key Concerns / Priorities identified	- Financial performance - Innovations and new ventures - Change in governance structure - Compliance - Clarity on business direction	- Ethical business conduct - Regulatory compliance - Environmental stewardship - Safety - Resolution of stakeholder grievances	- Career growth and progression - Health and safety - Skill development and training - Employee benefits - Work life balance - Reward and recognition - Competitive compensation
Reference to response in Sustainability Report	- We are UltraTech - Commitment to our values	- Commitment to our values - Assuming responsibility for a cleaner tomorrow - Creating a safer workplace	- Creating shared value for our employees - Creating a safer workplace

STAKEHOLDER'S VOICE

"The transparency and integrity that UltraTech Cement displays in dealing with us is exemplary. It is their values that carry them forward, and we hope that we continue to supply to them as we consider them to be ideal customers." – **Suppliers**

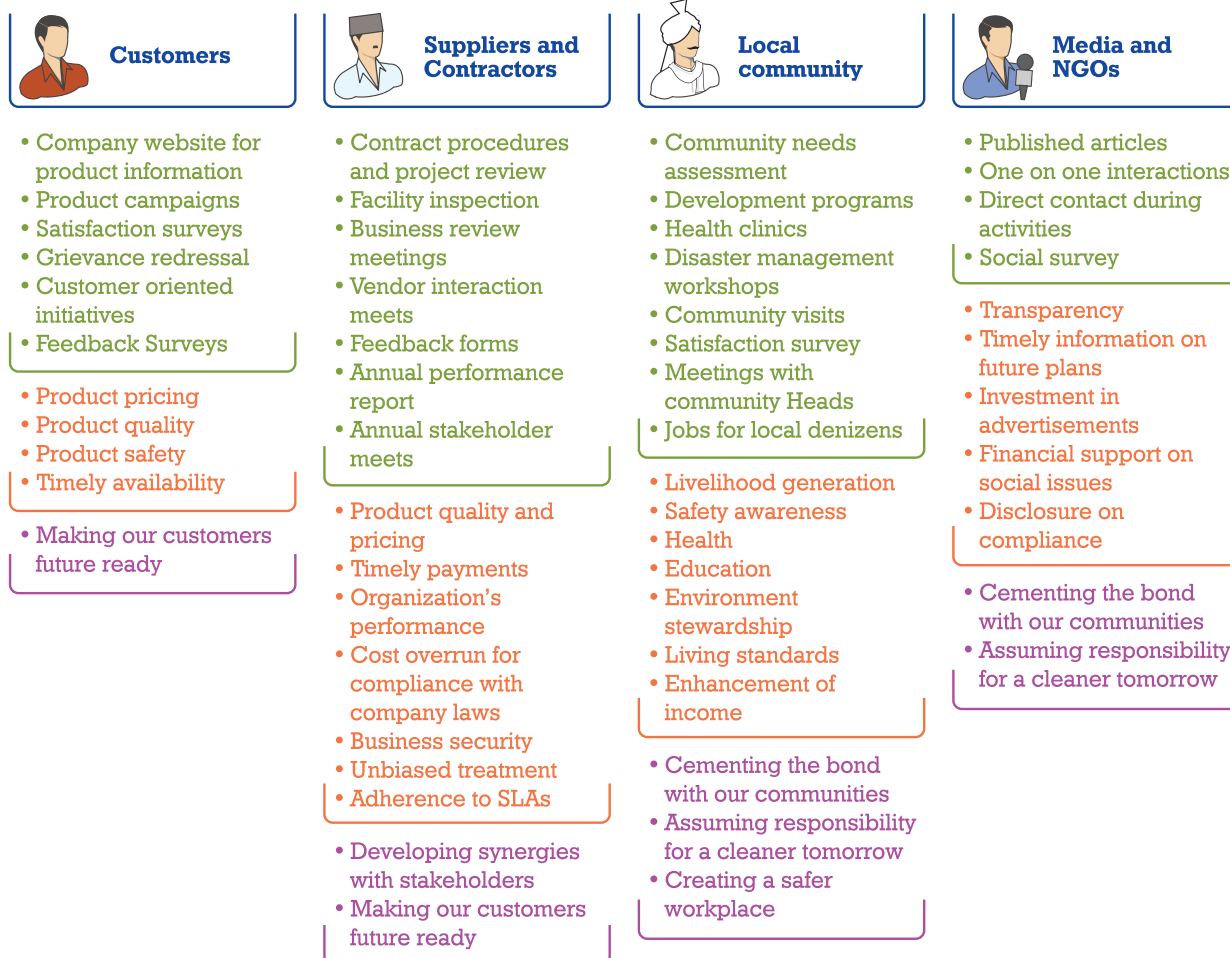
dynamic needs of our stakeholders, others are more structured and periodic to cater to a specific stakeholder group and regulatory requirements.

We regularly reach out to stakeholders impacted by our operations on issues of significant importance to them. This not only helps us in understanding their expectations but also helps us in creating a roadmap to address these issues.



“With a portfolio of green cements, sustainability is more a way of life, than just a way forward. Proactively sharing benefits of eco friendly products with our customers helps us create awareness – the bedrock for a sustainable future.”

– Mr. S. N. Jajoo,
Chief Marketing Officer



At all levels of our organization, we have delineated clear roles and responsibilities for specific individuals or departments for engaging with our key stakeholders. Apart from the structured activities described, these individuals/departments remain in touch with our stakeholders on a regular basis through one-to-one interaction as per mutual requirements.

We organized a customer satisfaction with an objective to assess requirements and expectations that customers have from UltraTech, determine relative impact of these expectations on overall loyalty of customers and identify strengths and weaknesses. The feedback from this survey has provided strategic direction for

improvement in critical areas and identified opportunities that could be leveraged. Across all segments of the survey, more than 60% of customers proved to be loyal to UltraTech, with product quality being one of the key drivers.

Including Our Partners in Our Growth Story

Local procurement and hiring has become one of the most important means through which we contribute to economic development. Though we do not have a formal policy in place, we prefer procuring goods and supplies from within the country as part of a management mandate, thus providing employment and income indirectly to our communities

and helping them secure their future. During the reporting period, UltraTech spent close to 70% of the entire goods and purchases¹³ budget on procurements within the country. The corresponding figure for Star Cement was close to 94%.

Dialogue with vendors

For our packing bag vendors, we conducted a meet in 2012 where they interacted with machinery manufacturers, PP granules manufacturers (raw material for PP bag manufacture), Quality Control teams from various UltraTech units and the UltraTech marketing team in order to understand the performance of PP bags. Eighteen vendors were given a certificate of appreciation during the meet.



Constructive dialogue with stakeholders leads to inclusive decisions

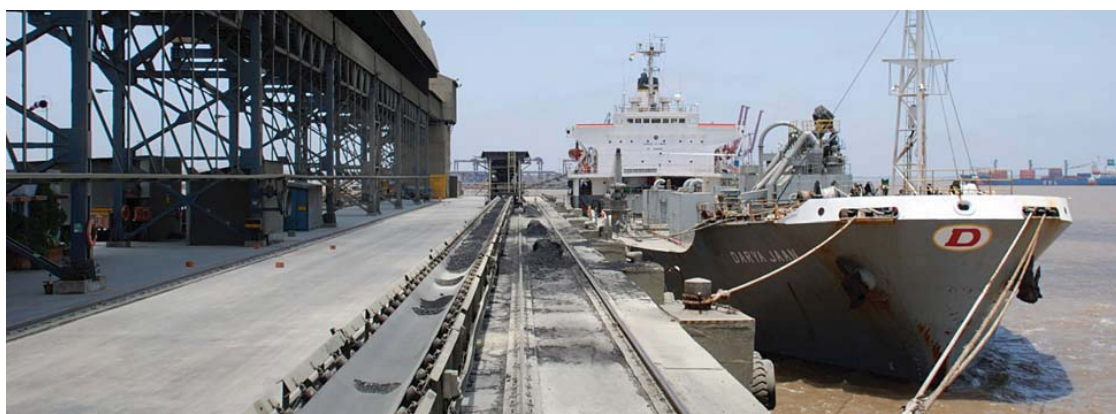
¹³ Includes all items except stores, spares and capex expenditure

DELIVERING VALUE

While the business operating conditions are influenced by global and local factors, our performance during the reporting period was characterized by our corporate values and business prudence.

UltraTech and Star Cement		FY 2010-11		FY 2011-12		
	Value in INR Billion / USD Billion	Value in INR per bag/ USD per bag	Share of Total Value	Value in INR Billion/ USD Billion	Value in INR per bag/ USD per bag	Share of Total Value
Economic value generated						
Gross Value of Operations in FY 10-11 and 11-12	206.37 / 4.53	246.28/ 5.40	100%	244.49 / 5.10	281.52/ 5.87	100%
Economic value distributed						
Operating Costs	112.67	134.46	55%	133.17	153.34	54%
Govt Taxes including Excise / VAT/ Income Tax/ Other Levies	56.32	67.22	27%	66.70	76.80	27%
Depreciation	9.49	11.33	5%	9.61	11.06	4%
Employees, Welfare and Community Development	8.08	9.640	4%	8.85	10.19	4%
Payment to Lenders	3.61	4.30	2%	2.59	2.98	1%
Proportionate Dividend to Shareholders	1.64	1.96	1%	2.19	2.52	1%
Total Economic Value distributed	191.81 / 4.21	228.91 / 5.02		223.11/ 4.65	256.89 / 5.36	
Economic value retained						
Retained Earnings for Reinvestment / Modernization	14.55 / 0.32	17.36/ 0.38	7%	21.39 / 0.45	24.63/ 0.51	9%

Tax reliefs and credits received: INR 199.9 million (\$ US 4.38 million) in 2010-11 and INR 1107 million (\$ US 23.08 million) in 2011-12



Jetty at Gujarat Cement Works

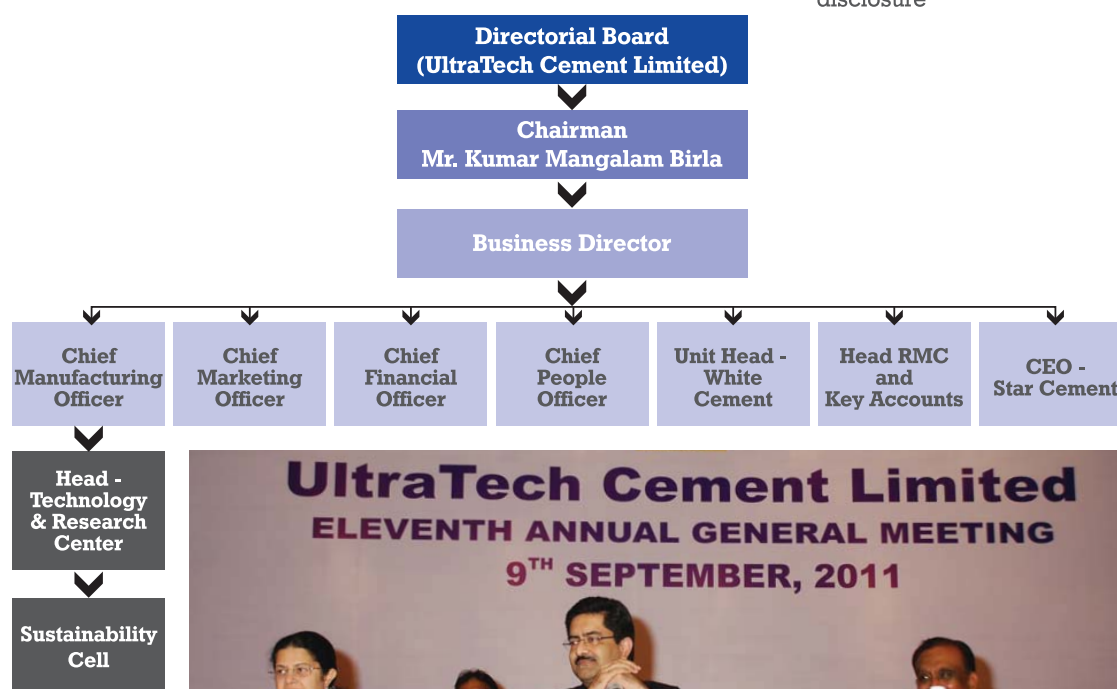
COMMITMENT TO OUR VALUES

At UltraTech, the governance structure guides the organization keeping in mind our core values of: Integrity, Commitment, Passion, Seamlessness and Speed. Our governance practice¹⁴ stems from an inherent desire to provide material information and reflects the culture of trusteeship that is

deeply ingrained in our value system and reflected in our thought process.

UltraTech is committed to the adoption of best governance practices and their adherence in true spirit at all times. The Board's¹⁵ governance philosophy rests on 5 basic tenets:

- I. Board accountability to the company and shareholders
- II. Strategic guidance and effective monitoring by the Board
- III. Protection of minority interests and rights
- IV. Equitable treatment of shareholders
- V. Transparency and timely disclosure



L to R: Mrs. Rajashree Birla, Director, Mr. Kumar Mangalam Birla, Chairman and Mr. O.P.Puranmalka, Whole time Director receive support from shareholders (below) at the Annual General Meeting



In order to ensure continual adherence to our five core values, we have appointed Committees in order to spearhead various issues, so that the management and closure of potential and existing hurdles is streamlined. The Committees¹⁶ so appointed are:

1.Audit Committee		
Mr. R. C. Bhargava (Chairman)	Mr. G. M. Dave	Mr. S. Rajgopal
Role	• Oversight of 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	
2.Investor Grievance Committee		
Mr. R. C. Bhargava (Chairman)	Mr. G. M. Dave	Mr. D. D. Rathi
Role	• Issues relating to share / 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	
3.Finance Committee		
Mr. R. C. Bhargava	Mr. S. Rajgopal	Mr. D. D. Rathi
Role	• Functions related to working capital management • Functions related to foreign currency contracts • Functions related to operation of bank accounts • Authorisation of employees to deal in matters pertinent to excise, sales tax, income tax, customs and other judicial and quasi-judicial authorities.	
4.Employee Stock Options Scheme (ESOS) Compensation Committee		
Mr. Kumar Mangalam Birla	Mr. G. M. Dave	Mr. S. Rajgopal
Role	• Supervises the ESOS scheme, as well as functions thereof, a benefit scheme started in 2006, which grants stock options to employees.	
5.Merger Implementation Committee		
Mr. G. M. Dave	Mr. N. J. Jhaveri	Mr. D. D. Rathi
Role	• Constituted to consider, examine and evaluate consolidation of the cement business	

All decisions for remuneration¹⁷ of Directors are made by the Board of Directors, in accordance with shareholder approval. The acceptance of people, who have invested in us, is of paramount importance to us, and thus we look to build sustainable value for them.

