

Board's Report

TO THE MEMBERS

The Board of Directors are pleased to present the Company's 84th Annual Report on business and operations, together with the audited financial statements (*consolidated as well as standalone*) for the year ended December 31, 2019.

1. STATE OF THE AFFAIRS OF THE COMPANY

The performance of the Cement Business and RMX Business are detailed out in the Management and Discussion Analysis Report, which forms part of the Annual Report.

2. FINANCIAL PERFORMANCE

Particulars	Consolidated		Standalone	
	₹ Crore		₹ Crore	
	2019	2018	2019	2018
Revenue from Operations	15,657.55	14,801.62	15,656.65	14,801.35
Other Income	318.43	142.66	311.21	138.50
Total Income	15,975.98	14,944.28	15,967.86	14,939.85
Profit before Tax	2,052.52	1,510.11	2,031.47	1,494.29
Tax Expenses	674.98	(10.51)*	672.56	(12.34)
Profit for the year	1,377.54	1,520.62	1,358.91	1,506.63
Attributable to				
Owners of the Company	1,377.41	1,520.47	1,358.91	1,506.63
Non-controlling Interest	0.13	0.15	-	-
Other Comprehensive Income (OCI)	(49.23)	(4.84)	(48.98)	(4.85)
Total Comprehensive Income	1,328.31	1,515.78	1,309.93	1,501.78
Owners of the Company	1,328.18	1,515.63	1,309.93	1,501.78
Non-controlling Interest	0.13	0.15	-	-
Opening Balance in retained earnings	6,702.10	5,526.05	6,703.53	5,541.33
Amount available for appropriations	8,030.28	7,041.68	8,013.46	7,043.11
Appropriations				
Final Dividend Paid				
For 2018	262.90	-	262.90	-
For 2017	-	281.68	-	281.68
Tax on Equity Dividend	54.04	57.90	54.04	57.90
Closing balance in retained earnings	7,713.34	6,702.10	7,696.52	6,703.53

*Including write back of ₹ 500.63 Crore relating to tax provision of earlier years.

3. OVERVIEW OF COMPANY'S FINANCIAL & OPERATIONAL PERFORMANCE

- Consolidated income, comprising Revenue from Operations and other income, for the year was ₹ 15,975.98 Crore, 7% higher compared to ₹ 14,944.28 Crore in 2018
- Total consolidated Revenue from Operations increased to ₹ 15,657.55 Crore from ₹ 14,801.62 Crore in 2018
- Other Operating Revenue for 2019 was ₹ 318.44 Crore representing a decrease of 3% over the previous year
- Consolidated Profit before Tax for the year was ₹ 2,052.52 Crore vis-à-vis ₹ 1,510.11 Crore in 2018
- Consolidated Profit after Tax for the year was ₹ 1,377.54 Crore compared to ₹ 1,520.62 Crore in 2018
- No material changes or commitments have occurred between the end of the financial year and the date of this Report, which affect the Financial Statements of the Company with respect to the reporting year
- Cement Production decreased by 2% from 28.36 Million tonnes in 2018 to 27.87 Million tonnes in 2019
- Cement Sales Volume increased by 2% from 28.37 Million tonnes in 2018 to 28.89 Million tonnes in 2019

- The net sales in cement increased by 5% from `13,387.09 Crore in 2018 to `14,060.31 Crore in 2019
- RMX Production Volume has increased by 13% from 31.29 Lakh m³ in 2018 to 35.24 Lakh m³ in 2019
- RMX sales volume increased by 12% from 31.57 Lakh m³ in 2018 to 35.32 Lakh m³ in 2019
- The net sales in RMX increased by 13% from `1,306.38 Crore in 2018 to `1,473.03 Crore in 2019

4. DIVIDEND

The Board of Directors has recommended a payment of dividend at a rate of `14 per equity share (140%) for the year ended December 31, 2019 subject to the approval of the Members at the 84th Annual General Meeting ('AGM').

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), the Company has formulated a Dividend Distribution Policy. The policy is given in **Annexure A** to this Report. It is also accessible from the Company's website at www.acclimited.com/assets/new/new_pdf/Dividend_Distribution_Policy.pdf

Unclaimed dividend pertaining to the 74th final dividend and the 75th interim dividend, respectively for the years December 31, 2011 and December 31, 2012 totalling to `4.06 Crore have been transferred to the Investor Education and Protection Fund ('IEPF') in accordance with statutory requirements.

5. TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the year ended December 31, 2019.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

7. SHARE CAPITAL

The Company's paid-up equity share capital continues to stand at `187.79 Crore as on December 31, 2019.

During the year, the Company has not issued any shares or convertible securities. The Company

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

8. FINANCIAL LIQUIDITY

Cash and cash equivalent as on December 31, 2019 was `4,492.53 Crore vis-à-vis `2,933.21 Crore in the previous year.

The Company's working capital management is robust and involves a well-organised process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

9. CREDIT RATING

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

10. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Companies Act, 2013 ('Act') and the Rules framed thereunder during the year under review.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Standalone Financial Statements (Refer Note No. 46).

12. INTERNAL CONTROL SYSTEMS

12.1 Internal Audit and its Adequacy

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

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

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

12.2 Internal Controls over Financial Reporting (ICFR)

The Company's internal financial controls are commensurate with the scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed.

The Company has put in place robust policies and procedures, which *inter alia*, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. Ethical View Reporting Policy ('EVRP') is the vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the Listing Regulations. The Board's Audit Committee oversees the functioning of this policy. Protected disclosures can be made by a whistle blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct and/or Ethics Policy. Details of the EVRP have been disclosed on the Company's website at www.acclimited.com/assets/new/pdf/ethicalview-reporting-policy.pdf

During the year, the Company reached out to employees through e-learning modules and face-to-face training sessions for creating greater awareness with respect to its Fair Competition Directive (FCD) and Anti-Bribery and Corruption Directive (ABCD). This has helped in achieving a high level of engagement and compliance among the employees.

14. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

14.1 Subsidiaries

Bulk Cement Corporation (India) Limited (BCCI)

During the year under review, BCCI's revenue from operations increased to ₹ 18.78 Crore compared to

₹ 18.76 Crore in 2018. The profit before tax for 2019 was ₹ 3.18 Crore as against ₹ 3.39 Crore in 2018.

ACC Mineral Resources Limited (AMRL)

The Company had a Joint Venture (JV) with Madhya Pradesh State Mining Corporation Limited ('MPSMC') for the development of four coal blocks allotted to MPSMC by the Government of India through its wholly-owned subsidiary AMRL.

Consequent upon the cancellation of the allocation of the four (4) coal blocks to MPSMC by the Government of India as per the orders of the Supreme Court passed in the month of September 2014, AMRL does not have any business activity and correspondingly did not have any operating income during the period under review.

Other subsidiaries

The Company has three (3) other subsidiary companies, including Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited. Singhania Minerals Private Limited is operational, while the other two (2) companies are not operational.

14.2 Material subsidiaries

None of the subsidiaries mentioned in para 14.1 supra is a material subsidiary as per the thresholds laid down under the Listing Regulations, as amended from time to time.

The Board of Directors of the Company has approved a Policy for determining material subsidiaries in line with the Listing Regulations. The Policy has been uploaded on the Company's website at <https://www.acclimited.com/sh/DMS.pdf>

14.3 JOINT VENTURE (JV)/ASSOCIATE COMPANIES

One India BSC Private Limited is a JV company with equal participation with Ambuja Cements Limited to provide back-office services to the Company with respect to routine transactional processes.

The Company also has a JV with Aakaash Manufacturing Company Private Limited for the manufacture and supply of ready-mix concrete. As on December 31, 2019, the following is the list of associate companies:

- Alcon Cement Company Private Limited
- Asian Concretes and Cements Private Limited

15. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year 2019 are prepared in

compliance with the applicable provisions of the Act, including Indian Accounting Standards specified under Section 133 of the Act. The audited Consolidated Financial Statements together with the Auditors' Report thereon forms part of the Annual Report.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of each of the subsidiaries, associates and JV companies in the prescribed Form AOC-1 which forms part of the Annual Report.

The Financial Statements of the subsidiaries, associates and JV companies are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Act. The Company shall provide free of cost, a copy of the Financial Statements of its subsidiary companies to the Members upon their request. The financial statements are also available on the website of the Company at www.acclimited.com under the 'Investors' section.

16. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

16.1 Directorate

A. Appointments/Re-appointments

Mr. Neeraj Akhoury

Mr. Akhoury, Managing Director & Chief Executive Officer ('MD & CEO') of the Company has tendered his resignation from the post of MD & CEO with effect from close of business hours of February 20, 2020 to pursue other career opportunities. Mr. Akhoury has confirmed that there was no other material reason other than those provided herein above. The Board has placed on record its appreciation of the leadership provided by Mr. Akhoury during his tenure as MD & CEO and his contribution to the Company.

The Board of Directors of the Company on February 20, 2020, basis recommendation of the Nomination & Remuneration Committee ('N&RC') appointed Mr. Akhoury as an Additional Director w.e.f. February 21, 2020 and to hold office up to the date of the ensuing Annual General Meeting ('AGM'). Further, the N&RC and Board of Directors of the Company have also recommended the appointment of Mr. Akhoury as Director (*Non-Executive Non Independent*), to the Members at the ensuing AGM, liable to retire by rotation.

Mr. Sridhar Balakrishnan

The Board of Directors of the Company on February 20, 2020, basis recommendation of the Nomination & Remuneration Committee ('N&RC') appointed Mr. Balakrishnan as an Additional Director w.e.f. February 20, 2020 and to hold office up to the date of the ensuing AGM.

In the said meeting the Board also appointed Mr. Balakrishnan as the Managing Director and Chief Executive Officer ('MD & CEO') of the Company for a period of five (5) years commencing from February 21, 2020 upto February 20, 2025, on the terms & conditions as approved and decided by the Board of Directors from time to time, subject to necessary sanctions and approvals from the Members of the Company, as may be applicable. Mr. Balakrishnan took charge as MD & CEO of the Company w.e.f. from February 21, 2020. The Company has received a notice in writing from a Member proposing the candidature of Mr. Balakrishnan as MD & CEO on the Board of the Company. Further, the N&RC and Board of Directors of the Company have also recommended the appointment of Mr. Balakrishnan as MD & CEO, not liable to retire by rotation, to the Members at the ensuing AGM.

Mr. Narotam S. Sekhsaria

Mr. Sekhsaria was appointed as an Independent Director for the period of five (5) years in the EGM held on September 10, 2014 w.e.f. July 24, 2014.

However, w.e.f. August 12, 2016, consequent to the amalgamation of Holcim (India) Pvt. Ltd. and Ambuja Cements Ltd., Mr. Sekhsaria was classified as a Non Independent Director, liable to retire by rotation.

In terms of Section 152 of the Act, Mr. Sekhsaria, Non-Executive Non Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on March 22, 2019.

Mr. Shailesh Haribhakti

Mr. Haribhakti was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for a period of five (5) years,

with effect from July 24, 2014 and up till July 23, 2019.

Further, Mr. Haribhakti was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuance to passing of the special resolution in the AGM of the Company held on March 22, 2019 with effect from July 24, 2019 up till July 23, 2024.

Mr. Sushil Kumar Roongta

Mr. Roongta was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for the period of five (5) years, with effect from July 24, 2014 and up till July 23, 2019.

Further, Mr. Roongta was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuance to passing of special resolution in the AGM of the Company held on March 22, 2019, with effect from July 24, 2019 up till July 23, 2024.

