BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

TO THE MEMBERS OF
ACC LIMITED

The Directors are pleased to present the Eighty Second Annual Report of the Company together with the audited financial statements for the year ended December 31, 2017. The Section on Management Discussion and Analysis (MD&A) forms a part of this report.

1. FINANCIAL RESULTS

	Consolidated ₹ Crore		Standalone ₹ Crore	
	2017	**2016**	**2017**	**2016**
Revenue from Operations (Gross) and Other Income	14,329.58	12,646.20	14,331.84	12,651.73
Profit before Tax	1,310.06	885.31	1,298.36	871.47
Tax Expenses	385.55	226.89	382.91	224.42
Profit attributable to the Owners of the Company	924.41	658.29	915.45	647.05
Other Comprehensive Income (OCI)	2.24	(15.63)	2.37	(15.63)
Total Comprehensive Income	926.65	642.66	917.82	631.42
Opening Balance in retained earnings	4,983.63	4,755.16	5,007.74	4,790.51
Profit available for appropriations	5,910.28	5,397.82	5,925.56	5,421.93
Appropriations:				
Interim Dividend Paid	206.57	206.57	206.57	206.57
Final Dividend Recommended	112.67	112.65	112.67	112.65
Tax on Equity Dividend	64.99	64.97	64.99	64.97
Transfer to General Reserve	-	30.00	-	30.00
Closing Balance in retained earnings	5,526.05	4,983.63	5,541.33	5,007.74

2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

- Consolidated income, comprising Revenue from Operations (Gross) and other income, for the year was ₹14,329.58 crore, 13.31% higher as compared to ₹12,646.20 crore in 2016.
- Total consolidated Revenue from operations (Gross) increased to ₹14,200.72 crore from ₹12,523.39 crore in 2016.
- Other Operating revenue for the year 2017 was ₹354.18 crore representing an increase of 59.59 % over the previous year.
- Consolidated Profit before Tax for the year was ₹1,310.06 crore as compared to ₹885.31 crore in 2016.
- Consolidated Profit after Tax for the year was ₹924.41 crore as compared to ₹658.29 crore in 2016.
- 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 in respect of the reporting year.

3. DIVIDEND

The Board of Directors of the Company has formulated a Dividend Distribution Policy in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"). The Policy is annexed to this Report as 'Annexure A' and is also placed on the Company's website at **http://www.acclimited.com/sh/DDP.pdf**

In line with the said Policy, the Board of Directors has recommended payment of final dividend at ₹15/- per Equity Share of ₹10 face value aggregating to ₹339.02 crore (including tax on dividend). The total dividend for the year, including interim dividend of ₹11/- per Equity Share paid in August 2017, adds up to ₹26/- per Equity Share involving a total outflow of ₹587.64 crore (including tax on dividend).

Unclaimed dividend pertaining to the 72nd final dividend for the year 2009 and the 73rd interim dividend for the year 2010 totalling to ₹2.77 crore were transferred to the Investor Education and Protection Fund in accordance with statutory requirements.

4. TRANSFER TO RESERVES

As there is no statutory obligation for the Company to transfer a certain portion of its distributable profits for the year to General Reserves, the entire undistributed profits amounting to ₹5,526.05 crore is proposed to be retained in the Statement of Profit and Loss.

5. SHARE CAPITAL

The Company's paid-up Equity Share Capital as on December 31, 2017 was ₹187.79 crore.

During the year, the Company has not issued shares with differential rights as to dividend, voting or otherwise nor has the Company issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. As on December 31, 2017, none of the Directors of the Company hold shares in the Company except Mr Shailesh Haribhakti who holds 3,100 Equity Shares of the Company.

No disclosure is required under Section 67(3)(c) of the Companies Act 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable to the Company.

The Company has not issued any convertible security during the year.

6. FINANCIAL LIQUIDITY

Cash and cash equivalent as at December 31, 2017 was ₹2,559.66 crore (Previous year ₹1,809.63 crore).

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

7. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and its ability to meet financial obligations. CRISIL, the reputed Rating Agency, has re-affirmed the highest credit rating of CRISIL AAA/STABLE for the long term and CRISIL A1+ for the short term financial instruments of the Company.

8. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Act and the Rules framed thereunder during the year under review.

Unclaimed and unpaid matured deposits for an amount of ₹0.02 crore relating to the previous years have been transferred by the Company to the Investor Education and Protection Fund set up by the Government of India.

9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

10. ECONOMIC SCENARIO AND OUTLOOK

The year 2017 was marked by a number of key structured initiatives to build strength across micro economic parameters for sustainable growth. Despite a tepid start, economic growth accelerated during the year. Consumption-related indicators have strengthened and industrial output has been higher in recent months.

GDP growth, primarily fuelled by consumption, is expected to touch a respectable mark of 7.5% in 2019, up from 6.5% in the previous year. The 2018 Global Economic Prospects (GEP) released by the World Bank, estimates India's GDP growth to remain steady at ~7.5% in the long term.

The wholesale price inflation rate rose to ~3.5% in 2017 compared to ~0.1% in 2016, following a rise in global fuel and commodity prices, near flat domestic demand conditions and an increase in food inflation. Consumer price inflation rate was lower at ~3.3% in 2017 as compared to ~4.96% in 2016. During the year 2017, manufacturing growth is estimated at ~4.8%, while growth in agriculture, mining and construction is expected to be 4.3%, 6.9% and 1.8% respectively. The increase in consumption demand, hardening of crude oil prices and higher demand for housing are some of the factors that will push inflation upwards.

After a considerable period of time, Moody's has upgraded India's sovereign rating from Baa3 to Baa2 keeping a positive outlook, while opining that the reforms introduced by the Government will enable the country to perform better than its peers over the medium term. Investments are expected to flow in sync with a rising trend in capacity utilization, and the re-capitalization of banks. Even though the budget for fiscal 2018-19 holds potential to foster inclusive and distributive growth, the engine of economic growth is estimated to be powered by factors external to the budget, including a normal monsoon.

Budget initiatives are expected to raise the rural demand and bolster economic growth with initiatives such as Minimum Support Price (MSP) for farmers set at 1.5x the cost of production, export impetus on agri-produce, increased allocation of ₹14.4 lakh crore for rural housing and infrastructure and a 26% increase in funding to the Pradhan Mantri Krishi Sinchayee Yojna (PMKSY). Additionally, private consumption expenditure is expected to increase with the implementation of the Seventh Pay Commission hike at the State level. Although most of the impact of Government investment will come in from the States, the Central Government is expected to increase its investment from 2.7% in fiscal 2018 to 7.2% in 2019. The Government's consumption expenditure is unlikely to show any radical improvement. Export growth is estimated to pick up, with agriculture, leather, footwear and textiles being the primary drivers. The reduction in corporate tax rate is expected to fuel the growth of small and medium enterprises (SMEs).