¹⁶ For further information on complete roles and powers of committees framed, please refer to our annual reports at <http://www.ultratechcement.com/financials.php>
¹⁷ There are currently no processes in place for evaluating the Board's own performance with regard to sustainability specific parameters

Managing Risks

We have in place a 'Risk Management Programme' which is monitored on a continuous basis. An Apex Committee has been set up for identifying and monitoring risks and reviewing the mitigation plan. This Committee is supported by the risk management committees at the units. The risk mitigation plans are reviewed regularly by the Audit Committee. The Board is assisted by expert committees in its supervision of the overall affairs of the company and to ensure transparent governance. We have health, safety and environment committees at each plant. HSE performance is monitored and reviewed by the top management regularly.

The Company follows standard policies, systems and practices as applicable in accordance with laws of the land. Processes developed internally on finance, accounts and HR have been operationalised in order to capture, monitor, audit, analyze and ensure compliance. There were no cases of non-compliance by the Company and no penalties / strictures were enforced on the Company by the Stock Exchange / Securities & Exchange Board of India (SEBI) or any other statutory authority on any matter related to the functioning of the Company during the reporting period. To pre-empt any cases that may arise out of employee ethical misconduct, we impart regular training to them on our companies policies against

corruption and on ethical conduct. All new joiners receive training on the organization's anti corruption policies and the Code of Conduct.

Shaping the future

UltraTech has earned its rightful place in many advisory panels and industry decision making bodies like CMA, FICCI, CII, CSI (Cement Sustainability Initiative) and AAI (Advertising Association of India). We have been working closely with several other organizations under various Task Forces and Committees of APP7 (Asia Pacific Partnership on Clean

Development and Climate) and BIS. We prefer to be part of policy development processes to shape the future in a manner conducive to growth and hence, actively participate in all related forums, but have not lobbied on any specific issue.

Our membership in the Cement Sustainability Initiative has helped us stay abreast of where the industry is headed internationally. There is sharing of data across organizations that are a part of the CSI and this helps us provide perspective to our operations, as well as benchmark ourselves against industry best practices.

STAKEHOLDER'S VOICE

"As an organisation, the one thing we notice about UltraTech Cement during inspections is their concern, rather than need-based attitude towards compliance. For us, it is the attitude of the company or plant authorities that matters, and towards this end we have never found officials or management of Ultratech lacking." – **Regulatory authorities**

MAKING OUR CUSTOMERS FUTURE READY

At UltraTech, our constant focus has been on improving our processes as well as our product range. Our progressive mindset has led to the creation of better products for a resource constrained planet. We maintain stern adherence to standards and applicable product standards. Regulatory requirements, customer satisfaction surveys and internal audits form the backbone of our product responsibility. Our products conform to the national standards and accordingly the guidelines are provided for handling and usage.

Keeping in mind factors that have improved the satisfaction of our customers, and their continued belief in us, we strive to continuously come up with new and innovative products. Our product for white topping has helped reduce costs, save energy and prevent health hazards amongst road users. We have made consistent efforts to increase the amount of fly ash (waste utilized as raw material in our cement) in our products while sustaining the strength of the cement, in order to make it more sustainable. We have a dedicated R&D centre that works towards the creation of new and innovative products.

We have been commissioning a quarterly survey through an independent agency since 2004 to gauge the satisfaction of our customers. More than 30,000 interviews are conducted every year, across 47 locations in India. The survey is conducted across five segments: Individual House Builders (IHBs), Retailers, Wholesalers, Masons and Architects. The objective of the survey is to assess the current performance of the UltraTech

brand, to determine the important factors that drive brand equity and finally to understand the brand's unique selling proposition and positioning in

consumers' minds. The satisfaction scores of UltraTech have consistently remained above the benchmark over the years.

Our innovative products:

We have developed several products that aid in resource conservation, result in energy savings and ensure durability, thus increasing the overall life of the structure. Some of our revolutionary products include White topping, Colourcon, Stainless, Fibercon, Freeflow, Hypercon and Powergrout. The salient aspects that these products embrace are:

- Reduction in the use of maintenance material to increase longevity.
- Greater reflectivity than bitumen, thus reducing the possibilities of road accidents. (White topping)
- Free from toxic heavy metals and no VOC emission on mixing.
- Reduced lead time as opposed to other brands, thus minimizing the incidence of plastic shrinkage cracking.
- High-quality consistent UV resistant pigment, which helps the colour last longer, even in adverse climatic conditions.
- Presence of multi-fibres within, such as polyester, polypropylene, glass and steel, which act as crack arresters, thus making the concrete less vulnerable to corrosion.
- Denser microstructure due to its fluid properties, avoiding use of needle vibrators, thus preventing noise pollution.
- Produced using chilled water and ice flakes, keeping Indian weather conditions in mind, which in turn maintains the temperature of the concrete.
- Use of advanced quality super plasticizers, thus leading to refinement of the micro pore structure of the concrete, resulting in dense, impervious and long-lasting structures.





"Innovation and sustainability go hand in hand. At UltraTech, we use eco friendly technologies and processes which have the potential to minimize environmental impact and make the earth liveable for the future generations."

– Mr. Rahul Mohnot

Senior President and Unit Head - Birla White

UltraTech's value added products			
Xtralite	Fixoblock	Super Stucco	Readiplast
All these products:			
• Use fly ash – an industrial waste that we have been trying to inculcate in greater quantities in these products without compromising their quality at all			
• Do not use any toxic material such as formaldehyde, ammonia, acetone, methanol or lead-containing products			
• Are premixed, depending upon product, and therefore save time, leading to less wastage			
• Require minimal to no water-curing, depending upon product, leading to conservation of resources			



Use of our value added products leads to conservation of resources and less wastage

The Rise

Birla White has proactively adopted steps to protect and preserve the environment. We utilize eco-friendly technologies to manufacture products. In recognition of our green initiatives, we have been awarded the prestigious IERS Level-5 and ISO 14002 Certification for the highest levels of environmental commitment.

Today, Birla White is known and respected not only as the torchbearer of quality and value, but also as a contemporary brand that innovates and offers new product applications to suit evolving customer needs. A feat we have accomplished due to our customers who constantly challenge us to do better. From a 'Consumer Superbrand' to a 'Business Superbrand', the journey has been exhilarating and rewarding indeed.

Promoting value added concrete for sustainable construction

UltraTech Concrete has developed an array of VAC (Value Added Concrete) that satisfies different customer needs. VACs are designed for a specific application looking into the functional and aesthetic needs of construction. In addition to meeting the aesthetic requirement, some of our products like 'Self Compacting Concrete' (SCC) and 'Pervious Concrete' (PC) have been designed to help the end user in myriad ways. SCC eliminates the need of vibrators required for

compaction of fresh concrete, thereby saving energy and reducing the time of construction. PC is used as hard top concrete which allows flow of water through it, thus helping achieve ground water charging even through a paved surface.

Recycling concrete

UltraTech Concrete is one of the pioneers amongst RMC companies in India, in adopting concrete recycling technology. Through this technology we use recycled concrete as raw material for making fresh concrete. We have been able to achieve 50% substitution of fresh raw material with recycled concrete in our RMC production. This environment friendly initiative helps in conservation of natural resources and effective solid waste management. This also helps in the reuse of residual concrete in transit mixers and concrete pumps, rather than disposing it.

Setting high standards

Made from eco-friendly material and processes, UltraTech Concrete is India's first concrete to meet the requirement of LEED (Leadership in Energy and Environmental Design) and other green building rating systems of the Indian Green Building Council (IGBC). We follow high standards in adhering to environmental norms in RMC plant operations and have earned accolades from state pollution control boards. The state level regulatory bodies have started recommending our practices to other RMC's in the region, and have stated UltraTech as a benchmark for upkeep of plants and monitoring dust control.



"Re-use and recycle are key pillars for building sustainable practices. And we do just that. We use waste to generate energy, thus conserving resources. We also recycle to avoid undue usage of natural assets. Our constant focus on R&D helps develop new green products and processes."

– Mr. P. K. Ray,
Executive President – Ready Mix Concrete, Key
Accounts & Building Products

Creating a one stop shop: UltraTech Building Solutions

Listening to our customers closely, we realized that in the rural and semi urban areas an individual home buyer gets totally involved in buying construction material – cement, steel, water proofing, PVC pipes, steel, paints etc. To address such needs we launched the UltraTech Building Solutions. We partnered with leading brands across various product categories such as Berger for paints; Pidilite and Sika for construction chemicals; Astral, Kasta and Supreme for pipes and fittings; and Electrotherm, iSteel, MSP, Moira, Polaad and Prime Gold for steel. These outlets are a knowledge repository as well, with value added services like construction cost calculator, vastu consultancy and product training. UltraTech is a pioneer in this segment, with UBS being a one of its kind initiative in the Indian cement industry.



UltraTech's pioneering effort to bring building materials under one roof

ASSUMING RESPONSIBILITY FOR A CLEANER TOMORROW



"Whether it is the evaluation of location for a plant or a change in process or use of innovative raw material, sustainability drives business decision. Our focus is not only to build a better product, but to build a product, better."

– Mr. L. Rajasekar
Head Sustainability

An assurance of a positive environmental footprint is something that we believe in with a lot of conviction. Across our locations¹⁸, we strive to pre-empt any adverse impact our operations may have on our stakeholders. This is demonstrated in our initiatives, from installation of environment-friendly technology to reduce emissions to introducing the concept of utilization of alternative fuels. Today we have pioneered the introduction of alternative fuel technology in the Indian cement industry.

Our attempt is to minimize our environmental footprint, and wherever possible, go beyond the mandate. Our commitment to

the environment is reflected in our voluntary membership of the Cement Sustainability Initiative (CSI) of the World Business Council for Sustainable Development (WBCSD).

Strategic placement of cement units

We have strategically set up a cement plant in the Chhattisgarh belt in India to be able to harness full potential in utilizing waste material generated in the power plants and steel plants in the vicinity. As a result we are able to absorb 31 percent of fly ash and 53 percent of slag consistently throughout the current year keeping the quality intact. We could successfully increase the tricalcium silicate (an important mineral in Portland cement)

content and have completely eliminated the use of iron ore thus saving a finite natural resource.

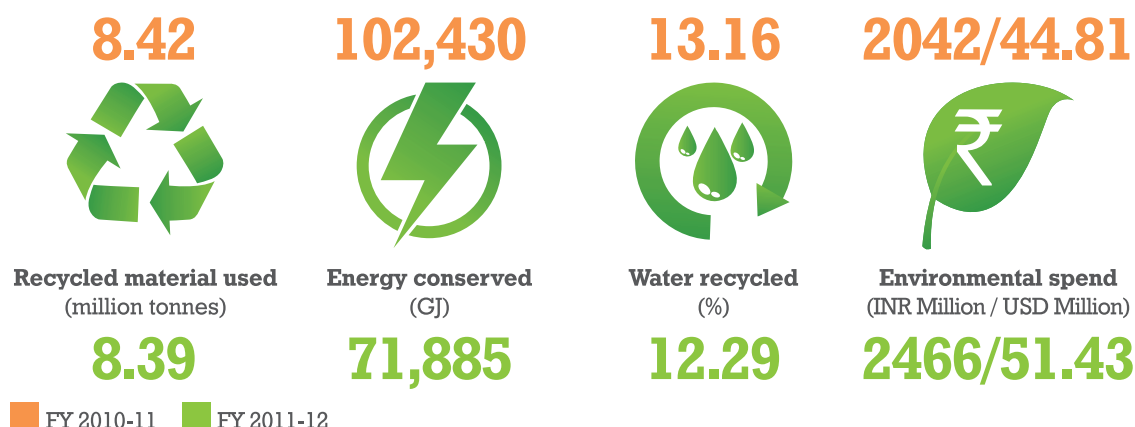
Material stewardship

Iron sludge waste management has long been a problem for industries in some of the regions in Gujarat. This iron sludge can be utilized in our production of raw mix. With our intervention and continuous follow-up we could successfully obtain the permission from Gujarat Pollution Control Board to utilize iron sludge as a substitute for iron ore. This intervention helped neighbouring industries in safe disposal of hazardous waste and for us it improved our bottom-line.

Reducing the carbon footprint

We understand that our operations are energy intensive and our efforts are towards energy conservation, improving operational efficiency and exploring alternate energy options. We have dedicated teams that identify potential projects under the Clean Development Mechanism.

At the Kovaya plant, we have replaced all ACC (Air Cooled



18 25 of our units are ISO 14001 certified (12 integrated units, 11 grinding units, 2 bulk terminals) with plans afoot to ensure all our units are ISO 14001 compliant

Condenser) fan blades from GRP (Glass Reinforced Plastic) material to FRP (Fibre Reinforced Plastic) material, in order to reduce power consumption. 'Conserve Air Systems' have been installed in compressed air systems in order to optimize the operation of the compressor and reduce auxiliary power consumption. The other project at the Kovaya plant, as a pilot, involves replacement of fan impellers in boilers with energy-efficient impellers. This has resulted in a reduction in auxiliary power consumption.