Ms. Falguni Nayar

Ms. Nayar was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for the period of five (5) years, with effect from April 24, 2014 and up till April 23, 2019.

Besides, Ms. Nayar was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuance to passing of special resolution in the AGM of the Company held on March 22, 2019 with effect from April 24, 2019 up till April 23, 2024.

Mr. D. Sundaram

Mr. Sundaram was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Vinayak Chatterjee

Mr. Chatterjee was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of

five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Sunil Mehta

Mr. Mehta was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Martin Krieger

Mr. Krieger was appointed as Non-Executive, Non Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on April 13, 2016.

In terms of Section 152 of the Act, Mr. Krieger, Non-Executive, Non Independent Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Mr. Vijay Kumar Sharma

Mr. Sharma was appointed as Non-Executive, Non Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on April 9, 2014.

In terms of Section 152 of the Act, Mr. Sharma, Non-Executive, Non Independent Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Note: The relevant details including profiles of Mr. Krieger, Mr. Sharma, Mr. Akhoury and Mr. Balakrishnan are included separately in the Notice of AGM and Report on Corporate Governance of the Company forming part of the Annual Report.

B. Retirements/Cessations

Mr. Ashwin Dani, Mr. Farrokh Kavarana and Mr. Arunkumar Gandhi have resigned from the office of the Director, with effect from March 22, 2019, on attaining the age of seventy-five years (75 years) in line with the Company's Succession Policy and the same has been reported by the Company in the previous year's Annual Report.

Mr. Christof Hassig was appointed as Non Independent, Non-Executive Director, being

liable to retire by rotation, in the AGM of the Company held on April 13, 2016. In terms of Section 152 of the Act, Mr. Hassig, Non-Executive, Non Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on March 22, 2019.

Mr. Hassig has resigned from the office of the Director, with effect from February 20, 2020 on account of his pre-occupation in LH Group and also due to his other personal commitments. Mr. Hassig has confirmed that there is no other material reason other than those provided herein above.

The Board has placed on record its warm appreciation of the contribution made by the aforesaid Directors during their tenure as Director(s) on the Board of the Company.

16.2 Key Managerial Personnel

In terms of the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sridhar Balakrishnan, MD & CEO (*with effect from February 21, 2020*), Ms. Rajani Kesari, Chief Financial Officer ('CFO') and (*with effect from August 1, 2019*) and Mr. Rajiv Choubey, Chief Legal Officer & Company Secretary (*with effect from September 26, 2019*) are the Key Managerial Personnel of the Company.

Mr. Neeraj Akhoury, demitted office as MD & CEO and Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act w.e.f. close of business hours on February 20, 2020.

Mr. Balakrishnan took charge as MD & CEO and Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act for a period of five (5) years, w.e.f. February 21, 2020 upto February 20, 2025.

Ms. Kesari was appointed as the CFO and Key Managerial Personnel in terms of the provisions of Section 203 of the Act with effect from August 1, 2019 upon Mr. Sunil Nayak demitting office as CFO from the said date.

Mr. Choubey was appointed as the Chief Legal Officer & Company Secretary and Key Managerial Personnel in terms of the provisions of Section 203 of the Act with effect from September 26, 2019 upon Mr. Ramaswami Kalidas demitting office

as Company Secretary & Head Compliance from the said date.

16.3 Independent Directors

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax and risk advisory services, infrastructure, banking, insurance, financial services, investments, mining & mineral industries and E-marketing; and they hold highest standards of integrity.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. The IICA is yet to commence the online proficiency self-assessment test and hence, the said online proficiency self-assessment test will be undertaken by the Independent Directors of the Company as and when such test will be made available.

16.4 Board effectiveness

a. Familiarisation programme for Independent Directors

Over the years, the Company has developed a robust familiarisation process for the newly appointed Directors with respect to their roles and responsibilities, way ahead of the prescription of the regulatory provisions. The process has been aligned with the requirements under the Act, and other related regulations. This process *inter alia* includes providing an overview of the cement

industry, the Company's business model, the risks and opportunities etc.

Details of the familiarisation programme are explained in the Report on Corporate Governance and are also available on the Company's website and can be accessed at www.acclimited.com/sh/FPID.pdf

b. Formal annual evaluation

The Board carries out its annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Audit, Nomination & Remuneration, Risk Management and Compliance Committees as mandated under the Act and Listing Regulations, as amended from time to time. The criteria applied in the evaluation process are explained in the Report on Corporate Governance, which forms part of the Annual Report.

16.5 Remuneration policy and criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Leadership positions

The Company has in place a policy for remuneration of Directors, Key Managerial Personnel and Members of the Executive Committee ('ExCo') as well as a well-defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees and commission), Key Managerial Personnel and ExCo.

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates. The policy on remuneration of Directors, Key Managerial Personnel and Members of the ExCo is given in **Annexure B** to this Report and is also available at the website of the Company and can be accessed at www.acclimited.com/assets/new/pdf/CG/Policy_remuneration_selection_for_appointment.pdf

The Board of Directors of the Company also formulated and adopted the policy on the

'Diversity of the Board' and 'Succession Policy for Directors'. The details of the same are available at the website of the Company and can be accessed at www.acclimited.com/assets/new/new_pdf/Policyondiversityoftheboard.pdf www.acclimited.com/assets/new/pdf/CG/succession_policy_for_directors.pdf

17. NUMBER OF MEETINGS OF THE BOARD & ITS COMMITTEES

Regular Meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses. The schedule of the Board/Committee Meetings to be held in the forthcoming financial year is circulated to the Directors in advance to enable them to plan their schedule for effective participation in the Meetings. Due to business exigencies, the Board has also been approving several proposals by circulation from time to time.

During the year under review, five (5) Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance, which forms part of the Annual Report.