11. CEMENT INDUSTRY - OUTLOOK AND OPPORTUNITIES

Cement industry grew ~6% in the year 2017 as against 5.1% in the previous year. The largest share of demand came from the housing sector (~66%), followed by the infrastructure (~18%) and commercial (~16%) sectors.

The total installed capacity of the cement industry in India is ~465 million tonnes (MT). The industry is currently producing ~301 MT for meeting its domestic demand and ~4 MT for its export requirement.

Cement sector's growth in 2017 was largely on account of continued support from the Government led infrastructure and construction initiatives along with elimination of local taxes and flexible inter-state movement of cement due to implementation of GST.

The Government during the year, continued with its focus on rural development, affordable housing, setting up of smart cities, as well as infrastructure by laying thrust on construction of cement concrete roads, highways through its magnum "Bharatmala Project", one of the biggest highway construction project. This also includes economic corridors' development, coastal and port connectivity roads, border and international connectivity roads, expressway etc. Consequently, the demand for cement in 2018 is expected to increase from ~6% to ~7%.

Cement industry is grappling with sub-optimal effective capacity utilization of ~70%, with capacity overhang of more than 100 MT. While cement plants in the northern, central and eastern regions of the country produced at levels above ~85% to 90% of capacity, excess capacity in the southern region has inhibited the industry's average capacity utilization. Intense competition and not enough demand pull, will continue to lead to excess capacity in 2018. However, this situation is expected to correct itself in 2019 with the increased outlays on housing, infrastructure development and agri-sector initiatives.

The over five-fold increase in the outlay on Pradhan Mantri Awas Yojana - Urban (PMAY-U) to ₹31,500 crore, is expected to revive urban housing demand, while generating a 30% share of the overall demand for cement. Infrastructure development outlay for highways, roads and railways has increased by 11% and 22% respectively. This will boost demand for cement from the infrastructure sector, which is estimated to account for 20% of cement demand.

A social welfare surcharge of 10%, will replace the existing 3% education cess on customs duty, which will marginally inflate the cost of imported inputs such as petcoke and non-coking coal products.

12. SALES VOLUME & PRICING

Cement sales in 2017 increased by 14% to 26.21 MT from 22.99 MT achieved in 2016.

The Retail segment (Individual House Builders and Ground plus three storey (G+3) Buildings) remains the largest customer segment in terms of volume and profitability. In addition, the Company gainfully utilizes its core strengths as a pioneer in cement and concrete technology to demonstrate its capabilities in nation-building sectors of growing importance. These include infrastructure, commercial and institutional projects such as Smart Cities, urban rejuvenation, roads, highways, ports, airports, power plants, dams and irrigation schemes.

The cement market continued to witness vigorous price competition. Average selling price of cement increased by 5% in 2017 over 2016.

12.1 MARKET DEVELOPMENT

Your Company sells ~78% of its cement in retail i.e. “Business to Consumer“ (B2C) segment and balance in “Business to Business” (B2B) segment through its strong channel network of ~11000 dealers and ~35000 retailers all over India. For B2B segment, dedicated teams are set up to service residential and infrastructure segments. Many innovative, value added and eco-friendly products have been developed which have received favourable acceptance in the market. The Company is also using digital technology to connect with its existing customers and to further extend its customer base.

The above initiatives together with your Company’s continued focus on cost efficiency, product quality and other customer excellence initiatives will help it present a stronger performance in the future.

13. CEMENT BUSINESS – PERFORMANCE

	2017	2016	Change %
Production (million tonnes)	26.56	23.18	14.58
Sales Volume (million tonnes)	26.21	22.99	14.01
Net Sale Value (₹crore)	11,993.63	9,991.57	20.04
Operating EBITDA (₹crore)	1,794.15	1,398.95	28.25
Operating EBITDA Margin (%)	14.96	14.00	96 BPS

13.1 Costs – Cement Business

During the year, the Company continued to focus on effective cost management through various proactive initiatives across its facilities and operations.

a) Cost of materials consumed

Measures taken by the Company on a sustainable basis for bringing about an all-round improvement in manufacturing efficiency parameters and reduction in fixed costs, to a large extent, helped in mitigating the steep increase in the cost of materials.

Input cost per tonne during the year was higher by 8.8% as compared to 2016, on account of steep increases in the cost of materials. The landed cost of flyash increased by 7% over last year as it had to be procured over long leads, following a drop in availability from sources closer to our plants. The landed cost of slag was up by 38% due to hardening of prices consequent to the spurt in demand and the need to procure the material from long lead sources. High procurement costs of slag and flyash impacted material cost adversely.

Increased usage of cheaper activated gypsum and change in mix optimization resulted in reducing the gypsum cost by 8%.

Constant efforts were made to reduce the clinker factor by producing a higher share of blended cements which in turn had a positive impact on the contribution despite steep increases in the cost of flyash and slag as stated above.

b) **Power & Fuel**

With Power & Fuel costs being a major element in the total cost of production, optimizing this cost is one of the major drivers for improving the operational performance of the Company. The Company constantly endeavours to reduce fuel costs by maximizing the use of linkage coal, judicious procurement of market coal through e-auctions and imports, better fuel flexibility, higher use of petcoke and use of alternative fuels. Consequently, kiln thermal efficiency improved by 24 MJ to 3103 MJ/tonne of clinker during the year as against 3127 MJ/tonne of clinker in 2016. Electrical energy efficiency improved by 3.2 kWh/tonne to 69.9 kWh/tonne of clinker during the year as against 73.1 kWh/tonne clinker in 2016. To a large extent, this helped in containing the adverse impact caused by the increase in per tonne cost of Power and Fuel to 7% over the previous year.

Thermal power cost was adversely impacted on account of higher prices of petcoke, imported and domestic coal. The generation cost per kWh of the Company's thermal power plants (TPP) in 2017 went up by 10.7% to ₹5.05 per unit as against ₹4.56 per unit in 2016. This was mainly due to the increase in price of coal used in Captive Power Plants (CPPs) and non-availability of linkage coal. Power generated by the Company's Waste Heat Recovery plant of 7.5 MW at Gagal delivered a saving of ₹22 crore during the year.

c) **Freight & Forwarding expenses**

Freight & Forwarding costs are a major determinant of the overall performance of the Company. Continuous efforts are being made to contain the cost through various measures such as improved evacuation efficiency, lead reduction by increasing the market share in home markets, availing beneficial railway schemes for freight reduction and benchmarking.