The Reddipalayam plant received the CII Energy Excellence Award for reducing energy consumption and increasing operating efficiency. This system has been replicated at the Kovaya and the Khor plants.

Harnessing renewable energy

Harnessing renewable energy for utilizing in our plants, colonies and offices has been our focus area. We are exploring the possibilities of generating the energy through solar PV and wind wherever feasible. With the installation of 100 KW photovoltaic cell in Kotputli cement works, the total installed capacity of photovoltaic solar power generation has gone up to 400 KW. We are in the process of installing additional capacities at other locations and reduce our dependence on fossil fuels.

Cleaner power production through Waste Heat Recovery (WHR)

It is our endeavour to use the best in class and energy efficient technology in our cement plants. However, clinker manufacturing process involves some amount of

Material stewardship

At the Kovaya plant, we attained permission from the Gujarat Pollution Control Board to utilize iron sludge, a hazardous solid waste, as a substitute for iron ore in raw mix production. Iron sludge waste management has long been a problem for industries, especially in the Ahmedabad, Vadodara, Surat, Vapi area, which together generate 50,000 tonnes of the said waste, per annum. We have received permission to utilize up to 45,000 tonnes of iron sludge in the production of raw mix by mixing it with iron ore. This process benefits the waste generating companies, UltraTech and the environment by making hazardous waste management a productive process.



Harnessing renewable energy

In our endeavour to harness renewable energy, we explored various options and possibilities of generating renewable energy on an ongoing basis. As on date, we have installed 400 KW and are in the process of installing another 2.2 MW of solar PV power plants at various plant locations. The energy generated through solar PV plant is utilized in the form of electricity in our townships. We harness wind energy at our Reddipalayam plant through a wind farm which was installed prior to the reporting period, with a capacity of 1.12 MW. The energy generated through these renewable methods helps us reduce our dependence on fossil fuels.



system loss in the form of waste heat from flue gas from pre-heaters, cooler vent air, radiation loss from hot bodies etc. We have been able to minimize these losses through robust monitoring and energy audits. To further our energy conservation agenda, we have evaluated the power generation potential of this waste gas to be around 90 MW. To effectively

utilize these waste heat resources, we have installed / planned WHR power plants at most of our integrated units.

We aim to substitute around 10-12% of our total electricity requirement with the electricity produced from WHR power plants, reducing our reliance on fossil fuel. This will also aid in the reduction of our overall

carbon footprint. Among active WHR plants are a 4 MW plant at the Tadipatri plant, which is a CDM project, with the other 4 plants in India having a consolidated capacity of around 50 MW. In addition to these we also have in place a 4.2 MW plant in Ras-Al-Khaimah, UAE. The details of our WHR projects are as follows:

Location	Tadipatri, Andhra Pradesh	Shambhupura, Rajasthan	Awarpur, Maharashtra	Malkhaid, Karnataka	Rawan, Chattisgarh	Ras Al-Khaimah, UAE
Technology deployed	Organic Rankine Cycle	Steam Rankine Cycle	Steam Rankine Cycle	Steam Rankine Cycle	Steam Rankine Cycle	Kalina Cycle
Capacity (MW)	4.00	10.04	13.22	10.77	15.18	4.20
Current status	In operation	Project stage	Project stage	Project stage	Project stage	Project stage
Nett generation; MWh/Year ¹⁹	13,983 (Average of last 3 years)	48,794	64,249	52,342	73,775	20,412
% Substitution to Grid power/CPP power	4.00	12.55	22.03	8.71	18.22	17.18
CO ₂ reduction; tCO ₂ /Year	12,716	40,889	52,684	39,152	60,717	17,278



Conversion of waste heat into power at our Tadipatri plant

¹⁹ Except Tadipatri, all other data are projected figures

Monitoring air emissions

Cement plants:

The major air emissions as a result of our operations are SPM, SO₂ and NO_x. We continuously monitor²⁰ these parameters at all the locations and ensure that the emissions are well below the regulatory limits. At Star Cement plant at Ras-Al-Khaimah we have installed a conveyor belt to transport limestone directly from crusher to the plant to reduce truck movements thereby reducing fugitive air and GHG emissions. A similar system has been installed at Rawan plant

Ready mix concrete plants:

We have been the pioneers in India in installing bin covers with corrugated sheets on the top and

On-line Stack Emission Measurement		
(Installed in No. of Equipments/ Total No. of Equipment)	Cement Kilns	Thermal Power Plants
Dust	18/22	11/11
SO ₂	5/22	6/11
NO _x	5/22	5/11

nets around the sidewalls at RMC sites to control fugitive emissions. At many of our plants the traditional silo top dust filters have been replaced with three stage ground dust collection system that ensures improved dust suppression

Using pump primer for dual benefit

We have successfully made test runs for use of 'Pump Primers' in our RMC business. This

technology saves time and operational cost over traditional method of pumping concrete. In absence of 'Pump Primers', the conventional method uses cement and flyash slurry resulting in significant fuel consumption during transportation in the TM (Transit Mixer). The method of using pump primers reduces time of pumping thus saving cement and fuel consumption.

Triple benefits – Innovation at Khor

The limestone at the captive mines is mixed with rich amount of interburden (interstitial clay). This clay diluted the limestone quality. In order to address this issue, a clay screen rejection system was installed at limestone crusher. This screening system separates the lower quality clay with limestone fines and the screen reject of limestone crusher which is now being successfully utilized at the captive thermal power plant. A part of screen reject was used for entrapping sulphur resulting from combustion of Sulphur Pet coke in the thermal power plant. Additionally, while dozing of limestone screen reject for quenching of sulphur, anhydrate gypsum is generated and is used as a by-product in cement manufacturing. This project has resulted in triple benefits of using screen reject as a resource for capturing of SO₂ in CPP, use of anhydrate gypsum as part replacement of mineral gypsum in cement manufacturing and putting the waste generated at mines to effective use.



Limestone reject after screening is used as a pollutant absorbent

²⁰ 5 of our plants are equipped with online ambient air quality monitoring station while 6 plants are under progress to be installed by end of 2012

Using alternative fuels: Putting waste to good use

Over last few years, we have invested in focussed R&D to utilise hazardous waste generated across industries and agro waste as alternate fuel and we have enlisted the support of our community and business partners to implement the same.

Several countries attach a cost to land-filling, with waste. In India however, that is not the case, and therefore, availability of raw material for alternative fuel technology is scarce. In spite of this challenge, in 2004, upon receiving regulatory permissions, we installed technology to use alternative fuel at the integrated unit at Malkhaid, Karnataka.

Due to focused R&D, we are now using around 16 varieties of alternative fuels across facilities such as rice husk, rubber tyre chips, mustard waste and saw dust. We have received requisite permission for using hazardous wastes from the automobile, refinery and pharmaceutical industry as fuels. We currently use spent carbon, organic residue, distillation residue, bottom sludge and cotton waste at the Tadipatri plant.

The use of paint sludge, oil sludge, cotton waste, spent carbon, filter cake and ETP sludge at the Reddipalayam plant has helped us reduce our fossil fuel dependence by 8.17% (2010-11) and 4.9% (2011-12) at the unit.

In an agreement with Jaipur Municipal Corporation, we have set up a Municipal Solid Waste (MSW) processing plant, to convert MSW to Refuse Derived Fuel (RDF). The plant is capable of extracting 150 tonnes of RDF from 500 tonnes of MSW per day.

At the Malkhaid plant a 400 kgs per day food-waste based package biogas plant has been requisitioned. When running at full strength, the plant utilizes 320 kgs to 350 kgs of waste per day, to produce 35-40 m³ of biogas. Replacement of exhaustible fuels is thus, for us, a commitment to our tomorrow.



Many of our plants are designed to accept alternative fuels, such as Reddipalayam plant (above)



Addressing biodiversity issues

Biological assessment of terrestrial environment was carried out at our Narmada unit and at the Kovaya plant with an aim to evaluate the biodiversity of the study area with special emphasis on rare and endangered species. The survey of the existing environmental baseline provided the necessary information on the environmental setting of the project. This was conducted over three seasons namely winter (December 2009), summer (April 2010) and post-monsoon (September 2010). One of the key conclusions of the report was that none of the habitats of flora and fauna enlisted in IUCN Red List and National Conservation List of Botanical Survey of India (BSI) and Zoological Survey of India (ZSI) are affected by the

Protected areas		
Plant	CRZ	Forest Land
Kovaya, Gujarat	Mines 0.98 Km ²	--
Jafarabad, Gujarat	Mines 2.53 Km ² 0.53 Km ² (Area falling under both categories)	Mines 1.77 Km ²

operational activities of the plants. We have proactively suspended all operations in protected areas.

A common initiative that we undertake across all locations is the planting of saplings in large numbers. In conjunction with the Rajasthan Government, we took up the state-wide government initiative of ‘Harit Rajasthan’, in order to cushion the effects of dust and noise due to mining activities in regions around our areas of operation.

At the integrated unit at Rawan,

Raipur, we commissioned a leading global consultancy to undertake an environmental and social due diligence in order to identify environmental and social issues associated with existing as well as expansion operations, address foreseeable risks, assess mitigation measures in place and to give an independent opinion about the ability of the project to comply with the specified reference framework. Based on the gap analysis and discussions noted, an environmental and social action plan was suggested for the plant.



Top and above: Periodic biodiversity assessments help preserve the natural habitat for flora and fauna



Implementing rain water harvesting across all plants

Water stewardship

In the recent past we have made concerted efforts to save, re-use and recycle water. As a standard practice we have equipped all our existing as well as the new Captive Power Plants with air cooled condensers, replacing the conventional water cooled condensers. This company wide initiative will result in the conservation of more than 9.5 million m³ of water per year at our present operational capacity. Additionally, we are aggressively implementing rain water harvesting across our installations.

Our sources of water are varied, depending largely on the availability of water at the location of our units. In some places surface water is a primary source, while in others, ground

or municipal water is relied upon. We only use sea water at the Kovaya plant where a total of 5.54 million m³ in FY 2010-11 and 5.67 million m³ in FY 2011-12 was withdrawn.

We are helping harvest rainwater in villages near the Kovaya plant in order to inculcate values of environmental stewardship amongst the communities nearby who we work in close collaboration with. All our cement and RMC plants, except the desalination plant at Kovaya, are zero discharge plants. For a detailed breakup of our water consumption pattern please refer to the table and graphs in the 'Measuring our performance' section.

ISO 50001 – Gearing for excellence

The Shambhupura plant was

recently certified for ISO 50001 energy management system, thus becoming the first cement plant in India to be certified under this standard. As part of preparation for this task each of the departments were asked to identify their energy baseline, conduct energy reviews, develop energy management programs, departmental objectives and action plans, initiate energy planning process and energy measurement plan along with assessing department wise energy performance indicators. Following a third party audit across three phases in March 2012, the plant was certified ISO 50001 compliant. Following the lead, the grinding unit at Panipat completed the third party audit for the same, and will be certified ISO 50001 compliant in the next financial year.

CREATING A SAFER WORKPLACE



"Safety is an integral, non negotiable cog of our value system. We build safety in our work environment by balancing policy issuance, creating awareness, and incentivising and rewarding safe behavior. Only a safe today can ensure a sustainable tomorrow."

– Mr. R. K. Shah
Chief Manufacturing Officer

Employee safety is a core focus area for us and we give it utmost importance. We invest towards constant improvement in working conditions of our employees while proactively engaging in activities in order to allay any problems or situations that they may face at work. Part of this also comes to a very great extent from our value system, where we believe that in order for every employee to give his or her 100% and perform beyond potential, we need to provide an environment where they can excel.

We have marked occupational safety as our core value and our responsibility towards Safety, Health & Environment (SHE) is driven by a desire to protect people we work with and our communities. We have laid down clear cut directions on safety and documented a demand for assurance from the line functions. Our safety data is monitored and measured in line with the CSI protocol.

Strategic directions at UltraTech:

- *SHE Policy* - Our Safety,

Occupational Health & Environment policy instils in us the belief that injuries, emissions and discharge can be prevented. The policy invokes the use of technology for efficient use of energy and natural resources, reduction and prevention of pollution, and for the promotion of conservation. Not only do we believe in adhering to our policies, we also work on setting new standards, implementing new kaizens and go beyond compliance keeping relevant industry standards in mind.

- *Safety Principles* - At UltraTech and at Aditya Birla as a group as well, we believe that all injuries and illnesses can be prevented, with all unsafe incidents and injuries being reported and investigated, in order to provide key learnings from experiences. Regular audits are conducted in order to ensure compliance across levels for safety-related issues.
- *Management Commitment to Safety* - A commitment to safety is a way of life that UltraTech

embeds within its leaders. This is why we are amongst the most favoured employers.

- *Commitments on Safety Assurance* - Our Unit Heads take the onus upon themselves to ensure that their units remain incident free. At an individual level, they sign an Assurance on Safety Compliance in order to ensure that UltraTech as a whole remains hazard free.

Continuous checks²¹ and trainings are conducted to put in place the highest levels of safety to ensure a safe and comfortable workplace. Audits are conducted in order to identify improvement opportunities in the safety processes, which are then addressed by experts. A total of 346 employees were part of formal safety committees in 2010-11 with equal representation from management and non-management staff. The corresponding number for 2011-12 is 355.. In addition to these formal committees, we also have committees at the line function level and at the apex level. They look into safety aspects and comprise of close to 1070 members across our plants in India. This constituted close to 11% of the entire workforce for both the years. We focus on certain key focus areas in order to structure our approach to safety, such as line function involvement, accountability on safety improvement, communication on safety and a strict review mechanism.

47.7%
reduction in LTIFR
for permanent
employees from
2009-10 to 2011-12



22
units certified for
OHSAS 18001



100%
sites covered under
Contractor Safety
Management System



²¹ Twenty two of our units are OHSAS 18001 certified (11 integrated units, 9 grinding units, 2 bulk terminals) with plans afoot to ensure all our units are OHSAS 18001 compliant.