The Company has the following six (6) Board level Committees, which have been established in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1. Audit Committee
2. Risk Management Committee
3. Corporate Social Responsibility & Sustainability Committee
4. Nomination and Remuneration Committee
5. Stakeholders' Relationship Committee
6. Compliance Committee.

Several Committee Meetings were held during the year, including Audit Committee and Stakeholders Relationship Committee Meetings, which met five (5) and three (3) times, respectively during the year. The details with respect to the composition, terms of reference, number of meetings held, etc. of these Committees are included in the Report on Corporate Governance, which forms part of the Annual Report.

18. AUDIT COMMITTEE

The Audit Committee comprises five (5) Members. The Committee is chaired by Mr. Sundaram (Independent Director). The other Members of the Committee are Mr. Kriegner (Non-Executive Director), Mr. Chatterjee (Independent Director), Mr. Mehta (Independent Director) and Mr. Roongta (Independent Director). The Committee comprises majority of Independent Directors.

Details of the role and responsibilities of the Audit Committee, the particulars of Meetings held and attendance of the Members at such Meetings are given in the Report on Corporate Governance, which forms part of the Annual Report.

During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

19. CORPORATE SOCIAL RESPONSIBILITY ('CSR') & SUSTAINABILITY COMMITTEE

The CSR & Sustainability Committee comprises five (5) Members of which two (2) are Independent Directors. The Committee is chaired by Mr. Haribhakti (Independent Director). During the year under review, the other Members of the Committee were Ms. Nayar (Independent Director), Mr. Hassig (Non-Executive Director), Mr. Sharma (Non-Executive Director) and Mr. Akhoury (MD & CEO till close of business hours of February 20, 2020). With effect from February 21, 2020, Mr. Balakrishnan, MD & CEO was inducted as one of the Member of the CSR & Sustainability Committee in place of Mr. Akhoury. The Committee met twice (2) during the reporting period. Details of the role and functioning of the Committee are given in the Report on Corporate Governance, which forms part of the Annual Report.

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has set up CSR & Sustainability Committee and statutory disclosures with respect to the CSR & Sustainability Committee & an Annual Report on CSR Activities forms part of this Report as **Annexure C**.

The CSR Policy as recommended by the CSR and Sustainability Committee and as approved by the Board is available on the website of the Company and can be accessed at https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf

[com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf](https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf)

20. RISK MANAGEMENT FRAMEWORK

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which *inter alia* includes a well-structured Business Risk Management (BRM) process. To systematically identify risks and opportunities and monitor their movement, a heat map has been designed comprising two (2) parameters: a) likelihood of the event and b) the impact it is expected to have on the Company's operations and performance.

The risks that fall under the purview of high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the ExCo in strategic decision-making and in the development of detailed mitigation plans. The identified risks are then integrated into the Company's planning cycle, which is a rolling process to, *inter alia* periodically review the movement of the risks on the heat map and the effectiveness of the mitigation plan.

The detailed section on key business risks and their mitigation plans forms part of Report on Corporate Governance, which forms part of annual report.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has developed a Related Party Transactions ('RPT') Manual and Standard Operating Procedures to identify and monitor RPTs.

All transactions with related parties are placed before the Audit Committee as well as the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the RPTs, which are foreseeable and repetitive. The RPTs are entered with prior approval of the Audit Committee and the same are subject to Audit. A statement giving details of all RPTs are placed before the Audit Committee and the Board of Directors on a quarterly basis. The statement is supported by a certificate from the MD & CEO and the CFO.

The policy on RPTs as approved by the Board of Directors has been uploaded on the Company's

website and can be accessed at www.acclimited.com/assets/new/pdf/CG/Related-party-transactions-policy.pdf

All transactions with related parties during the year were on an arm's length basis and were in the ordinary course of business. The details of the material RPTs entered into during the year as per the policy on RPTs approved by the Board have been reported in Form AOC-2, which is attached herewith as **Annexure D**.

None of the Directors and the Key Managerial Personnel has any pecuniary relationships or transactions *vis-à-vis* the Company.

22. TRANSFER OF EQUITY SHARES UNPAID/ UNCLAIMED DIVIDEND TO THE INVESTOR EDUCATION AND PROTECTION FUND

In line with the statutory requirements, the Company has transferred to the credit of the Investor Education and Protection Fund ('IEPF') set up by the Government of India, equity shares in respect of which dividend had remained unpaid/unclaimed for a period of seven (7) consecutive years within the time lines laid down by the Ministry of Corporate Affairs. Unpaid/unclaimed dividend for seven (7) years or more has also been transferred to the IEPF pursuant to the requirements under the Act.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

Complaint filed under the Competition Act, 2002 by the Builders Association of India against cement manufacturers - Appeal before the Supreme Court of India

As reported in detail in reports of earlier years, a penalty of ₹ 1,147.59 Crore was levied on the Company by the Competition Commission of India ('CCI') based on a complaint filed by the Builders' Association of India for alleged violation of the provisions of the Competition Act, 2002.

The National Company Law Appellate Tribunal ('NCLAT') dismissed the appeal of the Company (dated July 25, 2018) upholding the levy of penalty of ₹ 1,147.59 Crore as imposed by the CCI through its order (on August 31, 2016). The NCLAT (on November 7, 2016) initially stayed the operation of the CCI's order subject to deposit of 10% of the penalty amount.

The Company preferred an appeal before the Hon'ble Supreme Court against the above

order of NCLAT. The Hon'ble Supreme Court (on October 5, 2018) has admitted the Company's civil appeal and ordered for continuance of the interim orders passed by NCLAT towards stay on the demand subject to deposit of 10% of the penalty amount. The matter is still subjudice. As on December 31, 2019, the penalty amount of ₹ 1,147.59 Crore and interest thereon has been disclosed as a contingent liability in the Notes to Financial Statements [Refer Note –39(A)(a)].