Freight and Forwarding expenses during the year were ₹3,338.96 crore as compared to ₹2,560.02 crore in 2016, registering an increase of 30.42%. Higher volume of despatches, spurt in diesel prices, higher packing material costs and change in commercial terms from Ex to delivered basis contributed to this increase.

d) **Employee costs**

Employee costs during the year increased by 9.24%. The Company has rolled out various initiatives which are expected to further improve productivity and optimize employee costs.

14. READY MIX CONCRETE AND ICI BUSINESS

14.1 Ready Mix Concrete (RMX):

During the year 2017, RMX Business has surpassed its performance over the earlier years, witnessing a substantial growth both in terms of volume and EBITDA.

	Unit	2017	2016	Change %
RMX Production Volume	Lakh Cubic Metres	27.29	24.43	11.69
RMX Sales Volume	Lakh Cubic Metres	28.77	25.90	11.10
Net Sale Value	₹Crore	1140.48	966.97	17.94
Operating EBITDA	₹Crore	114.98	74.78	53.76
Operating EBITDA Margin	%	10.08	7.73	235 BPS

Six new commercial and ten dedicated RMX Plants were added during the year. The Company services diversified profitable construction segments such as residential and commercial building projects, power sector, roads and major metro projects. Dedicated batching units are supplying RMX for Nagpur and Delhi metro projects whilst six RMX Plants have been approved for Mumbai metro projects.

Despite the increase in raw material costs on a year-on-year basis, the Company managed to achieve considerable savings by improving its vendor selection, rate negotiation and mix optimization.

Keen focus on day-to-day sales, various cost control initiatives, vigorous business tracking mechanism, well defined pricing policies and increase in sale of "Value Added Products"(VAPs) were some of the key success factors for the RMX business in the year 2017.

VAPs were introduced in 2013 with the valuable support received from Holcim Technology Ltd., a LafargeHolcim group company and in less than four years, through the dedicated efforts of our technical, sales and branding teams, the Company is now well entrenched in the market for providing value added solutions for the use of concrete in construction.

The Company has also been supported by Holcim Technology Ltd. in setting up of a Centre of Excellence at Thane for cement and concrete, which serves as a one stop solution for meeting customer needs and providing customized value-added solutions and allied products.

To add a milestone in the journey of continuous innovation and to support the road segment, a unique product "Supercoat Premium" has been developed which is a cement based, ready-to-use early hardening material specially designed to counter the menace of potholes and puddles caused by heavy rains and traffic. This product is an easy "Fifteen Minute Solution" which allows a road to be opened for traffic within fifteen minutes of application. The product has been successfully demonstrated in Bengaluru and has received encouraging and positive feedback from Bhrihut Bengaluru Mahanagar Palike(BBMP).

The Government's focus on Infrastructure development holds many opportunities for the RMX business. The Company plans to further extend its footprint in 2018 by introducing some new products to its existing product range.

14.2 Infrastructure Commercial Industrial (ICI) B2B Sales.

The Infrastructure Commercial Industrial (ICI) Division was set up by the Company in 2011 to capture value in large B2B projects with a centralized key accounts approach. Since inception, this vertical has shown consistent growth with a project based approach. Over the recent years, the Government has announced a series of schemes and investments for infrastructure development across the country. ICI Division is focusing on segments like roads, metro and energy where major investments by the Government are expected in the years to come. The strategic approach involves engaging with customers at all stages of the project with integrated offers in cement, RMX and VAPs. Focus on this segment of business will continue as this vertical is expected to grow in unison with infrastructure growth in India.

15. SUSTAINABLE DEVELOPMENT (SD)

Staying ahead - with the Global Reporting Initiative (GRI) Standards

The Company has been releasing its Sustainability Report as per the Global Reporting Initiative (GRI) framework since the last 10 years. During the year 2017, your Company became the first in India to release its externally assured Sustainable Development Report 2016 as per the new GRI standards of October 2016, which was acknowledged and appreciated by GRI India. The GRI Standards are the first global standards for sustainability reporting. They feature a modular, inter-related structure and represent global best practices for reporting on a range of economic, environmental and social impacts. The Sustainability Report is available on the Company's website at **www.acclimited.com**

15.1 SD 2030 Plan

In 2016, a sustainability strategy called "SD 2030 Plan" was drawn up aligned with LafargeHolcim Group's SD Plan. The Company's "SD 2030 Plan" focuses on four significant areas:

- Climate – Reduction of Net specific CO_2 emissions;
- Circular Economy – Enhanced utilization of waste-derived resources;
- Water & Nature – Reduction of specific freshwater withdrawal in cement operations enhancing biodiversity in all operating mines; implementation of the Access to Safe Water, Sanitation and Hygiene (WASH) pledge;

- People & Communities – Improving H&S performance, gender diversity, providing low cost shelters / affordable housing and sanitation.

With a view to achieve the "SD 2030 Plan" during the year, after engaging with all relevant stakeholders, annual targets and action plans under each focus area were crystallized and executed.

15.2 Climate:

15.2.1 CO_2 emissions:

Your Company takes pride in stating that since inception of its operations in 1936, it has carried out its business operations in a sustainable manner. In the "SD 2030 Plan", one of the targets undertaken by the Company is "Reduction in Specific CO_2 emissions by 40% per tonne of cement (vis-à-vis the base of 1990)". The Company is also a signatory to the "Low Carbon Technology Roadmap 2050". Towards achieving this end, the Company is working on various levers in the areas of (a) Clinker factor (b) Green energy and Waste Heat Recovery (c) Alternative Fuels and Raw materials and (d) Adoption of latest Low Carbon technologies. The efforts taken so far have resulted in reducing the specific CO_2 emission to 525 kg/tonne of cement during 2017, which is lower by 3.7 % as compared to the previous year.

a) Clinker Factor:

One of the major levers for reducing CO_2 emissions is the clinker factor. During the year, the blended cement portfolio of the Company was increased to 84%. Further, the commissioning of Jamul and Sindri plants contributed to improved clinker factor performance and thus, lower CO_2 emissions.

b) Green Energy and Power Generation through Waste Heat Recovery System:

The Company's renewable energy portfolio consists of 19 MW in the form of Wind Farms across three States of Tamil Nadu, Rajasthan and Maharashtra. During the year, 37.37 million units of renewable energy were generated from these captive sources. Additional "green power" of 6.55 million units was procured through Power Purchase Agreements. In all, 43.92 million units of green energy were used, representing an increase of 15% as compared to the previous year.