Safety excellence journey

We have embarked upon the 'Safety Excellence Journey' at UltraTech to strengthen our current processes of excellence in safety. The following are its four critical elements:

- **Felt Leadership Commitment:** To ensure continued focus on safety, the Safety Board, led by our Business Director and other top management personnel, was established at UltraTech. It started functioning as an oversight committee, which approved strategies, reviewed overall performance and looked into effective implementation of safety standards. It has developed organisational safety policies and fundamental beliefs on safety, called Safety Principles, to provide a strategic direction towards the business. We have approached the Heinrich Triangle six-step approach to safety observation that has helped create a framework for identifying and correcting unsafe acts and conditions. Our current focus is on the base of the Heinrich Triangle, which aims to put in place systems to address unsafe acts and employee-created unsafe conditions.
- **Line Function Involvement and Empowerment:** Mass involvement in safety measures is a huge challenge

in any organisation, but this was overcome by implementing major changes in our approach to safety. Six strategic subcommittees were formed, each led by a Plant Head and involving members from each site. These subcommittees are responsible for finalising strategies for improving critical components of the safety management system and obtaining approval from the board for business wide implementation. These committees have been replicated at each site facilitating the implementation of strategies and reporting issues for correction and approval by the management team. Empowerment of line function has been ensured through training, capability development, providing opportunity in leading committees and nourishing leadership through participation and sponsoring special efforts.

- **Accountability on Safety Improvement:** Fixing accountability and taking up ownership for safety improvement was done through assigning responsibility, building capability, guidance by external experts and integrating safety as a

parameter in the performance appraisal system. A reward and penalty system was also put in place in order to drive onus leadership.

- **Effective Review Mechanism:** Review mechanisms have been put in place which ensures timely reviews, corrections, fixing accountability and management interference if the situation demands it. The results of this four-pronged approach have yielded several benefits such as:

- Line ownership on safety
- Transparency in incident reporting and capturing 'near-miss' cases
- Formulation and implementation of an engineering and process related safety standard
- Capability in building in-line function and contracting partners
- Skill development among front level employees

A great example of our commitment to the 'Safety Excellence Journey' in practice was the successful, injury free completion of a 25 MW thermal power plant project at the Awarpur plant by Thermax India, and the upgradation of a pre-heater job at the Reddipalayam plant.



Safety briefings keep our employees aware and alert on possible incidents



Training is an integral part of our safety programmes

Safety first

We follow rigorous standards of organizational health & safety, and believe in continuous improvisation of operational methodologies. At the Shambhupura plant, a specific pilot effort was made to install user-friendly equipment and machinery. In order to avoid injury to operators, the hydraulic truck tippler at the plant (equipment used for unloading bulk transport) was equipped with an interlocking mechanism installed on the gate, which prevents the machinery from operating in the event that the gates to the equipment are not fully shut. To help vehicles maintain a safe speed limit, speed governors have also been introduced on the plant premises. These governors help enhance the safety of the vehicle, while reducing cost of maintenance for the engine, the brake and the tyres.

In order to reduce the danger of inhalation of toxic fumes, Fume Extraction Systems were installed at the Shambhupura plant premises, which separate particulate matter with an efficiency of more than 99.99% and then inject clean air back into the factory, thus maintaining

clean air levels at the plant.

Apart from this, safety and competency checks and audits were carried out on a regular monthly basis in all units by external safety consultants. National practices that we implemented for a cross-section of our employees were trainings and workshops on behavioural safety. National Safety Week is an initiative that we give a lot of importance to, and organise interactive activities like seminars, talks and workshops in order to give our employees a holistic understanding of safety issues and their alleviation.

At the Kovaya plant, an initiative (Safety Shibir) was organized to emphasize the importance of safe working practices to our workers. Quizzes on safety and trade wise competency level mapping were conducted and safety adherence awards were distributed during the program. This is an initiative we intend to follow year on year in order to enhance our employees' knowledge base and skill-sets. The same safety awards were organized at the Kharia plant where safety performance is now being made a part of their Key Result Areas. We intend to

implement this policy across other locations as well.

Individual initiatives such as First Aid and CPR training for the workers at the Shambhupura plant, safety training to scaffolders at the grinding unit at Navi Mumbai on scaffolding methods, introduction of Safety Stewards at the Reddipalayam plant, were also carried out. A mine inspection was carried out at the Shambhupura plant, by a Directorate General of Mines Safety (DGMS), Udaipur-appointed team in the months of November and December 2011, which we managed to clear with accolades from the inspection team.

Our key focus this year was to initiate best practices in pilot format across our different units, in order to understand their efficacy as well as their acceptance by employees. To facilitate this, we mandated an external agency to conduct regular audits for safety compliance and adherence at our different plant locations. We intend to implement safety protocols that become the benchmark for the industry, while we pioneer best practices across our units.

CREATING SHARED VALUE FOR OUR EMPLOYEES



"A happier, healthier and more productive workplace can lead to cost savings, higher profits and greater ideas for business innovation. We strive to provide our employees with a platform for learning and sharing, which can eventually lead to a greener and sustainable organization."

– Mr. C. B. Tiwari,
Chief People Officer

A belief in our work, our work ethic, and a synergy with our values is something we look to our employees to embody. We follow Human Resource (HR) policies laid out at the executive level by the Corporate HR of the Aditya Birla Group. In addition, at a local level, we tie up with specialized external consultants in order to ensure stringent adherence to best labour practices.

In 2003, we began our formal journey on talent management and have come a considerable way since then. The focus was on developing three different types of talent: profit and loss leaders, functional leaders and specialists or experts. Recently, in an international survey, the Group was adjudged as the Best Place

for Leaders to Work for the Asia Pacific region and fourth globally for 2011. This survey involved more than 470 organizations worldwide.

We focus our efforts to ensure that our employees are happy through engagement activities throughout the year. Organization of internal award and reward schemes in order to recognize exceptional performance is a step we strongly encourage among our units. All our employees receive regular performance and career development reviews to aid their holistic growth.

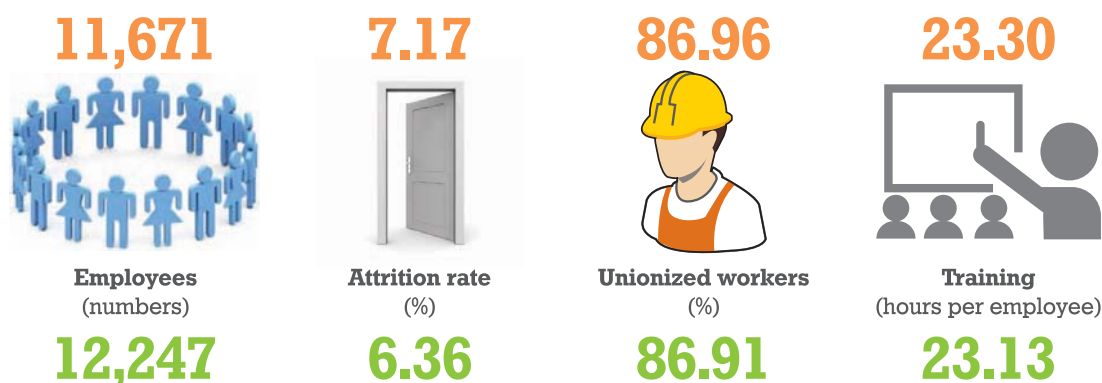
Employee engagement and training

For the development of our employees as professionals, it is

our firm belief that we need to continuously work on ensuring they are engaged in learning and development improving their professional lives for the better. We have created a structured training framework for our employees to ensure their ongoing education. During 2010-11 we have imparted a total of 348,277 man-hours of training across all the locations, while the corresponding number for 2011-12 is 402,320 man-hours.

Training sessions on topics ranging from pension scheme comprehension, presentation skills and public speaking to motivation, team building and team synergy were organized at the Shambhupura plant. Similarly training on topics such as time management, self development and first aid & CPR Training was also organized. At the Kovaya plant, trainings were organized on safety related issues such as incident investigation and safety observation. We also called in original equipment manufacturers in order to give first hand training to our employees on proper and safe handling of factory equipment.

The Reddipalayam plant



■ FY 2010-11 ■ FY 2011-12

Galaxy 2012

Galaxy is an employee initiative by UltraTech which is aimed at encouraging team spirit and diversity through the medium of sports and other activities. It is usually a three to four day activity involving sports and cultural activities. In 2012, Galaxy was held in Goa which was attended by close to 1200 employees across the four different zones. Galaxy 2012 was aligned to the theme of "Winning Together, Winning Forever" which reflects the way UltraTech operates. Galaxy is also a medium where achievers in the various functions of UltraTech are felicitated and congratulated on their outstanding skills of leadership, team spirit and creative thinking.

organized 195 e-learning courses for the unit employees and awarded 31 employees for excellence in these courses, further incentivizing their growth as individuals. These courses included safety oriented training on disaster management and fire fighting, personality development training on dynamic communication and presentation skills, as well as attitude development and effective communication.

At the integrated unit at Hirmi, Raipur, workshops on Pyro Process and Pyro Maintenance were organized. These initiatives, workshops, seminars, talks and e-learning courses are organized across our spectrum of manufacturing units in order to help employees update their knowledge and their skill sets, so that they may progress in their personal and professional lives.

In order to encourage a 360 degree approach to our communications processes, we also have regular unit level meets for all employees and contractors, across different levels of management and workers.

Developing technology leaders

We deliberated and identified 10 Technology Leaders from different units (the Shambhupura plant, the Khor plant, the Kovaya plant, the Reddipalayam plant, the Tadipatri plant) for specialized areas of work like (Mining, Crusher, Kiln & Cooler, Ball Mills, Packing operation, TPP etc). This helped create excellence levels across the business and at the same time gave opportunity to the nominated technology leaders to master and grow in their area of expertise. The identified personnel continue to operate from the respective units and provide support for businesswise improvement in their respective areas.

Employee morale development

In a global survey carried out by an agency of repute, UltraTech's scores on overall employee satisfaction, advocacy and stability reflected a rising trend, with employee engagement percentages being higher at 41% than the global manufacturing industry employee engagement average at 39% and the Indian manufacturing industry employee engagement average at 36%. Also, according to the survey in which 96% of Aditya Birla Group employees took part, overall pride in being an employee of the Group, clarity about the Group's goals, confidence in leadership, product quality, following applicable laws and being environmentally sensitive were seen as distinct strengths for the Group. Approximately, 30,000 employees across the Group took part in the survey.

Reward and recognition initiatives that boost employee morale as well as those that award them for following best practices are in place across our plants. The Malkhaid plant organized a special awards function this year in order to recognize people with long tenures within the organization.

STAKEHOLDER'S VOICE

"The advantage with working here is that everyone from the supervisors to the senior management are very safety conscious. We are made aware of ISO certification and regulations to keep our environment pollution free. The management is also open to discussing problems, rather than forcing them on us." - **Trade union member**

We understand the importance of providing support to our employees on their decision to start a family. All women employees of UltraTech (management and non-management cadre) are eligible for maternity leave and our policy enables them the flexibility to return to work²². In addition all our employees are also eligible for child adoption leave. Three of our employees availed of the adoption leave during 2011-12.

Ensuring employee wellbeing

We organize various initiatives catering to employee wellbeing throughout the year. Some of these are interactive in nature such as tele-medicinal facilities which help our employees gain access to specialist and super-specialist doctors in any hospital where we have a township. A unique initiative, a wellness intranet portal, Vitamin H, was launched during the reporting period to ensure that healthcare services to Group employees and their families are available round the clock. 7,000 employees as well as 324 family

members have enrolled in the portal. One of our most important and innovative initiatives is “Life Unlimited”, our Employee Assistance Program, which caters to employees’ mental wellbeing. We provide counselling support to our employees and their family members, so that their issues are resolved using a network of more than 100 counsellors across India. We have made this facility available to employees at 42 locations across India.

Apart from these wellness initiatives, we have taken several steps to enrich the lives of our employees, such as a Group-wide scholarship program for our employee’s children called Pratibha Scholarships, tie-ups with Give India for payroll donations, and Teach India, as well as Teach for India, in order to encourage employees to give back to society by taking time out to impart basic education to those in need of it.

Respecting human rights

Responsible operations²³ and

business practices help us manage risks, foster a positive business climate and improve stakeholder relations. Our goal is to respect the human rights of all stakeholders and raise awareness of related issues across the business enterprise. We have the challenge of ensuring that employees, business partners, security forces and others are aware of these expectations, and that relevant stakeholders receive training on these aspects. We prohibit the deployment of child labour and forced labour on our sites. Our security personnel have been trained to maintain a strict vigil on under-age workers entering the premises. During the reporting period 52% (982 in number) of security personnel (permanent and contract) across our operations received training on our policies for human rights and their application to security. Although formal human rights impact assessments have not been carried out at our units, we plan to conduct the same within the next two years.



Galaxy, our annual gathering of employees, fosters team spirit and sharing

²² For the 2010-11 period one employee availed of maternity leave and she has stayed with UltraTech one year after returning to work. For the 2011-12 period seven employees availed of maternity leave out of which three returned and one of them is still employed with us after a year

²³ 9 of our units are SA 8000 certified (7 integrated units, 2 grinding units) while plans are afoot to include more plans under this social accountability standard.

CEMENTING THE BOND WITH OUR COMMUNITIES



"Our vision is to actively contribute to the social and economic development of the communities in which we operate. This stems from our strong belief in the concept of trusteeship, and entails transcending business interests and grappling with 'quality of life' challenges, in order to make a meaningful difference to the communities that we operate in."

– Mrs. Rajashree Birla

Director UltraTech and Chairperson,
The Aditya Birla Centre for Community Initiatives
and Rural Development

Beyond business, the work that we do under the aegis of the Aditya Birla Centre for Community Initiatives and rural development deserves special mention and kudos. At the Group level, we are engaged in nearly 3,000 villages. We reach out to around 7 million people every year. Our spend on rural and social activities cater to the specific needs of the communities in proximity to our plants.