CCI's order on complaint filed by Director, Supplies & Disposals, State of Haryana in 2013

The Director, Supplies & Disposals, State of Haryana had filed a complaint before CCI alleging collusion and bid rigging by cement manufacturers in violation of Section 3(1) and 3(3)(d) of the Competition Act, 2002. In January 2017, the CCI passed an order against seven cement manufacturers, including the Company imposing a penalty calculated at the rate of 0.3% of the average turnover of the last three (3) years from financial year 2012-13 to financial year 2014-15. In respect of the Company, the amount of penalty works out to ₹ 35.32 Crore.

An appeal is pending before NCLAT in the said matter against the orders of the CCI. As on December 31, 2019, the penalty amount of ₹ 35.32 Crore is disclosed as a contingent liability in the Notes to Financial Statement (Refer Note 39(A)(b)). There are no further developments during the year under review in respect of the above cases.

Reference is drawn to the 'Emphasis of Matter' by the Auditors in their reports on the above matters.

24. RISK ARISING OUT OF LITIGATION, CLAIMS AND UNCERTAIN TAX POSITIONS

The Company is exposed to a variety of different laws, regulations, positions and interpretations thereof which encompasses direct taxation, indirect taxation and legal matters.

In the normal course of business, provisions and contingencies may arise due to uncertain tax positions and legal matters.

Based on the nature of matters the management applies significant judgment when considering evaluation of risk, including how much to provide for the potential exposure of each of the matters.

These estimates could change substantially over time as new facts emerge as each matter progresses, hence these are reviewed regularly. For matters where expert opinion is required the Company involves the best legal counsel.

Reference is drawn to the 'Key audit matters' by the Auditors in their reports on the above matters.

25. AUDITORS

25.1 Statutory Auditor

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) were appointed as Statutory Auditors of the Company at the 81st AGM held on March 29, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 86th AGM to be held in 2022 subject to ratification of their appointment by the Members at every intervening AGM held thereafter. The requirement of seeking ratification of the Members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Hence, the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing AGM.

25.2 Cost Auditor

The cost accounts and records are required to be maintained under Section 148(1) of the Act. They are duly made and maintained by the Company. In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014. The Board of Directors of the Company has on the recommendation of the Audit Committee appointed M/s. D. C. Dave & Co., Cost Accountants, Mumbai (Firm Registration No. 30611), to conduct the cost audit of the Company for the financial year ending December 31, 2020, at a remuneration as mentioned in the Notice convening the AGM.

As required under the Act read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to cost auditors must be placed before the Members at a general meeting for ratification. Hence, a resolution for the same forms part of the Notice of the ensuing AGM.

M/s. D. C. Dave & Co. has confirmed the cost records for the financial year ended March 31, 2018 are

free from any disqualifications as specified under Section 141 (3) and proviso to Section 148(3) read with Section 141(4) of the Act. They have further confirmed their independent status.

25.3 Secretarial Auditors and Secretarial Audit Report

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Pramod S. Shah & Associates, Company Secretaries in Practice, Mumbai as Secretarial Auditors for conducting Secretarial Audit of the Company for the financial year ended December 31, 2019.

The report of the Secretarial Auditor is attached as **Annexure E**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India.

26. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of the financial year for the Company, i.e. December 31, 2019 and the date of this Report, i.e. February 20, 2020.

27. AWARDS AND RECOGNITIONS

During the year under review, the Company received numerous awards and accolades conferred by reputable organisations and distinguished bodies for achievements in diverse fields such as health and safety, manufacturing and environment management, corporate governance and others.

January 2019:

Awarded with a 'Certificate of Recognition' for corporate governance by the Institute of Company Secretaries of India (ICSI) at the 18th ICSI National Award for Excellence in Corporate Governance

February 2019:

Awarded for CSR Excellence in disease prevention and treatment at the Rotary Karnataka CSR Awards 2019 for efforts in providing awareness and treatment of HIV/AIDS through Antiretroviral Therapy (ART) and Integrated Counselling and Testing Centre (ICTC) at ACC Wadi

March 2019:

Named as runner-up in the Torch Bearers of Safety Award category at the Mahindra Transport Excellence Award 2018

May 2019:

- (i) Recognised at the 15th Green Cementech 2019 event with the Gold Category award under GreenCo Rating system by Confederation of Indian Industry (CII) – Sohrabji Godrej Green Building Centre and Cement Manufacturers' Association for ACC Bargarh's sustainability efforts
- (ii) Conferred with the Sarvashreshtha Suraksha Puraskar Golden trophy under the Micro, Small and Medium Enterprises (MSME) sector by the National Safety Council of India (NSCI) for ACC RMX Poonamallee — RMX's Chennai unit for the assessment period 2016-17

July 2019:

- (i) Won the first prize for 'Excellence in Promotion of Environment Conservation and Sustainable Development' at the Himachal Pradesh Environment Leadership Award in the Large-Scale Industry sector for ACC Gagai
- (ii) Declared the winner in the Large Enterprises category at the first FICCI Indian Circular Economy Awards 2019
- (iii) Adjudged the second-runner up for ACC DRONA, an initiative by ACC TRUST, under the Sports category at the third edition of the CSR Journal Excellence Awards
- (iv) Received the 2Good rating at the Economic Times 2Good4Good CSR ratings scheme for 2019

September 2019:

- (i) ACC Jamul bagged award in the 'Excellent Energy Efficient Unit' category and ACC Bargarh and ACC Kymore bagged the 'Energy Efficient Unit' category by Confederation of Indian Industries (CII) at the 20th National Award for Excellence in Energy Management 2019
- (ii) Received the Gold CSR Excellence for the Best Education/Scholarship Programme by ACC TRUST in the 8th edition of ACEF Asian Leaders Forum and Awards for efforts undertaken in its 'ACC Gyan Setu' programme to promote quality education

- (iii) Named the Most Preferred Brand in Cement at the National Real Estate Leadership Congress and Awards