The Waste Heat Recovery System at Gagal Cement Works generated 53.01 million units of electrical energy during 2017.

c) Alternative Fuels and Raw Materials (AFR):

Your Company is a forerunner in providing safe waste management solutions to industries and municipalities through co-processing while meeting the highest standards of health, safety and sustainability. The co-processing infrastructure was strengthened during the year by setting up a pre-processing facility at Madukkarai in Tamil Nadu, in addition to the other two existing pre-processing facilities at Wadi in Karnataka and Kymore in Madhya Pradesh. The Company has leveraged on the continuous support and innovation provided by Holcim Technology Ltd. in the area of AFR.

A key challenge facing our country is that of managing the ever growing Municipal Solid Waste (MSW). The Government has initiated programmes like Clean India and Smart Cities and has been looking for solutions to tackle the MSW problem.

The Company partners directly with municipal authorities and waste management companies to provide sustainable solutions to their waste challenges.

Over the years, concerted efforts have been made through advocacy and stakeholder awareness programmes to ensure that co-processing of waste gains more traction in the country and larger volumes of waste can be managed sustainably through it. Great strides have been made in strengthening the value chain for co-processing of sorted MSW and Refuse Derived Fuel (RDF). The Company has proved itself to be a sustainable and reliable partner for municipalities for managing MSW through support in the landfill remediation project at Goa and partnering with municipalities in Lucknow, Varanasi, Bengaluru, Hyderabad, Chennai, Madurai , Coimbatore and intends to scale this up.

15.2.2 Controlling other emissions & waste:

Gearing up to face new regulations

2017 has been a path-breaking and crucial year for the cement industry. The Ministry of Environment, Forest and Climate Change (MOEF&CC) issued directions to the cement industry to ensure compliance with Dust, SO_x and NO_x Emission norms by August 31, 2018. In respect of the CPPs, the aforesaid compliance norms and also the requirement of specific water consumption/kWh of power produced became applicable from December 7, 2017. In addition, regulatory enforcement of Waste Management Rules, 2016 and Plastic Waste Management Rules, 2016 were initiated by various State Pollution Control Boards (SPCBs).Accordingly, the Company has made and submitted detailed plant-wise action plans to meet compliance requirements to the Central/State Pollution Control Boards.

Dust emission control

Various primary measures which, inter alia, include implementation of the Computational Fluid Dynamics (CFD) study in Electrostatic Precipitators (ESPs) along with up-gradation to 3 phase Transformer Rectifier sets, high frequency controllers and rapper panels on coolers and boilers are already in place. Some of the secondary measures undertaken for controlling dust emissions during the year were conversion of ESP to Hybrid filter in CPPs at Jamul and Chanda, conversion of cement mill ESP to Bag House at Damodar, up-gradation of cooler ESPs at Gagal 1 & 2, parallel bag house for Gagal coal mill, bag house revamping in kiln at Gagal 2. The above measures have resulted in reduced stack dust emissions by 6.6 % over the previous year.

NO_x emission control

Primary measures for NO_x emission control comprising CFD modeling, meal curtain and low NO_x burner were implemented at Lakheri, Gagal 1 & 2, Wadi 1 & 2 and Madukkarai. Secondary measures such as Selective Non-Catalytic Reduction (SNCR) system is being implemented at Gagal 1 & 2, Kymore and Wadi 2 and is proposed to be implemented in a phased manner at Lakheri, Jamul, Bargarh, Chaibasa, Madukkarai and Wadi 1 and for the CPPs at Chanda and Wadi.

SO_x emission control

Your Company's SO_x emissions are well within the specified regulatory limits and do not require any emission control measures. For control of SO_x emissions from CPPs, secondary measures such as limestone feeding system is under implementation at Chanda, Kymore, Jamul and Wadi plants.

Plastic Waste Management Rules

The Government has notified the Plastic Waste Management Rules, 2016 which will supersede the earlier Rules. These Rules bring in extended producers' responsibility to ensure a collect-back system of plastic waste apart from ensuring other compliances. As per these Rules, the cement industry is obliged to establish a collection system for cement packing bags and the plan of collection is to be submitted to the SPCBs while applying for Consent to Operate. These Rules have huge implications for the industry and your Company is gearing up to meet these expectations.

Solid Waste Management Rules

The notification on Solid Waste Management Rules was issued by MOEF&CC on April 8, 2016. Cement plants within residential townships are required to ensure compliance with the notification by adopting the practices of segregation of waste at source, collection of waste from source and disposal in line with the prescribed practices.

15.3 Circular Economy:

During the year, 4.68 MT of flyash, 3.58 MT of slag, 1.32 MT of crushed rock fines and 0.35 MT of alternative raw materials were consumed, thus providing sustainable environmental friendly services to the Nation.

15.4 Water & Nature

Water conservation

Your Company has a long and visible tradition of water conservation, particularly through the creation of new water bodies and efforts to rehabilitate and replenish existing sources. Efforts to conserve fresh water through rain water harvesting in plants, mines, colonies and community areas have resulted in some of our plants at Kymore and Jamul becoming self-reliant. These plants no longer depend on fresh water resources like rivers and ground water. At several plant locations, your Company shares harvested rain water with local communities for domestic and agricultural usage.

The SD 2030 Plan, inter alia, has a target to reduce the specific fresh water withdrawal by 30% by 2030. To meet this target, various initiatives are being taken such as:

- Reduction of fresh water intake by lowering water demand in process and non-process areas;
- Process optimization and up-gradation to water efficient technologies wherever feasible;
- Installation of Sewage Treatment Plants (STP), Effluent Treatment Plants (ETP) and Zero Liquid Discharge (ZLD) systems for effective re-utilization of waste water. ZLD system has been commissioned at Chanda, is under execution at Wadi and is proposed to be installed at Tikaria, Kymore and Jamul. STPs were also commissioned at Lakheri and Damodhar;
- Conservation of water by rain water harvesting in plants, mines, colonies, community areas; and
- Installation of water meters and monitoring systems at a majority of plants to help identify source of leakages and potential scope for water conservation.

During the year, ACC consumed around 2.2 million m^3 of harvested rain water in cement operation which is almost half of its total water consumption.

Rolling out "Biodiversity Indicator and Reporting System"(BIRS) - A unique tool for biodiversity monitoring

As part of the SD 2030 plan, the Company has committed to bring about a "positive change on biodiversity by 2030 vis-a-vis 2020". This goal is challenging and requires concerted efforts and monitoring. With a view to have a baseline to monitor the positive changes, the Company has used a unique tool –"Biodiversity Indicator and Reporting System" (BIRS) designed by independent experts in collaboration with the International Union for the Conservation of Nature (IUCN). During the year, baseline assessment for all mining sites at nine locations was undertaken and completed much ahead of 2020 which has helped the Company identify a site-wise action plan for biodiversity conservation in consultation with third party experts.