Our work²⁴ on the social front is focused on healthcare, education, sustainable livelihood,

infrastructure development and espousing social causes. Our work along with our communities in order to support their development has been very rewarding, given the qualitative difference it makes to the lives of the underprivileged.

Understanding the needs of our communities has helped us reach the equation that we today share with them. While building a sustainable future for our organisation, our core focus is also to provide a solid foundation for a sustainable future for the communities that live in

proximity to our plants.

As a first step towards understanding the needs of our communities, we continue to conduct social satisfaction studies and impact assessment of our operations in the areas where our manufacturing units exist. Help was taken from external organizations to lend credibility to our research. The primary objective of our study was to understand the impact of the company's manufacturing operations on the communities and environment surrounding our unit. A thorough impact assessment study was carried out towards understanding the same, while simultaneously evaluating what needed to be done to address these issues. The follow up actions on the findings were initiated during the reporting period.

We follow a meticulous approach towards planning and implementation of our community development projects at all operational facilities. In order to maximise the efficacy of our programs, we follow a structured approach, which involves:

- Identification of programs based on root cause analysis of issues
- Ensuring program sustainability whilst keeping the short term importance in mind as well
- Program implementation
- Monitoring and feedback

Beyond Business – The Aditya Birla Group

- Reaches out to 7 million people annually through the Aditya Birla Centre for Community Initiatives and Rural Development, spearheaded by Mrs. Rajashree Birla
- Focuses on: healthcare, education, sustainable livelihood, infrastructure and espousing social reform
- Runs 42 schools which provide quality education to 45,000 children. Of these, over 18,000 children receive free education
- Our 18 hospitals tend to more than a million villagers
- In line with our commitment to sustainable development, we have partnered with the Columbia University in establishing the Columbia Global Centre's Earth Institute in Mumbai
- To embed CSR as a way of life in organizations, we have set up the FICCI - Aditya Birla CSR Centre for Excellence, in Delhi

Health

Under the aegis of the Aditya Birla banner, different steps have been taken in order to provide healthcare to our communities. Camps were conducted at different locations in order to attend to health related issues that arose in the villages surrounding our manufacturing units. Eye camps were conducted at different locations which benefitted more than 2,500 people across locations, with more than 1,000 free cataract surgeries being performed. Cataract affects a majority of our rural populace who rarely have access to medical facilities, and these camps brought much needed relief to the villagers.

At the Khor plant, we have been organizing cataract camps for several years now. To involve local communities, we get participation from both internal as well as external bodies such as the internal Rural Development Department, Vikram Hospital, Vikram Jan Seva Trust, Rajshree Seva Samiti apart from company employees and the government's medical

departments. To create cataract awareness and operations, we set aside INR 2.7 Million for this plant alone.

At the Malkhaid plant too, we organized 19 cataract camps which have benefitted 847 patients, with approximately INR 0.65 Million being spent towards the camps. In addition, dental camps were organized for the local village communities which have benefitted 1,236 patients till date. The Reddipalayam plant conducted de-worming camps for the population, especially among the school-going population who were more affected by worm infections.

Mega cardiac camps, orthopaedic camps and pulse polio camps were also conducted across locations which benefitted the local populace immensely. Awareness programs for various diseases such as tuberculosis, swine flu and AIDS were also organized. A 'Population Stabilization Program' was organised in rural areas focussing on responsible parenting and through it subtly fostering small planned families.

it is also a part of our sustainable health program for the poor, as a slowdown in the growth rate of population of these regions will help ease the pressure on the local economy as well as resources, while giving more equitable opportunities to the existing populace.

Education

Another core focus area for us is our commitment to education not only for the future of our nation, but also towards the unemployed, with an aim of making them self dependent. At the Shambhupura plant, scholarships were accorded to over 400 deserving students from different villages. At the Reddipalayam plant too, merit awards were initiated in 2002, and in the last two years, an outlay of INR 0.41 Million was set aside for scholarships given to meritorious yet physically or economically challenged students. Apart from these, motivational awards also formed an incentive for students.

At the Malkhaid plant, school material and library books were distributed to 38 government schools. We are working on setting up satellites of Aditya Birla Public Schools at all plant locations. About INR 0.40 Million was earmarked to provide school material as well as lodging, food and medical care for a 100 school girls from surrounding villages under the Sarva Shiksha Abhiyan scheme of the government. Secondary assistance such as career counselling programs and distribution of school material, as well as distribution of basics such as utensils for local schools was also done at some of the units. In addition, the CSR wing



Bringing eye care where it is needed



School children are made aware of the ill effects of excessive alcohol consumption

of Samruddhi cement provides coaching to the nearby villages through 'Neer Tarang Mahila Mandal, Grasim Vihar' to help the students get access to good primary and secondary education.

Furthermore, we encourage thought leadership in the firm belief that ideation is the parent of creation. The Yuva Ratna Awards, instituted 8 years ago by Birla White continues to recognize young architects and engineers who have the potential to design and shape India's horizon tomorrow. 1,330 entries were received for the awards this year, across India and SAARC countries, as Birla White took the opportunity to lay the foundation for innovative designs.

Infrastructure

Lack of proper infrastructure is a critical issue that plagues villages in rural India. We have tried to address the situation by taking slow but steady steps towards resolving this issue in the areas around our plants by helping them become model townships. The first step we took

towards this was the construction of roads in these villages, as well as repair and renovation of existing roads in order to improve connectivity, and in turn the economy, of these villages.

At the Reddipalayam plant, we have adopted the Naickerpalayam village for transformation into a model village, after having thorough discussions with village leaders and local administration. We contribute funds towards the implementation of Tamil Nadu government schemes such as Sarva Shiksha Abhiyan Scheme,

Total Sanitation Campaign and Namakku Naame Thittam towards this village as well. At the Khor plant, we started an Integrated Watershed Management Program in order to support our communities, while simultaneously helping the Government of Madhya Pradesh in its efforts. We are working as an implementing agency in 18 villages covering 5,742 hectares of land in association with the Zila Janpad, District Neemunch and with the support of respective village panchayats and village-level user committees. The partnership of the Government and the Khor plant in these projects is in a 9:1 ratio, with all administrative expenses being borne by the unit and overall activity budget being provided by the Government.

Individual projects like chain link fencing for fields at Sawa village near the Shambhupura plant, repair of check dams near Kagvadar village and Mitiyala village near the Kovaya plant were also taken up. Here too we believe that the needs and requirements of individual villages are sometimes as important, if not more so, as per our analysis of what is required under important thrust areas.



Education helps the community become self dependent



Training on 'cattle care' ensures better livelihood opportunities

Assistance in Livelihood

Not only is education for children a focus area, we also ensure that livelihood or vocational training was provided to unemployed youth across locations. At the Reddipalayam plant, a tailoring program that has reaped great benefits trains 40 students per year. At the Kharia plant too, we have imparted training on stitching, embroidery, plumbing and motor winding to village youth with the assistance of the local polytechnic colleges in Jodhpur. For this we received the Golden Peacock CSR Award in 2011.

At the Malkhaid plant, collaborating with the Kagina Jan Seva Trust, we have imparted training in tailoring to 669 women in 10 surrounding villages with approximately 430 of them

earning INR 1,500-1,700 per month. Our focus in these cases is to ensure self-sufficiency not only for these individuals, but also for their families and in turn, the community at large. These women now have a high self-esteem that stems from being self-reliant.

Another focus area for us is agriculture livelihood. Keeping this agenda in mind, livestock treatment and vaccination

programs were organized at neighbouring villages near the Shambhupura plant, the Kovaya plant, the Hirmi plant and the Malkhaid plant. A cattle breeding centre was started at the Kovaya plant, in order to enhance and augment sustainable livelihood amongst our communities.

Environment

We have undertaken drives to plant saplings and create green belts around the locations. More than 4,50,000 saplings²⁵ have been planted in the last two years.

We, at UltraTech, are truly proud of where we stand today, vis-à-vis our work done towards our goals of ensuring that we add value to the lives of our local communities, and work hand in hand towards the achievement of our economic, ecological and social goals.

STAKEHOLDER'S VOICE

"We are really thankful to UltraTech Cement for all the work that they have done in our village. From conducting health camps to setting up education centres, they have been responsible for a lot of development work in our village. They provide livelihood, as well as spread awareness among us through self help groups."

- Local Community



Our greening efforts ensure that our plants are good places to work in

²⁵ 4,50,711 at Cement plants and 5,892 at RMC units

Women Empowerment

Our thrust in all of the regions where we operate was to empower women and increase the opportunities available to them thereby changing perceptions towards women in rural areas. Towards this end, the Kovaya plant donated a sum of INR 1 Million to 'Kanya Kelavani Nidhi Fund' of the Government of Gujarat towards women empowerment in 2010. Narmada Cement Ladies Club was also set up at the same location to encourage employees' wives to participate in various cultural and social activities. Our self help group at Jodhpur (Gann Gour) was recognized for its positive impact and was awarded the 'Amrutha SHG Award 2010-11' by the Rajasthan Government.

Protection and education for the girl child was a sub-mandate that we decided to follow across locations. "Save the Girl Children" was a program initiated at Varahswaroop village,



Empowering and training women helps increase family income

and support was extended to Ambubai Residential Blind Girls School near the Malkhaid plant. Kasturba Gandhi Balika Vidyalaya, a school for the girl child, is supported by the Malkhaid plant in order to promote female literacy in the

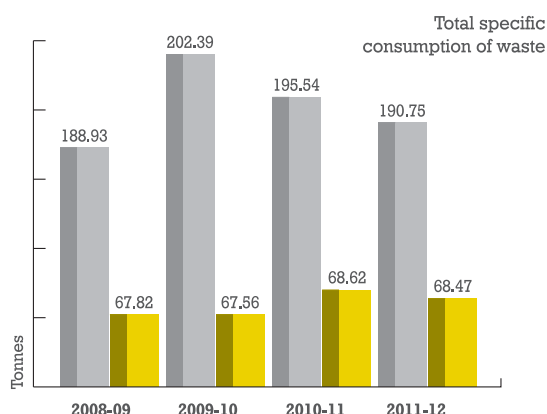
surrounding rural areas. Apart from educational initiatives, we undertake training of women in the vocations of beautician, applicator, cutting and tailoring with more than 500 women benefitting from the efforts.

Key Focus Areas	Spend in FY 2010-11		Spend in FY 2011-12	
	Units (UltraTech Cement)	State Govt Grant, Trusts, SHG loans and Others	Units (UltraTech Cement)	State Govt Grant, Trusts, SHG loans and Others
Education	12.48	12.21	16.69	29.24
Health & Family Welfare	12.13	9.41	13.39	11.98
Sustainable Rural Livelihood	7.25	21.60	8.57	21.06
Infrastructural Development	19.19	44.53	20.62	41.74
Social Welfare Issues	7.55	10.25	8.18	10.45
Total (INR Million)	156.63		181.99	
Total (USD Million)	3.44		3.80	

MEASURING OUR PERFORMANCE

Material stewardship

Across the cement plants we have made a conscious decision to reuse waste in our processes. The use of recycled material (waste reused) as part of total material consumption stood at 14.61% for 2010-11 and 13.75% for 2011-12 for cement production.



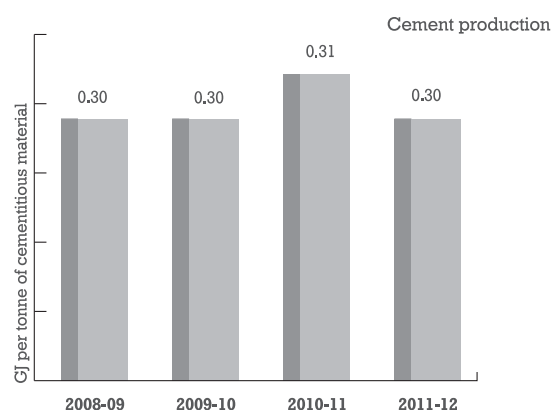
Best performing plant - Rawan, Chattisgarh
2010-11: 356.76 • 2011-12: 341.78

Grey bar: Cement – Tonnes per thousand tonnes of cementitious material

Yellow bar: RMC – Tonnes per thousand m³ of concrete produced

Specific electricity

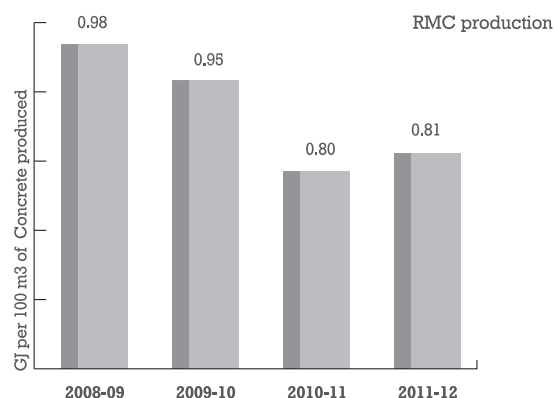
Our total dependence on purchased electricity at our cement plants is negligible and forms an insignificant part of our total energy requirement and has remained constant over the years.



Best performing plant - Reddipalayam, Tamil Nadu
2010-11: 0.24 • 2011-12: 0.26

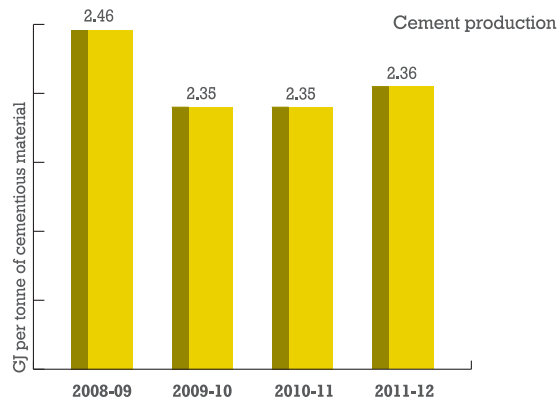
Specific electricity

Diesel and purchased electricity continue to be our major sources of energy at RMC units. We have reduced our specific electricity consumption over the last four years with concerted efforts in the energy conservation domain and increased awareness.