October 2019:

Won the Climate Action Programme (CAP) 2.0 Resilient Award in the Energy, Mining & Heavy Manufacturing Sector by the CII

November 2019:

- (i) Declared winner in the GHG Mitigation in Large Enterprises category by the JSW Foundation and The Times of India at the 9th Earth Care Awards
- (ii) Conferred GreenPro certification by the CII at the Green Building Conference 2019 for ACC Concrete

December 2019:

- (i) Named the first runner-up (second place) in the manufacturing sector for Annual Report 2018 in the best-presented annual report category at the South Asian Federation of Accountants (SAFA) Best Published Accounts Awards
- (ii) CII-ITC Sustainability Awards 2019: ACC was declared as winner of highest recognition in sustainability, i.e. "Outstanding Accomplishment" in Corporate Excellence in sustainability from CII

28. ENHANCING SHAREHOLDER VALUE

ACC is committed to creating and returning value to shareholders. Accordingly, the Company is dedicated to achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations.

The Company firmly believes that its success in the marketplace and good reputation are among the primary determinants of shareholder value. Its close relationship with customers and a deep understanding of their challenges and expectations drive the development of new products and services. With decades of expertise and know-how, ACC offers its customers solutions that enhance their projects and builds trust.

Anticipating customer requirements early and being able to address them effectively requires a strong commercial backbone. ACC continues to develop this strength by institutionalising sound commercial processes and building world-class

commercial capabilities across its marketing and sales teams.

The Company uses an innovative approach in the development of its products and services, as well as execution of growth opportunities. The Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of the triple bottom line.

29. CORPORATE GOVERNANCE

The Board of Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The compliance report together with a certificate from the Company's auditors confirming the compliance is provided in the Report on Corporate Governance, which forms part of the Annual Report.

30. BUSINESS RESPONSIBILITY REPORTING

A separate section on Business Responsibility Reporting forms part of this Annual Report as required under Regulation 34(2)(f) of the Listing Regulations.

31. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure F**.

In accordance with the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of the Company, excluding the aforesaid information. Any Member, who is interested in obtaining these, may write to the Chief Legal Officer & Company Secretary at the Registered Office of the Company. The same is also open for inspection during working hours at the Registered Office of the Company.

32. REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditors have reported to the Audit Committee of the Board, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

33. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year December 31, 2019 is uploaded on the website of the Company and can be accessed at https://www.acclimited.com/newsite/annualreport2019/Form_MGT_7.pdf

34. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards (SS) issued by the Institute of Companies Secretaries of India (SS1 and SS2), respectively relating to Meetings of the Board and its Committees, which have mandatory application during the year under review.

35. STATUTORY DISCLOSURES

The disclosures required to be made under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given as under:

A. Conservation of energy

A1. Power cost optimisation

During the year, the Company reduced the increasing electrical energy cost by partly replacing grid power through the consumption of Open Access ('OA') power from comparatively cheaper sources.

Enhanced intake of solar power through Power Purchase Agreements (PPA) at Thondebhavi improved the OA consumption to 90.1% from 81.3%. At Kudithini, the OA power usage grew to 91.3% from 83.5%. At Gagal, the OA quantum rose to 14% from 6.44%. At

Wadi, OA quantum increased to 46%. Madukkarai plant sourced almost all the additional power required over and above Captive Power Plant ('CPP') and own wind generation through OA. Overall purchase of power from OA has resulted in a savings of ~` 56 Million.

A2. Renewable power obligation

The Company is focusing on reducing the cash outflow for the purchase of Renewable Energy Certificate (RECs) against Renewable Power Obligation ('RPO').

The captive wind power generation sources contributed considerably on this front and has resulted in savings of ~` 35 Million on account of RPO cash outgo. Besides, the Company sourced 51.5 Million units of solar power collectively at Thondebhavi, Kudithini and Wadi to fulfil the solar RPO and the excess units were used to fulfil partly non-solar RPO resulting in total savings of ~` 200 Million.

A3. Conservation of energy

During the year under review was crucial in terms of energy conservation as it was the assessment year for the second cycle of Perform, Achieve and Trade ('PAT') scheme of the Ministry of Power. The PAT scheme is designed to enhance efficiency in specific energy consumption throughout major industries.

ACC excelled in PAT performance. The Company reduced total specific energy consumption, surpassing the target set by the Government of India by ~37% during the second PAT cycle.

The Company is likely to have a net surplus of ~37,500 Energy Saving Certificates ('ESCerts'), tradable at market, from the Government of India for over-achieving the set targets. The estimated number of ESCerts are based on recommendations provided by third party external monitoring and verification team to Bureau of Energy Efficiency ('BEE') for issuance

of ESCerts. It may change marginally, before the final recommendation for issuance of certificates is given by BEE to the Government of India.

The Company undertook several energy conservation and efficiency initiatives in cement manufacturing and CPPs, through operational and capex measures. Some of them are as follows:

- Focus on Productivity Rate Index ('PRI') improvement through Computational Fluid Dynamics ('CFD') studies
- Implementation of projects identified as part of mandatory energy audits of all integrated plants
- Installation of high-level controllers for kiln and cement mill
- Installation of medium voltage drives for process fans
- Replacement of conventional lights with LED across the plants

Jamul plant was adjudged as Excellent Energy Efficient by CII during the year. ACC Jamul was also named as 'Leader in Energy Efficiency in Cement Industry', for winning the CII award thrice in a row. Kymore and Bargarh units of ACC were also among the shortlisted cement plants and won the award for 'Energy Efficient Unit'.