Implementing WASH - Ensuring a safe and healthy future

Access to safe water, sanitation and hygiene (WASH) is one of the SD Goals to be achieved by 2030. The WASH pledge is an initiative by the World Business Council for Sustainable Development, an Organization led by CEOs of leading companies including LafargeHolcim Limited. The SD 2030 Plan also reaffirms its commitment to the WASH pledge.

Working towards this goal, in 2017, the Company has assessed all its production sites for the WASH score and plant wise action plans are being developed for implementing the WASH pledge.

15.5 People and Communities

Green Building Centres (GBCs)

As part of the ongoing programme to promote sustainable, green, cost effective and affordable construction in semi-urban and rural India, through Green Building Centres, the Company supports local micro-entrepreneurs and small businesses to make and market affordable cement-based home building components and prefabricated materials. These prefabricated concrete blocks, tiles, pavers etc., are made from eco-friendly materials using mainly flyash and cement. This helps in the conservation of the Earth's top soils which would otherwise have been used in making traditional mud bricks and consequently reduces CO_2 emissions. During the year, the Company has supported the setting up of 22 new Green Building Centres. Through this initiative in all 7,736 low costs housing/shelters have been constructed till date.

Product Stewardship: Environment Product Declaration and Greenpro Certification

Under product stewardship, your Company has initiated the process of assessing the impact of its products on environment and human health by subjecting them to Environment Product Declaration (EPD) and obtaining Greenpro certification. EPD provides an internationally recognized format for declaring the environmental performance of a product, based on Life Cycle Assessment (LCA). Your Company is the first in India to apply for EPDs for all its cement and concrete products.

16. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board approved CSR projects of the Company are implemented through "ACC Ayushmaan Trust" and other NGOs. The CSR projects are well aligned with 13 out of 17 Sustainable Development Goals (SDG) and national priorities of the Government of India. The name of the above Trust is proposed to be changed to "ACC Trust" subject to receipt of approvals from the concerned Authorities.

CSR interventions which were started in the previous years were continued during the year with further vigour, widening the portfolio of projects, to include those contributing to the national vision of achieving 'Skilled India'.

Total CSR expenditure incurred during the year was ₹21.82 crore which was 2.33% of the average net profit of the Company during the last three years. The CSR Projects mainly focused on thematic areas - Livelihood, Education and "WASH" - which fall within the ambit of Schedule VII of the Companies Act, 2013.

The CSR activities pursued by the Company created a positive impact and more than 4.82 lakh people residing in 202 villages across the country benefitted from community development projects. The initiative of facilitating the creation of livelihoods helped ~3,575 farmers to enhance agricultural production by means of better methods of agriculture and animal husbandry. Employability linked skill development initiatives benefitted ~3,745 youth. 78 Self Help Groups (SHGs) were supported for formation and institutional strengthening, while the existing 1,270 SHGs were provided with continued grooming for sustenance and bank linkages. Many of the SHGs have set up micro enterprises and formed registered federations to achieve larger common good. Educational initiatives in the vicinity of the plants addressed the needs of 23,968 students during the year. Vidyasaarathi Scholarship Scheme has been rolled out across all districts where the Company's operations are located. This is the first of a kind initiative by your Company to use a digital platform to reach out to deserving students for awarding scholarships. This end to end online scholarship programme has helped 1,009 meritorious students from weaker sections of society get financial support to pursue their dreams of better education. Modern methods of learning such as smart classes and interactive kiosks have benefitted students across 25 rural schools. ~1,415 girl children were educated as part of the "ACC ki Laadli" a project in which ACC cement dealers are involved. Seven Government run Industrial Training Institutes (ITIs) continued to receive support from the Company under the Public Private Partnership Scheme with the Government of India.

The Company's development initiatives under WASH pledge benefitted ~1,01,203 people. ~ 7,035 children received access to better health and nutrition through support provided to 155 Anganwadi centres. Antiretroviral Therapy Centers (ART centers) and Sexually Transmitted Infection Clinics (STI Clinics) set up through ACC Ayushmaan Trust have provided valuable support to more than 3,000 persons through counselling, testing and treatment for HIV/AIDS. The CSR Projects undertaken by the Company have been duly audited by a third party Social Audit team comprising renowned experts from the development sector, led by MD&CEO of Dialogue of Civilizations (DOC) Research Institute gGmbH, Berlin. Your Company remains a torch bearer for the cement industry by carrying out a Social Audit for the preceding four years and making the assessment report public.

Your Company has received various awards for its CSR activities during the year and has been ranked 8th in India by the Indian Institute of Management, (IIM) Udaipur.

The CSR Policy of the Company is in alignment with the requirements of the Companies Act, 2013. The CSR Policy Statement and Report on the activities undertaken during the year are annexed to the Board's Report and collectively marked Annexure 'B'.

17. HEALTH & SAFETY (H&S)

The H&S Policy of the Company is aligned with LafargeHolcim's Group global vision on H&S. The Policy reiterates the pledge to conduct business in a manner that helps create a healthy and safe environment for all stakeholders viz. employees, contractors, communities and customers based on the adoption of a true safety culture.

During the year, ACC's Health and Safety Improvement Plan (HSIP) was developed and the key focus areas identified were strengthening H&S leadership and accountability, building employees H&S capability, making H&S management systems more robust, greater attention to road safety, electrical safety and organizational health.

With a view to strengthen H&S leadership and accountability, a ***"More Boots on the Ground"*** initiative was launched and implemented across the Organization. This initiative reinforces the visible personal commitment of senior management towards promoting a safety culture at the work place by direct involvement and role modelling. The norm of regular workplace inspections by senior management, hand holding and training shopfloor employees in safe work practices was further stressed and participative dialogues with the workforce on various topics related to safety were encouraged. An e-module was developed and rolled out which helps senior management to introspect their commitment as leaders in the journey of establishing an ideal H&S culture within the Organization and in fulfilling the Company's H&S aspiration of achieving "zero harm" in all areas of operations.

Further, as part of the visible personal commitment of senior management towards health and safety, the communication channel between the senior management and the workforce was further strengthened with a bottom-up approach. An H&S ***"Feedback App"*** was launched during the year to encourage two way communication and employees' participation in achieving the common goal of "zero harm". The "App" enables employees to have real time easy access to a structured feedback management system for health and safety trainings and events. The Management can also get on-line real time feedback, analysis of safety performance and trends based on data uploaded on dash boards, and this helps initiate corrective/ preventive action on a real time basis. It also helps in rolling out and sharing of best practices across the Organization effectively and expeditiously.