Specific heat energy

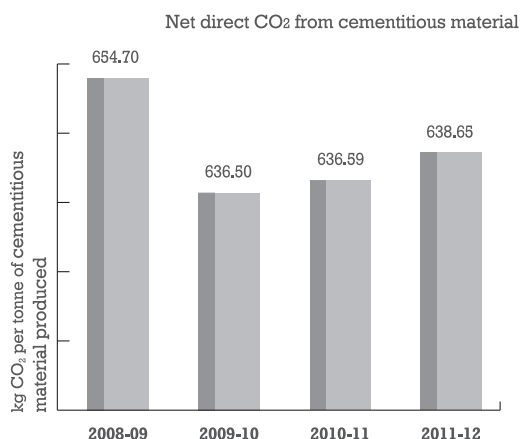
Specific heat consumption at our cement plants has remained almost constant over the last four years. The specific consumption at Star Cement follows the same trend.



Best performing plant - Rawan, Chattisgarh
2010-11: 1.92 • 2011-12: 1.99

GHG emissions

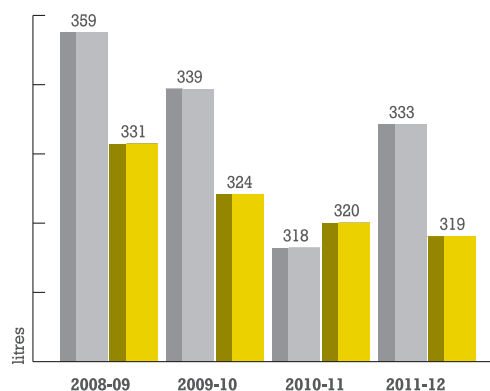
We have been able to maintain our specific emissions due to continued focus on energy conservation activities and improvement in efficiency of processes



Best performing plant - Rawan, Chattisgarh
2010-11: 518.5 • 2011-12: 523.6

Specific water consumption

Our sources of water are varied, depending largely on the availability of water at the location of our units. Our efforts in water conservation and recycling have enabled us to steadily reduce our specific consumption over the years.

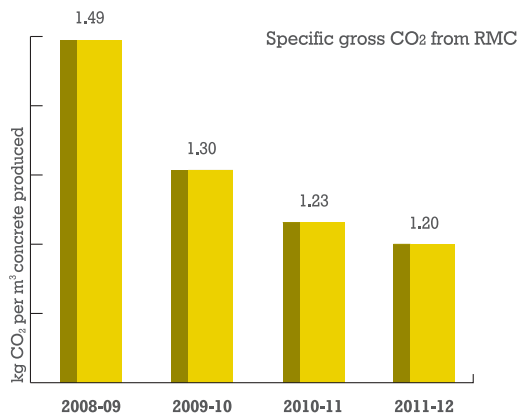


Best performing plant - Tadipatri, Andhra Pradesh
2010-11: 174 • 2011-12: 178

■ Cement - Litres per tonnes of cementitious material
■ RMC - Litres per m³ of concrete produced

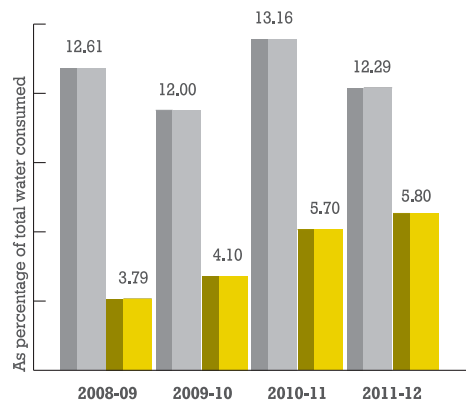
GHG emissions

The reduction in the CO₂ emissions from our RMC units is in line with the reduction of specific consumption of energy. On account of increased awareness on energy conservation and efficient processes; we have been able to reduce GHG emission levels at RMC plants over the last 4 years.



Water recycled

We have been consistent in recycling and reusing water at all the locations. Our plan is to increase focus on the same in the next two years to ensure we significantly improve our water utilization.

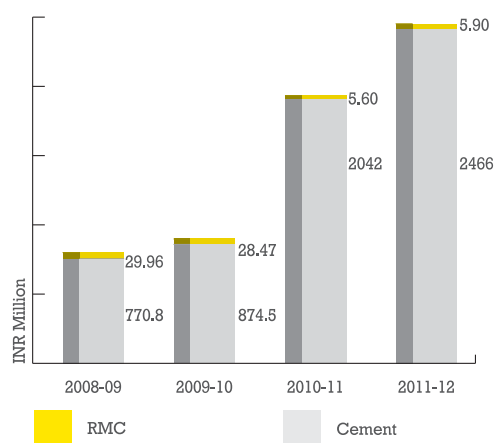


Best performing plant - Reddipalayam, Tamil Nadu
2010-11: 24.92 • 2011-12: 32.81

■ Cement
■ RMC

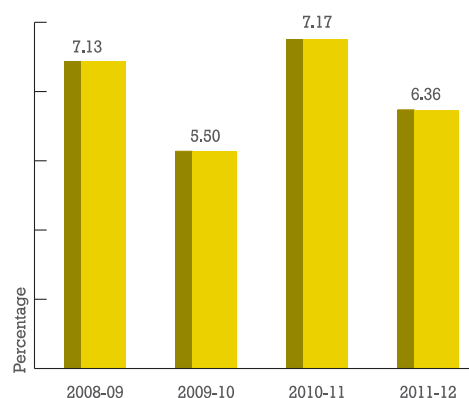
Environmental expenditure²⁶

Our operations have an impact on the environment and we are cognizant of this fact. We continuously strive to reduce our impacts on environment by investing in cleaner technologies and sound environmental management systems.



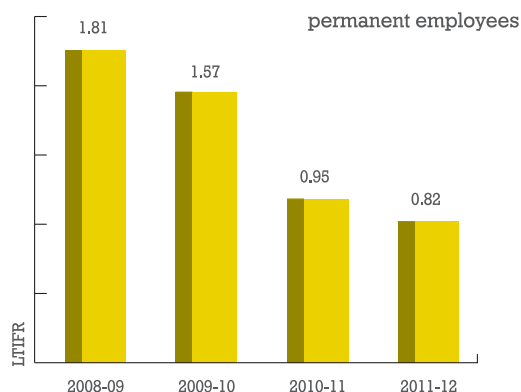
Manpower turnover

More than 95% of the employees contributing to the attrition are male, hence gender wise split of turnover has not been depicted. The turnover considers the grades of leaders, managers, executives, workers and trainees while it does not consider outsourced manpower deployed on a temporary basis in certain functions.



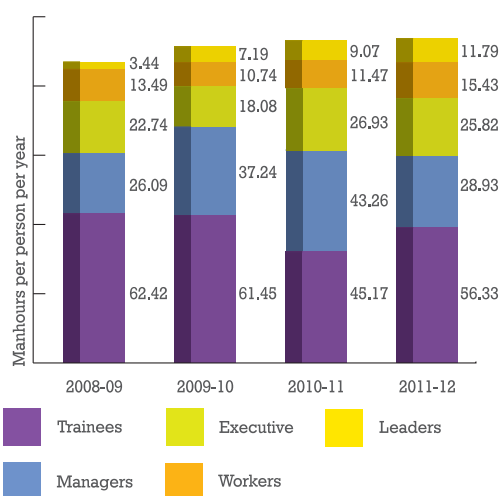
Safety - LTIFR

We have in place systems which ensure that risks are identified and addressed and audits are conducted in order to identify areas of improvement in the safety processes. We have been able to reduce the LTIFR of our permanent employees by over 47% from 1.57 in 2009-10 to 0.82 in 2011-12 on the back of various initiatives on the safety front.



Training

We also facilitate programs for skills management and lifelong learning including pre-retirement training for our employees. We imparted 8.97 hours of training on an average per employee on internal and external courses for skill up gradation during 2010-11. The corresponding figure for training for 2011-12 stood at 7.17 hours per employee.



²⁶ Expenditure breakup for cement plants: Prevention and environmental management costs – INR 122.4 Million in 2010-11 and INR 215.8 Million in 2011-12; Waste disposal, emissions treatment, and remediation costs – INR 1920 Million in 2010-11 and INR 2250 Million in 2011-12

PERFORMANCE DATA²⁷

Material consumption

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Natural raw materials ²⁸	Million Tonnes	43.27	48.06	51.32	52.59	5.90	6.03	6.53	6.59
Associated materials ²⁹	Tonnes	24,927	21,270	27,154	20,595	57.00	40.00	29.77	28.54
Semi manufactured goods ³⁰	Thousand Tonnes	6.61	8.25	11.13	13.39	133.34	54.61	308.35	307.47
Packaging materials (Plastic and paper bags)	Thousand Tonnes	45.18	52.89	55.50	55.35	-	-	-	-

Recycled materials used by weight

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Fly ash	Thousand Tonnes	5,039	6,023	6,073	6,251	204.59	205.96	212.58	205.69
Slag	Thousand Tonnes	879.33	1,211	1,206	988.62	7.03	15.19	22.67	31.60
Waste materials as gypsum ³¹	Thousand Tonnes	799.76	952.13	1,054	1,015	-	-	-	-
Silica Fume	Thousand Tonnes	-	-	-	-	0.13	0.47	0.50	0.58
Other industrial wastes	Thousand Tonnes	68.65	55.98	89.44	131.15	0.32	0.73	0.05	0.05

Direct energy consumption - for production

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Coal	PJ	69.33	74.06	80.51	74.30	-	-	-	-
Waste fuel	PJ	0.79	0.79	1.07	1.29	-	-	-	-
Pet coke ³²	PJ	17.10	19.75	18.06	26.58	-	-	-	-
Other fuels	PJ	0.34	0.52	0.64	0.50	0.03	0.03	0.03	0.03
Mining and transportation	PJ	0.81	0.78	0.85	0.90	-	-	-	-

Direct energy consumption - for captive power plant

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Coal and lignite	PJ	20.48	31.00	30.57	29.81	-	-	-	-
Waste fuel	PJ	-	0.02	0.03	-	-	-	-	-
Pet coke ³³	PJ	0.62	7.99	9.10	8.69	-	-	-	-
Other fuels	PJ	1.79	1.72	2.49	2.15	0.04	0.03	0.02	0.03

Renewable energy produced

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Waste heat recovery system	TJ	70.13	50.39	67.73	59.75	-	-	-	-
Wind energy	TJ	6.63	7.13	7.02	7.46	-	-	-	-
Solar energy ³⁴	TJ	-	-	-	0.95	-	-	-	-

²⁷ The performance data for cement includes that from Star Cement for the years 2010-11 and 2011-12
²⁸ Includes Limestone, sweetener and marl, corrective raw materials like bauxite, clay, laterite, iron ore etc used for clinkerisation. Also includes natural gypsum and performance improvers used for cement production. For RMC, the data includes aggregates and sand

²⁹ Includes oil & lubricants, grease, refractories & castables and grinding media

³⁰ Includes grinding aid, admixtures and polymers, and cement from outside the group for RMC

³¹ Also includes chemical and marine gypsum

³², ³³ Industrial Waste

³⁴ At Shambhupura, Hirni and Rawan

Indirect energy consumption

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Electricity purchased	TJ	4,752	2,521	2,596	2,796	23.07	24.99	27.43	28.17
Electricity sold	TJ	49.11	318.73	265.08	119.96	-	-	-	-

Total water withdrawal

Parameter	Units	Cement				RMC			
Surface water*	Million m ³	6.82	6.29	6.49	7.36	-	-	-	-
Ground water	Million m ³	3.24	3.79	3.08	3.19	0.66	0.73	0.71	0.71
Rainwater	Million m ³	2.73	3.64	4.27	4.67	0.009	0.004	0.010	0.010
Water from municipality	Million m ³	0.10	0.09	0.11	0.16	0.36	0.33	0.76	0.64
Water recycled and reused	% of water withdrawn	12.63	12.02	13.16	12.29	3.76	4.13	5.70	5.80

Biodiversity indicator

Parameter	Units	Cement				RMC			
Total number of samplings planted	Number	272,190	251,024	220,632	230,079	2,008	4,224	2,596	3,296
Saplings survival rate	%	86.65	80.21	84.69	82.98	79.83	83.78	83.00	93.00

GHG & ODS emissions

Parameter	Units	Cement				RMC			
Direct CO ₂	Thousand tCO ₂ /year	25,709	29,799	31,429	31,926	4.65	4.29	4.23	4.17
Indirect CO ₂ (External power)	Thousand tCO ₂ /year	1,068	566.61	587.19	615.42	5.27	5.70	7.05	7.10
Indirect CO ₂ (Clinker imports(+)/Export (-))	Thousand tCO ₂ /year	(-) 2,047	(-) 1,878	(-) 1,149	(-) 902.05	-	-	-	-
Total use of ODS	Equivalent tonnes	0.41	0.26	0.24	0.41	-	-	-	-

Other air emissions³⁵

Parameter	Units	Cement				RMC			
SPM	Tonnes/year	7,010	7,381	7,676	7,347	0.26	0.30	----	----
SOx	Tonnes/year	9,943	14,198	19,439	17,994	0.21	0.35	----	----
NOx	Tonnes/year	10,769	40,226	48,112	55,720	0.15	0.18	----	----

³⁵ Sources of emission for SPM, SOx, NOx are as a result of production and captive power plants at cement plants and due to onsite power generation for RMC units.
 * Data for 2008-09 and 2009-10 for surface water has been restated