Plant-wise energy efficiency activities

- **Jamul:** Installed high-level controller process optimisation in cement mill; optimised compressed air usage, resulting in decreased use of one compressor; modified preheater duct based on CFD study to reduce pressure drop; improved condenser vacuum in 25 MW unit by installing online condenser cleaning system; upgraded raw water pump with high efficiency water pump at mines
- **Gagal:** Installed high-level controller for kiln at Gagal-2 and two (2) cement mills for process

optimisation; installed high efficiency pumps; conducted CFD study and implemented measures to reduce pressure drop across separator bag filter of raw mill-1 and 2, separator vent bag filter of cement mills 1-4; reduced cooler fan inlet suction pressure through bell mouth design based on CFD study; designed and implemented 'Meal Curtain' through CFD study for improvement of PRI, as well as coating reduction at kiln inlet; modified ILC in kiln-2 calciner to increase residence time, and thereby kiln PRI; modified preheater cyclone in stage-2 to reduce pressure drop

- **Chanda:** Installed high-level controller for three (3) cement mills for process optimisation; reduced dam ring height in cement mill-3; replaced ash handling reciprocating compressor with a new and efficient screw compressor
- **Wadi:** Avoid damper loss with slip power recovery system for two preheater fans at Wadi-1; modified Mitsubishi Fluidised Calciner to reduce pressure drop in Wadi-1; altered raw mill-1 cyclone through CFD study to reduce pressure drop at Wadi-2; reduced raw mill-2 mill inlet pressure drop by increasing mill inlet area; upgraded cooler—modified Air Blast Controlled (ABC) to reduce clinker temperature; resized calciner string fan motor from 2000 KW used along with Grid Rotor Resistance (GRR) and Slip Power Recovery System (SPRS) to 1350 with Medium Voltage Variable Frequency Drive (MV VFD); connected crusher 3 to crusher 2 for flexibility to operate crusher as per requirement
- **Kymore:** Installed high-level controller for three (3) cement mills for process optimisation; fitted energy efficient screw compressor with VFD in K1, cement mill-8

and 9; installed solar photovoltaic power plants of 250 kWp at Mehgaon mines and 120 kWp at Bamangaon mines

- **Bargarh:** Replaced old clinker cooler with new cooler; conducted CFD study and implemented for the following areas – 'Meal Curtain' for improvement of PRI; modified kiln inlet trough to reduce dust recirculation; altered feed box at preheater to improve flow distribution; modified stage 3 and 4 cyclone-; replaced preheater fan, baghouse fan and cooler Electro Static Precipitator (ESP) fan with new energy efficient fans; installed rotary ash cooler and replaced APH tube at CPP
- **Tikaria:** Replaced two (2) compressors for NTPC Unchahar fly ash loading system and old pump with new 3000 m3/hr energy efficient pump
- **Lakheri:** Replaced reciprocating compressor for fly ash unloading with energy efficient compressor
- **Kudithini:** Installed high-level controller for cement mill
- **Chaibasa:** Modified cooler horse shoe to improve cooling efficiency; installed 9 MVA transformer at CPP
- **Sindri:** Installed high-level controller for one cement mill; installed 3000 kVA automatic power factor controller panel
- **Damodar:** Installed VFD for cement mill-3 Induced Draft (ID) fan; reduced idle running of cement mill auxiliary circuit
- **Thondebhavi:** Installed high-level controller for cement mill

Green power

- ACC's Renewable Energy ('RE') portfolio consists of 19 MW in the form of wind farms across three states and generated ~35.21 Million Units (Rajasthan: 12.53 Million

Units, Tamil Nadu: 18.86 Million Units, Maharashtra: 3.82 Million Units) of green power

- These units helped ACC meet the Renewable Purchase Obligation (non-solar) for Madukkarai Plant (Tamil Nadu) and Lakheri Plant (Rajasthan) fully, besides getting power at economical rates
- In Maharashtra, ACC Thane complex and Bulk Cement Corporation of India, Kalamboli are operating mainly on renewable energy with negligible cost through the ACC wind turbines at Satara, Maharashtra. This has resulted in power cost avoidance of ₹ 34.84 Million
- The Renewable Power Obligations of other plants are met by purchasing Renewable Energy Certificates (solar and non-solar)

Additional proposals being implemented for further conservation of energy

- Vertical Roller Mill duct modification based on CFD study to reduce pressure drop at Bargarh and Chanda
- Top-stage cyclone modification through CFD study at Kiln-2 of Kymore
- Installation of AFR feeding system at Chanda
- Installation of efficient roller press separator fan at Bargarh
- Conversion of double chamber to mono-chamber with new liner in cement mill-3 at Bargarh
- Install MV VFD in major for process fans (preheater, kiln bag house, raw mill and slag VRM) for Bargarh and bag house fan for Wadi
- Installation of dynamic reactive power compensation system to improve the power factor at Kymore and Wadi

- Replacement of low-efficiency fans with high-efficiency fans at Wadi
- Installation of high-level controller is planned across ACC plants for kiln control (six kilns) and mill control (~ten mills)

Impact of the above measures for reduction of energy consumption and consequent impact on cost of production

The measures stated in points (A) above would further improve the thermal and electrical energy efficiency of the ACC plants.

The capital investment on energy conservation equipment

The Company invested ~₹560 Million on productivity/efficiency improvement, besides implementation of low-cost measures to reduce energy consumption.

The steps taken by the Company for utilising alternate sources of energy

Besides, the use of RE (solar and non-solar), the Company utilised 2,72,365 tonnes of alternative fuels and 1,79,044 tonnes of alternative raw materials during cement manufacture.