Several programmes were organized across the Company to improve H&S capability such as the National Examination Board in Occupational Safety and Health (NEBOSH), the International General Certificate Programme, Risk Assessment Training, Developing Safety Commitment, Health and Safety management system audit and behavioral training.

These collaborative initiatives have gone a long way in improving the behavioral aspect of the shopfloor workforce and enhancing the safety knowhow required for sustenance of H&S systems. Group audits on Health and Management System were conducted at Chanda and Kudithini.

During the year, a Hazard and Operability Study (HAZOP) covering operations "from quarry to lorry" was conducted at Gagal and Bargarh. The study involved identification of hazards, the qualitative / quantitative estimation of risk involved in various areas relating to quarrying activities, ranking of risks and proposing mitigation measures to minimize these risks.

Two "SurakshaLaher" programmes were launched during the year to understand and rectify the gaps in the areas relating to "Working at Heights", "Machine Guarding" and "Electrical Safety". "SurakshaLaher" is an intensive one month programme involving all concerned employees including "Shop Floor Assistants" to focus on specific work areas with a view to create awareness, build competencies and improve infrastructure where required by conducting survey and closing the identified gaps. "SurakshaLaher" ends with reward and recognition thereby motivating the teams to make their best contribution.

A Global H&S Safety week was celebrated in May 2017, with the underlying campaign "Stop Unsafe Work". Drawing competitions, slogan competitions, safety skits, etc. were conducted across all locations with a view to sensitize the employees and contractors to take a lead in preventing unsafe actions. The senior leadership team was also connected through a webcast to re-emphasize the importance of H&S in the Organization. The campaign was successful in as much as it brought to focus the need to make "H&S - A Way of Life."

With specific reference to the Company's RMX Operations, based on the risk profile, guidelines and procedures for eight critical activities were developed and rolled out. Procedures for customer site safety and pumping operation have been developed and implemented. It includes "Seven Mirrors Policy" for transit mixers, the compulsory use of wheel chokes and several other safety practices. "In Vehicle Monitoring Systems" (IVMS) has been implemented in all transit mixers for monitoring over-speeding, harsh breaking and acceleration by the drivers.

A world class system training for RMX was conducted during the year by an expert from LafargeHolcim for improving safety culture.

These collaborative initiatives have gone a long way towards improving the behavioral aspects of the shopfloor workforce and in enhancing the safety knowhow required for sustenance of H&S systems and in developing a safety culture.

17.1 Initiatives in the area of Health

- An industrial hygiene survey (covering inhalation of fugitive dust, crystalline silica and noise) was conducted at Lakheri, Gagal, Kymore and Chanda;
- A new health surveillance procedure with profile fitness matrix has been rolled out across the Company with a view to ensuring minimum health requirements for any critical job (e.g. working at heights and confined spaces);
- A health risk modifications Initiative under the Lifestyle Management Programme was implemented. ~600 employees identified with moderate to severe health risks are being regularly monitored and provided health assistance;
- Digitalization of the existing health care system and OPD has been implemented through "Click2Health" an online health management system;
- With a view to provide world-class tertiary treatment to all employees, a tie-up has been arranged with the Apollo Group of Hospitals Pan India to ensure availability of quality medical care to all employees;
- Skill upgradation of Medics and Paramedics has been done in International Trauma Life Support and Advanced Cardiac Life Support.
- Workshops were organized on Health and Safety in participating schools. Teachers from all schools affiliated to the Company's Plants participated in this unique initiative to change behaviour of children, which is believed to reflect in the employees' safety and health behaviour.

17.2 Logistics safety

Driver Management Center (DMC)

Focus throughout the year has been on rolling out and scaling up of Driver Management Centers (DMCs) and upgrading their deliverables. While DMC counsellors are engaging with drivers to inculcate safe driving behavior, capability building of the counsellors by itself is an important aspect. Accordingly, select counsellors from each of the DMCs are being sent by the Company to a Driver Training Institute (DTI) managed by a reputable organization to enable the counsellors get exposure to "expert inputs" and "hands-on driving experience" on a custom-built track. Select counsellors are also being nominated for in-cab assessment and training. "Train the Trainer" programmes are being conducted by professional agencies that have been identified by the Company under guidance from LafargeHolcim. The scope of DMCs has now been widened to include multiple activities from Defensive Driver Induction (DDI) for a first trip driver, to Defensive Driving Course (DDC), in-cab assessment, tool box talks, Journey Risk Management (JRM) briefing and IVMS (GPS) based counselling.

Warehouse safety

During the year specific attention was given to warehouse safety. A "Star Warehouse Programme" was launched which aims at upgrading warehouses on various parameters to make them best-in-class in the cement industry. The objective of the 'Star Warehouse' initiative is to create a benchmark in warehouse operation standards. The programme rates different warehouses on various elements of warehousing quality such as infrastructure, processes, stacking and storing, people skills and other practices with a view to share and roll out best practices and raise the standards to equip them to provide the highest levels of customer service.

18. HUMAN RESOURCES

Through the years, your Company is recognized in the cement industry for the wealth of its human capital which is its priceless asset. The human resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the Organization. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline. The Company is focused on building a high-performance culture with a growth mindset where employees are engaged and empowered to excel. Developing and strengthening capabilities of all employees continues to remain a top priority for the Company.

18.1 Employee Engagement in the Company – Ranked Best Globally in LafargeHolcim Group

A "Pulse Survey" was undertaken by LafargeHolcim for its Group companies which was an engagement-cum-perception survey. The survey provided a framework for capturing the pulse of the employees on a comprehensive set of parameters such as "My Company - New Value Propositions, My Work – Impact, My Deal – What it means to me and the Behavioural Pillars of Agility, Collaboration and Empowerment". Your Company achieved the highest score in the Survey amongst LafargeHolcim Group companies substantiating the Company's commitment towards creating a best-in-class workplace and a highly engaged and motivated workforce. The findings of the survey indicated a very high degree of pride and affinity among the employees in line with the Company's Vision, Mission and Core Values. The insights gained from the survey are being leveraged to further strengthen employee engagement and enhance performance levels by conducting focused group discussions across all Units and developing an action plan.

18.2 Developing Leaders

The performance management and talent development framework within the Company is integrated in a manner making "people development" one of the key levers for ensuring improved business performance. It also ensures robust talent management, succession planning and provides a pipeline of internal talent that is ready and well equipped to take up next level roles. Most of the senior leadership teams in manufacturing, sales, logistics and support functions have been sourced from the Company's internal talent pool.