Waste disposal³⁶

Parameter	Units	Cement				RMC			
		2008-09	2009-10	2010-11	2011-12	2008-09	2009-10	2010-11	2011-12
Hazardous waste (Solid) ³⁷	Tonnes	167.89	235.34	117.90	152.82	15.69	28.53	16.57	17.61
Hazardous waste (Liquid) ³⁸	Tonnes	517.41	1,252	979.16	1,166	12.43	2.67	1.05	2.71
Non-hazardous waste (Solid) ³⁹	Thousand Tonnes	951.24	1,429	3,002	4,395	30.49	51.78	52.42	59.43

Human resources performance indicators

■ Category A ■ Category B

Total workforce ⁴⁰	2010-11 ⁴¹							2011-12 ⁴²						
Category	Age			Gender		Region		Age			Gender		Region	
Permanent employees	<30	30-50	>50	M	F	Within country ⁴³	Outside country ⁴⁴	<30	30-50	>50	M	F	Within country	Outside country
Leaders ⁴⁵	0	9	25	34	0	29	5	0	12	22	34	0	30	4
Managers	2	457	170	611	18	594	35	0	464	187	632	19	621	30
Executives	2080	4915	654	7491	158	7508	141	2187	5249	810	8056	190	8093	153
Workers	225	2546	588	3352	7	3113	246	224	2369	723	3310	6	3083	233
Others														
Trainees	254	32	0	272	14	274	12	238	27	0	242	23	254	11
Retainers	4	20	14	35	3	38	0	4	17	15	31	5	36	0
Fixed term employees	21	29	1	50	1	48	3	22	25	0	46	1	44	3

Workforce training (UltraTech and Star Cement) – Average training hours per person per year				
Category		2010-11		2011-12
		M	F	F
Leaders		9.07	0	11.79
Managers		43.89	21.74	29.56
Executives		27.33	8.15	26.15
Workers		11.48	4.71	15.44
Retainers		0	0	0.10
Trainees		46.14	26.37	54.32

Other labor related indicators				
Units		2008-09	2009-10	2010-11
Employees covered under trade unions ⁴⁶				
	%	94.23	93.71	86.96
Program skills for lifelong learning (UltraTech and Star Cement)				
Internal courses for skill up gradation	Average hours per person	2010-11		2011-12
		10.27	9.75	7.61
External courses for skill up gradation	Average hours per person	2010-11		2011-12
		3.08	6.91	1.36

³⁶ We ensure that hazardous waste generated from our units is disposed to authorised recyclers and waste disposal agencies in line with the normal prescribed by the statutory authorities

³⁷ Includes oil laden cotton waste, empty tins

³⁸ Includes spent oil, acids

³⁹ Includes metallic and non-metallic scrap, bed ash, screening material, glass, filter bags etc.

⁴⁰ There were no consultants on UltraTech's muster in the reporting period. There are functions where outsourced labour is deployed on temporary basis.

⁴¹ Number of new joiners for 2010-11 are 1390 out of which 33 left the organization in the same year (Excluding retainers and contract labor)

⁴² Number of new joiners for 2011-12 are 1404 out of which 41 left the organization in the same year (Excluding retainers and contract labor)

⁴³ Country where the Manufacturing Division is located

⁴⁴ Employees working outside their country of domicile as (Expatriate). Only one worker on company pay roll from Nepal.

⁴⁵ 100% of our senior management have been hired locally

⁴⁶ We do not restrict the participation of our employees or contractors in unions at any of our units. 2921 permanent employees in 2010-11 and 2882 permanent employees in 2011-12 were part of at least one Union.

Corporate social responsibility performance indicators

Sr. no.	Community Development Activities	Unit	Beneficiaries	
			2010-11	2011-12
1	Health and medical facilities	No. of beneficiaries	168,557	131,694
2	Company managed schools	No.	18	18
2.1	Teachers	No.	335	347
2.2	Students	No.	7,595	8,048
3	Education and training activities for students	No. of beneficiaries	15,093	32,886
4	Other initiatives to encourage education (eg. Mid-day meal, kitchen construction, utensils, Merit Scholarship, educational materials etc.)	No. of beneficiaries	8,806	12,352
5	Water supply and water related activities	No. of beneficiaries	110,507	145,366
6	Sports activities	No. of beneficiaries	22,228	40,139
7	Training programs for women and SHGs	No. of beneficiaries	6,585	6,961
8	Agricultural support and training	No. of beneficiaries	2,997	4,431
9	Awareness & development programs (e.g. Seminar on domestic violence act, learners license camp, environment awareness, worker education, wildlife protection etc.)	No. of programs	165	218
		No. of beneficiaries	1,328	2,703
10	Health awareness programs (e.g. HIV, Awareness on health & hygiene, water borne disease related awareness etc.)	No. of programs	130	136
		No. of beneficiaries	56,597	68,893
11	Village and community development plans (e.g. road construction, street lights, construction of panchayat bhavans etc.)	No. of programs	93	143
		No. of beneficiaries	87,960	151,300
12	Assistance in organizing cultural / spiritual programs and other social welfare activities	No. of programs	102	112
		No. of beneficiaries	92,281	170,049
13	Animal husbandry development program and vaccination camp	No. of cattle	26,547	31,522
14	Housing for poor people	No. of houses	-	26
15	Support to widows, the aged and handicapped	No. of beneficiaries	537	1,712
16	Plantation	No. of saplings	20,033	31,822
17	Sanitation	No. of units constructed	280	226
18	Villages adopted	No. of villages	142	142

OUR APPROACH TO REPORTING

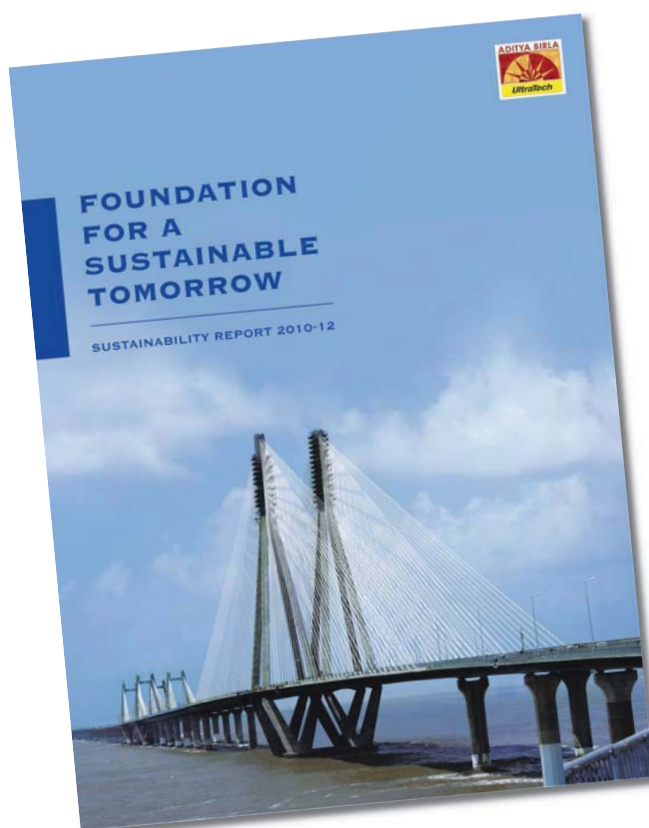
“Foundation for a Sustainable Tomorrow”, our third report highlights our sustainability performance over the two year period 2010-12. The report outlines strategic principles and presents practical examples apart from showcasing the performance against Global Reporting Initiative’s (GRI) G3.1 guidelines. We continue our fruitful partnership with the Cement Sustainability Initiative (CSI), reporting on their key performance indicators. This report also serves as a communication of our progress against the ten principles of UNGC. Additionally we have linked this report to the 9 principles defined under National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business⁴⁷, issued by Ministry to Corporate Affairs, Government of India and International Finance Corporation’s (IFC) performance standards on Environmental and Social Sustainability⁴⁸.

This report includes data⁴⁹ for the entire operations of UltraTech covering manufacturing locations in India and Sri Lanka, along with bulk terminals. The RMC plants owned and operated by the Company have been covered, whereas the RMC plants operated by the Company for dedicated customers, within their premises for a specific period, have not been included. Data from Star Cement has been included in this report for the first time and this has been clearly stated in the performance section where required, ensuring consistency in our data trends. For subcontracted grinding units the report covers energy, materials and GHG emissions data.

Identifying our focus areas

In line with what we did in our previous reporting period, we conducted a materiality assessment with our internal stakeholders to understand their primary concerns and have further initiated a roadmap for addressing their concerns. The assessment also took into consideration challenges the organization faces on an ongoing basis and a peer review. Post this, we identified a universe of material issues for each of the businesses and circulated the same to key decision makers. The shortlisted issues were discussed with the top management to obtain their views and prioritized from the organization’s perspective. In our

‘Moving forward with stakeholder synergy’ section we have listed these as the primary concerns mapped against different stakeholder groups and have showcased our response to these concerns across different sections of the report as mentioned in the section. Each year key stakeholders are reviewed based on changing business scenario and the feedback obtained during our interactions in conjunction with the GRI guidance on defining report content helps us prioritize the report content. For further information on key stakeholders identified, modes of engagement with them and their key concerns please refer to the section on stakeholder engagement on page 10.



⁴⁷ http://www.mca.gov.in/Ministry/latestnews/National_Voluntary_Guidelines_2011_12jul2011.pdf

⁴⁸ http://www1.ifc.org/wps/wcm/connect/topics_ext_content/ifc_external_corporate_site/ifc-sustainability/publications/publications_handbook_pps

⁴⁹ The economic indicators presented in the report are based on data that forms a part of UltraTech's annual report

ASSURANCE STATEMENT



Ernst & Young Private Limited
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Independent Assurance Statement

The Board of Directors and Management
UltraTech Cement Limited
Mumbai, India

Our engagement

Ernst & Young Pvt. Ltd. ("EY") was retained by UltraTech Cement Limited ("the Company") to provide an independent assurance on its Sustainability Report titled 'Foundation for a Sustainable Tomorrow' ("the Report") covering the two financial years 2010-11 and 2011-12. This report has been prepared as per the Global Reporting Initiative (GRI) G3.1 guidelines for sustainability reporting.

The Company's management is responsible for the contents of the Report, identification of key issues, engagement with stakeholders and its presentation. EY's responsibility is to provide independent assurance on the report content as described in the scope of assurance.

Our responsibility in performing our assurance activities is to the management of the Company only, and in accordance with the terms of reference agreed with the Company. We do not therefore accept or assume any responsibility for any other purpose or to any other person or organization. Any dependence that any such third party may place on the Report is entirely at its own risk. The assurance statement should not be taken as a basis for interpreting the Company's overall performance, except for the aspects mentioned in the scope below.

Scope of assurance

The scope of assurance covers the following aspects of the Report:

- Data and information related to the Company's sustainability performance for the period of April 1, 2010 to March 31, 2012;
- Review of key performance indicators based on WBCSD Cement Sustainability Initiative (CSI) relating to CO₂ Emissions and Safety;
- Review of sustainability data and information on sample core Global Reporting Initiative (GRI) G3.1 indicators covering the following thirty one locations of the Company's operations, selected by EY adding up to more than one third (34.07%) of the Company's total sites of operation and accounting for 44.15% and 44.60% of the Company's total CO₂ emissions for the financial years 2010-11 and 2011-12 respectively:
 - Six Integrated Units: Vikram Cement Works (Madhya Pradesh), Awarpur Cement Works (Madhya Pradesh), Birla White (Rajasthan), Star Cement (United Arab Emirates), A. P. Cement Works (Andhra Pradesh) and Kotputli Cement Works (Rajasthan);
 - Six Grinding Units: Dadri (Uttar Pradesh), Panipat (Haryana), Durgapur (West Bengal), Ratnagiri (Maharashtra), Magdalla (Gujarat) and Abu Dhabi (United Arab Emirates);
 - Eighteen Ready Mix Concrete plants across Mumbai, Bangalore, Hyderabad, Ahmedabad, Delhi, Surat and Chennai clusters;
 - One bulk terminal at Colombo (Sri Lanka);
- The Company's internal policies, protocols and processes related to collection and collation of sustainability performance data.

Exclusions

The assurance scope excludes:

- Aspects of the Report other than those mentioned above;
- Data and information outside the defined reporting period mentioned above;
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim or future intention;

- Economic performance related indicators included in the Report, which have been referenced to the Company's audited Annual Reports for FY 2010-11 and FY 2011-12.

Level of assurance and criteria used

The assurance engagement was planned and performed in accordance with International Federation of Accountants' International Standard for Assurance Engagements Other than Audits or Reviews of Historical Financial Information (ISAE 3000). Our evidence-gathering procedures were designed to obtain a 'limited' level of assurance (as set out in ISAE 3000) on reporting principles, sustainability performance indicators as per GRI G3.1 guidelines, WBCSD CSI Cement CO2 Protocol and WBCSD guidelines 'CSI Safety in Cement Industry: Guidelines for measuring and reporting' (Version 3.0).

Key steps

The engagement involved the following key steps:

- Interviews at the Company's plants with unit heads, data owners and key personnel to understand the sustainability vision, mechanism for management of key sustainability issues and engagement with key stakeholders;
- Visits to the Company's operations as outlined in the 'Scope of assurance' above;
- Review of relevant documents and systems for gathering, analyzing and aggregating sustainability performance data and environmental compliance for the reporting period as per the engagement scope;
- Obtaining and reviewing evidence in support of claims, qualitative statements and sample case studies made in the Report regarding the Company's sustainability performance.