B. Technology absorption Research and Development (R&D)

1. Specific areas in which R&D is carried out by the Company

- a. Conservation of resources through maximisation of the use of low-grade limestone for cement manufacturing, improvement in the quality of blended cement through innovative process utilising industrial by-products for improved quality and performance of ACC plants
- b. Characterisation of industrial wastes and looking into possibilities of environment-friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources

- c. Recycling of wastes and research for efficient use of scarce materials
- d. Development of new products and developing new methods of evaluation and characterisation
- e. Development and use of cement grinding aid and accelerators for PPC, PSC and composite cement for improved performance in concrete and achieving higher percentage of fly ash in PPC, higher percentage of slag in PSC and higher percentage of fly ash and slag in composite cement
- f. Productivity research for increased efficiency in the use of resources development of application-oriented cements with decreased CO₂ emissions
- g. Development of cements tailored for specific market clusters and application segments
- h. Development of one-of-its-kind cement in India for reducing water seepage
- i. Development of the waterproofing chemicals
- j. Development of cement-based niche products such as waterproof and self-curing plaster, file adhesives, thin-bed jointing mortar, grouts and others
- k. Quality benchmarking exercise for different market clusters of ACC products
- l. The cement performance in concrete is monitored through application-oriented testing

2. Benefits derived as result of above R&D

- a. Effective use of marginal quality raw materials and fuels with improved clinker quality
- b. Maintain a lead position in all the market clusters of the country

- c. Launch of special high-performance products like F2R, Concrete+, ACC Gold for specific market segments/market climatic conditions
- d. Launch of LeakBlock—an internal waterproofing compound/dry-mix mortars for plasters, tile fixing, thin-bed jointing for blocks
- e. Increased absorption of blending materials like fly ash and slags in blended cements
- f. Effective replacement of the costlier natural Gypsum by cheaper by-products without affecting the quality of cement targeting reduced gypsum cost per tonne of cement
- g. Fuel efficiency
- h. Reduction in special power consumption for grinding

3. Plan of action

- a. Focus on development of products aimed at enhancing use of cement in various applications and development of application-oriented, cement-based cementitious material
- b. Development of cement-based niche products
- c. Exploratory research works on the above specified areas
- d. Use of waste/by-products in cement manufacturing as alternative materials
- e. Improve product quality particularly with respect to long-term durability and reduction in cost of manufacture

4. Expenditure on R&Ds

	` Crore
a. Capital	Nil
b. Recurring (Gross)	1.06
c. Total	1.06
d. Total R&D expenditure as percentage of total turnover	0.01%

C. Foreign Exchange Earnings and Outgo

	₹ Crore
Foreign Exchange earned	-
Foreign exchanged used	165.38

36. OTHER DISCLOSURES

36.1 There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

36.2 The Company has not issued any shares with differential voting rights/sweat equity shares.

36.3 There was no revision in the Financial Statements.

36.4 There has been no change in the nature of business of the Company as on the date of this report.

36.5 Prevention of Sexual Harassment of Women at the Workplace

ACC is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice and gender bias. As an organisation, the Company is committed to ensure that every employee is treated with dignity and respect and works in a conducive work environment, which promotes professional growth of employee and encourages equality of opportunity. The Company has zero tolerance towards any act on the part of any executive, which may fall under the ambit of 'sexual harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive working in the Company.

Further, to provide an empowering and enabling atmosphere to women employees the Company has continuously endeavoured to build the work culture, which promotes the respect and dignity of all women employees across the organisation. The Company has formulated a comprehensive policy on prevention, prohibition and redressal against sexual harassment of women at workplace, which is also in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ('POSH'). The said policy has been made available on the internal portal of the Company as well as the website of the Company.

The Company has constituted an Internal Complaints Committee ('ICC') under the POSH. The ICC has been set up comprising four (4) female

employees of whom one (1) female employee is the Chairperson of the ICC and two (2) male employees of whom one (1) is the secretary of the ICC. There are two (2) external Members on the ICC who are specialists in dealing with such matters. The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their female colleagues at workplace. The Company also conducted an E-learning programme for employees to cover various aspects of the subject matter. Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Particulars	Numbers
Number of complaints pending as on the beginning of the financial year	0
Number of complaints filed during the financial year	4
Number of complaints pending as on the end of the financial year	4*

*These 4 cases were resolved as on the date of this report.

37. DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Act:

- that in the preparation of the annual Financial Statements for the year ended December 31, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any
- that such accounting policies as mentioned in Note 1 of the Notes to the Accounts have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on December 31, 2019, and of the profit of the Company for the year ended on that date
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities

- d) that the annual accounts have been prepared on a going concern basis
- e) that proper internal financial controls laid down by the Directors were followed by the Company and such internal financial controls are adequate and were operating effectively
- f) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively

38. INTEGRATED REPORTING

For the second year, the Company has drawn up an Integrated Report, which encompasses both financial and non-financial information to enable Members to have a more holistic understanding of the Company's long-term perspective. This year, the Integrated Reporting is more robust than before and details such as the organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social & relationship capital and natural capital have been added. The Integrated Report for the year 2019 is presented in a separate section, forming part of the Annual Report and also hosted on the Company's website at www.acclimited.com.

The Annual Report also carries a detailed section containing the 'Business Responsibility Report'. Since 2007, the Company has been publishing an annual Corporate Sustainable Development Report ('SD Report') conforming to the guidelines of the Global Reporting Initiative. From the year 2016, these reports are based on the GRI standards in accordance with the 'Comprehensive' option and have been externally assured. This year SD Report has been combined with the Integrated Report.

- 39.** The Board in its Meeting held on February 7, 2020 has approved the Board's Report for the financial

year 2019. The said Board's Report for the financial year 2019 has undergone a change only to the extent of change in directorships on the Board of the Company in the Board Meeting held on February 20, 2020.

40. ACKNOWLEDGEMENTS

The Directors express their deep sense of gratitude to the Central and State Government Ministries and departments, shareholders, customers, business associates, bankers, employees, trade unions and all other stakeholders for their support and look forward to their continued assistance in future.

41. CAUTIONARY STATEMENT

Statements in the Boards' Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company is not obliged to publicly amend, modify or revise any forward-looking statement, on the basis of any subsequent development, information or events or otherwise.

For and on behalf of the Board of Directors

N. S. Sekhsaria
Chairman

Mumbai
February 20, 2020