The structure of the Performance Management System helps to identify, measure and enhance the performance of individuals, teams and the business and aligns individual and team performance with the strategic goals of the Organization. This enables employees to perceive the Performance Management System as an objective exercise embedded in fairness, which in turn results in improved employee on-the-job engagement and retention, while bearing a positive impact on the overall business performance.

Likewise, the Talent Review and Success Planning framework enables identification and building of a talent pool for the Organization. The overall approach of this integrated performance and talent management system is to have meaningful and ongoing dialogue with the employees with a view to nurture a performance driven culture.

The foundation of the employee development programme is based on a 70-20-10 approach. 70% of the learning is done through on-the-job training, 20% through coaching and hand holding and the balance 10% through formal development. The development and learning pedagogy is designed to support the entire life cycle of an employee's career. This approach to employee development has been successful in giving a competitive edge to employees and driving sustainable growth.

18.3 Industrial Relations

The Industrial Relations philosophy of the Company is anchored in the tenets of robust human relations, encouraging healthy dissent and overall employee well-being. The Company is known for its best-in-class workplace practices and adoption of contemporary management practices leading to harmonious industrial relations. During the year, the Company launched a telephonic counselling service, "SPARSH" for employees and their families. This programme is aimed at providing support and free confidential counselling services to employees to help them deal with a wide range of work-life balance issues.

Adopting a progressive employee relations approach has enabled a harmonious atmosphere to be maintained across all Units. This in turn has been a vital element in ensuring that HR systems and practices remain world-class.

18.4 Prevention of Sexual Harassment of Women at the Workplace

As an equal opportunity provider the Company consciously strives to build a work culture that promotes the dignity of all employees. As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a Policy on prevention, prohibition and redressal of sexual harassment at the workplace. All women employed either on permanent, temporary or contractual basis, including service providers are covered under the Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. An internal Committee comprising four management staff is in place which includes three women that redress complaints relating to sexual harassment. Besides, in each of the Units, one nodal person has been identified to receive and forward complaints to the 'First Instance Person' (FIP), who is a woman or directly to the Committee.

There were no complaints relating to sexual harassment during the year. Awareness programmes were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. Employees also attended training programmes conducted by an external agency.

19. INNOVATION

Your Company is recognized as a pioneer and trend-setter in the cement industry on account of its unique track record of innovative research and development with several breakthroughs in cement and concrete applications over the years. More recently, the Company has added many new products that have widened its portfolio of value-added varieties of cement and concrete for special and customized applications. This spirit of innovativeness has helped the Company achieve cost efficiencies in the areas of energy, raw materials sourcing, logistics, customer excellence and manpower optimization leading to productivity improvement. LafargeHolcim through its Group Company Holcim Technology Ltd. has been extremely supportive in the aforesaid areas by lending their expertise.

20. BUSINESS RISKS & OPPORTUNITIES

Identifying and managing business risk is one of the key success factors of any business activity and it begins with robust governance practices. The governance structure within the Organization has well defined roles and responsibilities that enable and empower the Management to identify and cash in on business opportunities, and manage risks. In addition, there is a comprehensive framework for strategic planning and implementation and performance monitoring of the business plan, which, inter alia includes a well-structured Business Risk Management (BRM) process. With a view to systematically identify risks and opportunities and monitor their movement, a heat map has been developed comprising two parameters viz. likelihood of the event and the impact it is expected to have on the Company's operations and performance.

The risks that fall under high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the Executive Committee 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 measure the effectiveness of the mitigation plan.

Key Business Risks and Mitigation Plans:

Raw Material Risk

Fuel: The manufacture of cement is an energy intensive process. Coal and petcoke are the principal fuels used by the Indian cement industry to produce thermal energy. The Company requires more than 5 Million Tonnes of coal and petcoke to meet the requirements of its kilns and captive power plants. During the year, there was a short supply in the availability of linkage coal, and the Company had to source its requirement of coal at higher prices from the domestic open market and from imports. Petcoke prices also witnessed a significant increase during the year.

In October 2017, the Supreme Court of India imposed a temporary ban on the usage of petcoke in the States of Rajasthan, Haryana and Uttar Pradesh with a view to curb pollution. The ban was eased in December 2017 for the cement industry, when the Supreme Court allowed cement companies to use petcoke as a feed stock. However, the apex court has sought a nation-wide ban on the use of pet coke, which, if imposed, would consequently increase the Company's dependence on imported coal, the cost of which is ~20% to 30% higher than that of petcoke. This could in turn increase the fuel costs. The procurement of domestic coal was also laden with various challenges mainly availability of wagons.

The continuous volatility in fuel prices in international markets, a probable ban on the usage of petcoke, and the uncertainty over availability of domestic and linkage coal, continue to pose challenges for the cement industry as well as the Company.

Despite these challenges, various initiatives and proactive measures taken by the Management in bringing about improvements in the overall manufacturing performance has helped in softening the aforesaid inflationary pressures. The Company has progressively increased the usage of AFR, improved fuel mix at certain plants, entered into firm contracts for part volume and balance on spot to capture opportunities, spread out purchases throughout the year and explored long term off take from local refineries.

Limestone Availability : Limestone is one of the main raw materials which is used to manufacture cement. It is therefore of paramount importance for the Company to ensure an uninterrupted long-term availability of this vital mineral. As per the new Mines and Minerals (Development & Regulation) Amendment Act 2015 (MMDR), leases granted before the commencement of the Act, for captive use are extended upto March 31, 2030, or till the completion of their existing periods of renewal, whichever is later. Most of the Company's limestone leases thereby get an extension up to March 31, 2030. New mining leases will henceforth be allotted through an auction process to the highest bidder. The period of lease will be fifty years from the date of grant. Forest & Wildlife clearances are now a prerequisite and land acquisition is becoming more challenging and expensive.

To address this risk, the Company has taken steps for converting its prospecting licenses into mining leases and also plans to secure new mining leases for its existing plants and for new expansions at different locations.

Further, considering that limestone is a natural resource, its usage is done judiciously in the manufacture of cement by adding higher percentage of additives by which it is possible to use low grade limestone, thereby conserving minerals and increasing the life of the mine.

Market Competition: The total installed capacity of the cement industry in India is much higher than its capacity utilization which presently is ~70%. While this imbalance is expected to continue for some time, capacity expansion continues. Thus, the Indian cement industry has become intensely competitive. This could potentially impact the sales volumes, market share and profitability of the Company. To mitigate this risk, the Company is leveraging its newly created capacities at Jamul and Sindri to increase its market share, enhance its brand equity and visibility, and enlarge its product portfolio by increasing the share of its premium products in the retail segment, application based products and value-added services to the B2B segment.