Observations and opportunities for improvement

Our key observations are as follows:

- The Company has presented in the Report a clear sustainability context in relation to its values and business strategies, and has reported the progress made against its commitments on Environment and Climate Protection, Employee Health and Safety, and Management Systems.
- The highlights of the Company's engagement with its stakeholders are presented in the Report. The Company's materiality assessment is mostly internal in nature. There is scope to include external stakeholder views in identifying and prioritizing sustainability issues material to the Company.
- The Company continues to demonstrate its social commitment through engaging with local communities via community dialogues and interventions around its sites of operations, under the Aditya Birla Group level CSR initiatives.
- Data pertaining to water and diesel consumption, waste generation and man-hours worked at certain Ready Mix Concrete (RMC) locations underwent revision post assurance. There is scope for further improving the reporting accuracy going forward.

Our conclusion

On the basis of our review scope and methodology, nothing has come to our attention that would cause us not to believe that the Report presents the Company's triple-bottom-line performance, in material respect, in line with the stated reporting principles and criteria.

Our assurance team and independence

Our assurance team, comprising multidisciplinary professionals, was drawn from our Climate Change and Sustainability Services and undertakes similar engagements with a number of significant Indian and international businesses. As an assurance provider, EY is required to comply with the independence requirements set out in International Federation of Accountants (IFAC) Code of Ethics for Professional Accountants. EY's independence policies and procedures ensure compliance with the Code.

for Ernst & Young Private Limited



Sudipta Das
Partner
Kolkata
Dated: 11 October 2012

CONTENT INDEX

Contents	Page	GRI	UNGC / NVGSEE/ IFC PS	Remarks / Additional Information
From the chairman's desk	02-03	1.1, 2.8		
We are Ultratech	04-05	2.2, 2.3, 2.5, 2.6, 2.7, 2.8 EC1		2.6 - Please refer our Annual Reports for additional information. FY 2010-11 (page 29) , FY 2011-12 (page 31) 2.7- We are not restricted by industry sectors or type of customers while providing products and services 2.8 – Please refer our Annual Reports for additional information. FY 2010-11 (page 7) , FY 2011-12 (page 9) 2.9 - Please refer our Annual Reports for additional information. FY 2010-11 (Chairman's letter to shareholders and Page 9) FY 2011-12 (Chairman's letter to shareholders and page 13) 4.8 – Details of vision and mission can be found at http://www.adityabirla.com/the_group/our_values.htm
CSI performance indicators	06-07	1.2, 3.9, EN2, EN3, EN14, EN16, EN20, LA7		
A robust foundation with clear goals	08	1.2, 3.9		
Awards	09	2.10		
Developing synergies with stakeholders	10-12	1.2, 3.5, 4.4, 4.14, 4.15, 4.16, 4.17 EC6	NVG – Principle 4	
Delivering value	13	2.8, EC 1, EC3	NVG – Principle 4	EC3 - Please refer our Annual Reports for additional information. FY 2010-11 (page 78,93) FY 2011-12 (page 67,84) EC4 – We have not received any significant financial assistance from the government
Commitment to our values	14-16	4.1, 4.2, 4.3, 4.4, 4.5, 4.6, 4.7, 4.9, 4.10, 4.13, HR11, SO3, SO5	UNGC – Principle 10 NVG – Principle 1 Principle 7	4.1, 4.2, LA13– Please refer our Annual Reports for additional information. FY 2010-11 (page 15) FY 2011-12 (page 17) 4.4 - Please refer our Annual Reports for additional information. FY 2010-11 (page 21) FY 2011-12 (page 22) 4.6, 4.7 – Please refer our Annual Reports for additional information. FY 2010-11 (Page 5,19,44) FY 2011-12 (page 6,21,44) 4.11 – Our well established systems and policies towards maintaining the highest standards of Environment norms adopt precautionary approach to anticipate and minimize environmental impacts. This is facilitated through development of products which have lesser environmental impact and adopting industry best practices to reduce environmental impact of our manufacturing operations. 4.12 – We subscribe to the United Nations Global Compact and Cement Sustainability Initiative SO2 – 100% SO4 – There were no incidents of corruption during the reporting period SO6, SO7, SO8 – None.
Making our customers future ready	17-19	PR1, PR3, PR5, EN6, EN26,	NVG – Principle 2 Principle 9 IFC PS 3	PR2 – None PR4 - None PR6 – We adhere to all laws related to marketing, communications and advertising. In India, we abide by the standards defined by Advertising Standards Council of India. PR7 - None PR8 – No such incidents PR9 – None
Assuming responsibility for a cleaner tomorrow	20-26	3.9, EC2, EN2, EN3, EN4, EN5, EN7, EN8, EN10, EN11,- EN12, EN13, EN 14, EN15, EN18, EN20, EN21, EN22, EN29, EN30	UNGC – Principle 7 Principle 8 Principle 9 NVG – Principle 6 IFC PS 1, PS 3, PS 6, PS 8	EN9 – No water sources are significantly affected by our withdrawals EN23 – There were no significant spills as a result of our operations in the reporting period EN24 – Across our sites we are not involved in any activity related to transporting, importing, exporting or treatment of waste deemed hazardous under Basel Convention EN25 – No water body or habitat is significantly affected by our water discharge or runoff EN27 – No packaging material has been reclaimed during the reporting period. EN28 – None

(Coverage of all the indicators listed is 'Full', unless otherwise specifically specified)

Detailed GRI content index can be referenced at our website www.ultratechcement.com/sustainability.php

Contents	Page	GRI	UNGC / NVGSEE/ IFC PS	Remarks / Additional Information
Creating a safer workplace	27-29	LA6, LA7, LA8		LA7,8 –No cases of occupational disease were identified during the reporting period LA9 – Our formal agreements with trade unions cover health and safety aspects
Creating shared value for employees	30-32	2.8, EC7, LA8, LA10, LA12, LA15 HR4, HR5, HR6, HR7, HR8, HR10	UNGC- Principle 1 Principle 2 Principle 3 Principle 4 Principle 5 Principle 6 NVG – Principle 3 Principle 5 IFC PS 2, PS 7	EC5 – We abide by all national regulations of wage payments and pay equal to or above minimum wage requirements at all the plants. The entry level wage for males and females is equal LA3 - Please refer our Annual Reports for additional information. FY 2010-11 (page 78,93) FY 2011-12 (page 67,84) LA5 – There is no documented policy on this matter; however, such changes are informed to employees through management circulars LA14 – Everything else being equal, the ratio of basic salary of men to women is 1:1 HR 1 – the Company follows all applicable laws on the matter and all the agreements have undergone human rights screening HR 2 - 100% contractors are being screened and the clauses on Human Rights are part of the contract HR 3 - Trainings are imparted on the subject through various training programs, but the total hours on this account are not captured explicitly HR4 – There were no incidents of discrimination during the reporting period HR9 – None HR11 - None
Cementing the bond with our communities	33-37	EC8, EC9	NVG – Principle 8 IFC PS 4, PS 5	SO1 - All our operations have implemented local community engagements and development programs SO9, SO10 – During our community engagement programs and assessments, we have not come across any significant negative impacts on the community due to our presence in the area. Hence no mitigation measures have been implemented
Measuring our performance	38-40	LA 2, LA7, LA11		
Performance data	41-44	3.9, 3.10, EN1, EN3, EN4 EN8, EN14, EN16, EN17, EN18, EN19, EN20, EN21, EN22, LA1, LA2, LA4, LA10, LA11, LA13, SO1		
Our approach to reporting	45	1.2, 2.1, 3.1,3.5, 3.6, 3.7, 3.8, 3.11, 3.13		1.2 –Further information can be referenced from our Annual Reports: FY 2010-11 (page 12) FY 2011-12 (page 14) 3.2 – Our previous report was published for the year 2008-10. It can be accessed at http://www.ultratechcement.com/images/downloads/Alternatives_in_Action-UltraTech_Sustainability_Report.pdf 3.3 – Reporting cycle is bi annual 3.9 - Relevant explanations have been provided in the individual section wherever applicable
Assurance Statement	46-47	3.13		
GRI Content index	48-49	3.12		
Disclosure of management approach	50			
Back Cover		2.4, 3.4		

Our Annual Reports are available at the following links:

FY 2010-11: http://www.ultratechcement.com/images/downloads/UltraTech_annual_report2010-11.pdf

FY 2011-12: http://www.ultratechcement.com/UltraTech_AnnualReport2011-12_eBook/

DISCLOSURE ON MANAGEMENT APPROACH

Economic

Our policies are formulated based on a number of factors, including market conditions, consumer preferences, our past performance, government regulations and our corporate governance ethics, amongst others. We follow practices as applicable, in accordance with the regulations and practices set down. Internal systems on finance, accounting and HR have been developed and implemented to capture, monitor, audit, analyse information and above all ensure compliance. The economic data in the sustainability report is sourced from our annual report, which has been audited by qualified third party. We have also made a commitment to support initiatives that uplift our business associates, enhance the quality of life of our communities at large and have a positive effect on the environment.

Environmental

We have well established systems and policies towards maintaining the highest standards of Health, Safety and Environment (HSE) norms while maintaining operational integrity. We have in place an integrated approach to monitor, analyse and improve environmental performance. The ISO 14001 system, CSI guidelines and policies and environmental KPIs support our overall approach to environmental stewardship. The key data sources are SAP records and data recorded specifically as part of environmental KPIs. Energy consumption, waste utilisation and emissions are our key material issues and accordingly, the key performance indicators related to these issues are tracked and measures are implemented to improve the overall performance through set targets. The GHG emissions are tracked in accordance with CSI's CO₂ protocol.

Labour Practices, Society and Human Rights

We accord the highest priority to the safety of our people. Our safety approach has enabled us to adopt best-in-class practices and management systems. We have also established consistent audit protocols for our safety management and additionally the safety data is also monitored according to CSI's Safety Protocol. We have implemented other systems like OHSAS 18001 and SA 8000 which help us create a strong foundation for our management systems. While health and safety programs are, by necessity, implemented at the site level throughout locations, the chain of responsibility and monitoring is extended from our top management and Board of Directors.

We voluntarily adopted the leading standards for the welfare of our employees, promoting workers' rights to a decent workplace and collective bargaining. We follow the HR systems and policies laid out by the Corporate HR of the Aditya Birla Group. Our social initiatives programme is in sync with the goals and vision of the organization. While our well defined CSR execution process demonstrates our approach towards the needs of communities, periodic feedback surveys on employee and social satisfaction provide us inputs for further improvement.

Our codes of conduct and ethics policies cover issues such as bribery and corruption, fraud, insider trading, human rights and discrimination. We respect human rights at the workplace and follow leading practices, which ensure prohibition of child labour, protection of indigenous rights and prohibition of forced and compulsory labour.

Product Responsibility

We take due care to ensure the health and safety of people engaged in the manufacturing of our products by implementing suitable preventive steps. Our products conform to the national standards and accordingly the guidelines are provided for handling and applications. The applicable product standards, regulatory requirements, Customer Satisfaction Surveys and other internal systems form the core of our product responsibility. We comply with applicable standards across the geographies we operate in and the required details are made available to the customers through test certificates and printing on the packaging of our products. The information concerns the physical and chemical properties of the products apart from traceability information.

GRI APPLICATION LEVEL CHECK



Statement GRI Application Level Check

GRI hereby states that **UltraTech Cement Limited** has presented its report "Foundation For A Sustainable Tomorrow" (2012) to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 4 October 2012

Nelmar Arbex
Deputy Chief Executive
Global Reporting Initiative



The "+" has been added to this Application Level because **UltraTech Cement Limited** has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 19 September 2012. GRI explicitly excludes the statement being applied to any later changes to such material.

GLOSSARY

AAI	Advertising Association of India	LDO	Light Diesel Oil
ACC	Air Cooled Condenser	LEED	Leadership in Energy and Environmental Design
ASSOCHAM	Associated Chambers of Commerce and Industry in India	LTJ	Lost Time Injuries
BIS	Bureau of Indian Standards	LTIFR	Los Time Injury Frequency Rate
CAPEXIL	Chemicals and Allied Products Export Promotion Council	MF	Mutual Fund
CII	Confederation of Indian Industry	MJ	Mega Joule
CMA	Cement Manufacturers Association	MNC	Multi National Company
CPP	Captive Power Plant	MSW	Municipal Solid Waste
CPR	Cardio Pulmonary Resuscitation	MT	Metric Tonnes
CSI	Cement Sustainability Initiative	NGO	Non-Government Organization
CSR	Corporate Social Responsibility	NVG-SEE	National Voluntary Guidelines on Social Environmental and Economic responsibilities of business
DGMS	Directorate General of Mines Safety	OHSAS	Occupational Health and Safety Assessment Series
ETP	Effluent Treatment Plant	PC	Previous Concrete
FI	Financial Institutions	PJ	PetaJoule
FICCI	Federation of Indian Chambers of Commerce and Industry	R&D	Research & Development
FRP	Fiberglass Reinforced Plastic	RDF	Refuse Derived Fuel
FY	Financial Year	RMC	Ready Mix Concrete
GDR	Global Depository Receipts	SA	Social AccountAbility
GHG	Greenhouse Gases	SAARC	South Asian Association for Regional Cooperation
GJ	Giga Joules	SCC	Self Compacting Concrete
GRI	Global Reporting Initiative	SHE	Safety, health and environment
GRP	Glass Reinforced Plastic	SHG	Self-help Group
HFO	Heavy Fuel Oil	SLA	Service Level Agreement
HR	Human Resources	SPM	Suspended Particulate Matter
HR	Human Rights	TJ	TeraJoule
HSD	High Speed Diesel	TM	Transit Mixer
IFC	International Finance Corporation	UAE	United Arab Emirates
IGBC	Indian Green Building Council	UBS	UltraTech Building Solutions
IHB	Individual House Builders	UNGC	United Nations Global Compact
IMC	Integrated Marketing Communication	USA	United States of America
IMEA	International Manufacturing Excellence Award	VAC	Value Added Concrete
INR	Indian National Rupee	VAT	Value Added Tax
ISO	International Standards Organization	WBCSD	World Business Council for Sustainable Development
KG	Kilo Grams	WHR	Waste Heat Recovery
KRA	Key Result Area		
KwH	Kilo Watt Hours		

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