The Company is also exploring asset smart options such as tolling and de-bottlenecking at some of its existing plants to increase volume and market share.

Cyber Security: Globally there has been a growing dependence on computer systems and the use of internet for doing business and storing of important and sensitive data. However, the rapid growth of technology and sophistication of wireless devices and network have made it easy for unethical hacking of sensitive data and has given rise to a higher risk of fraud. The Company's IT systems are fully geared to meet the threat of "Distributed Denial of Service" (DDOS) attacks which are highly probable. Manufacturing companies are the new targets as evidenced by recent attacks on large Indian and global firms. The ramifications from cyber attacks are not limited to mere loss of data, but could also result in business and reputation loss.

The Indian Government having recognized these risks, has also introduced tighter Cyber Security laws. Responsibilities have been thrust on the Directors of the Company under the Companies Act, 2013 to take appropriate steps to ensure cyber security.

ACC's Business Landscape presents a large surface for a possible attack in view of its vast network spread across many remote locations, with complex IT and OT environments. There is however a strong firewall and well established Disaster Recovery System within the LafargeHolcim Group. Most of the hardware and software have been mapped. The Company's cyber security management framework aligns with industry standards and regulations. LafargeHolcim has launched a robust programme on cyber security called 'Zenith'. This programme is aimed at facilitating LH Group Companies to stay abreast and vigilant against possible cyber attacks and remain a step ahead by taking immediate remedial action.

21. INTERNAL CONTROL SYSTEMS

21.1 Internal Audit and its adequacy

The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. With a view to maintain independence and objectivity in its working, the Internal Audit function reports directly to the Audit Committee.

At the beginning of each Financial Year, a risk based annual audit plan is rolled out after the same is approved by the Audit Committee. The Audit Plan aims at evaluating the efficacy and adequacy of the internal control system and compliance thereof, the robustness of internal processes, policies, accounting procedures and 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.

21.2 Internal Controls Over Financial Reporting (ICFR)

The internal financial controls within the Company are commensurate with the size, 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 robust policies and procedures which, inter alia, ensure integrity in conducting its business, the safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and the prevention and detection of frauds and errors.

22. INDIAN ACCOUNTING STANDARDS (IND AS)

The Ministry of Corporate Affairs (MCA) vide its Notification dated February 16, 2015, has made the application of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS Rules) effective for certain categories of companies from accounting periods beginning on or after April 01, 2016.

The audited financial statements of the Company drawn up both on standalone and consolidated basis for the financial year ended December 31, 2017 are in accordance with the requirements of the Ind-AS Rules. Figures for the previous year have also been re-stated in line with the requirements of the above Rules.

23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has over the years established a reputation for conducting business with integrity and displays zero tolerance for any form of unethical behaviour. "EthicalView Reporting Policy" (EVRP) is a vigil mechanism instituted by the Company to report concerns about unethical behavior. The Audit Committee of the Board 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 EthicalView Reporting Policy have been disclosed on the Company's website at **http://www.acclimited.com/sh/ERP.pdf**

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

24. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

24.1 SUBSIDIARIES

Bulk Cement Corporation (India) Limited (BCCI)

During the year under review, BCCI handled cement volumes of 9.3 lakh tonnes as against 10.10 lakh tonnes in 2016. The Profit before tax and exceptional items for the year 2017 was ₹2.88 crore as against ₹3.89 crore in 2016.

ACC Mineral Resources Limited (AMRL)

The Company had entered into a Joint Venture 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 ACC Mineral Resources Limited. Consequent upon the cancellation of the allocation of the four coal blocks to MPSMC by the Government of India as per the Orders of the Supreme Court passed in 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 other Subsidiary Companies having limestone deposits, viz. Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited. These are limestone deposit companies. Singhania Minerals Private Limited has started operations during the year.

24.2. MATERIAL SUBSIDIARIES

None of the subsidiaries mentioned in para 24.1 above is a material subsidiary whose income or net worth in the immediately preceding accounting year exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries as per the thresholds laid down under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations).

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

24.3 JOINT VENTURE /ASSOCIATE COMPANIES

OneIndia BSC Private Limited is a Joint Venture Company. This Company was incorporated jointly by ACC and Ambuja Cements Limited to provide back office services to the two Companies with respect to routine transactional process.

Your Company also has a Joint Venture with Aakaash Manufacture Company Private Limited, for the manufacture and supply of Ready Mix Concrete.

As on December 31, 2017, the following is the list of Associate Companies:

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

25. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company for the year 2017 are prepared in compliance with the applicable provisions of the Companies Act, 2013 and the Indian Accounting Standards specified under Section 133 of the Act. The audited consolidated financial statements together with the Auditors' Report thereon form part of the Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the Subsidiaries, Associates and Joint Venture Companies in the prescribed Form AOC-1 is attached.

The Financial Statements of the Subsidiaries, Associates and Joint Venture Companies are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Companies Act 2013. The Company shall provide free of cost, a copy of the financial statements of its subsidiary companies to the Members upon request. The statements of the subsidiaries companies are also available on the website of the Company at **www.acclimited.com** under the 'Investors' section.

26. DIRECTORS & KEY MANAGERIAL PERSONNEL

26.1 Change in Directorate

During the year, the Company received a request from Holderind Investments Limited, one of the Promoter Group companies for the appointment of Mr Jan Jenisch, CEO LafargeHolcim Limited as Director of the Company. Pursuant thereto the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has appointed Mr Jan Jenisch, as an Additional Director of the Company with effect from October 17, 2017 in the capacity of a Non Executive Non Independent Director to hold office upto the date of the next Annual General Meeting.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr Jan Jenisch as a Director of the Company. Approval of the members for appointing Mr Jenisch as a Director in the capacity of Non Executive Non Independent Director has been sought in the Notice convening the Annual General Meeting of the Company. The Directors recommend the Resolution set out at Item No. 5 of the Notice for approval by the members.

The Board of Directors has also elected Mr Jan Jenisch, CEO of LafargeHolcim Limited, as Deputy Chairman of the Board with effect from October 17, 2017.

Mr Eric Olsen, Non Executive and Non Independent Director tendered his resignation from the Board of Directors of the Company, consequent upon his resignation as the CEO of LafargeHolcim Limited.

The Board of Directors has placed on record its appreciation for the contribution made by Mr Eric Olsen during his tenure as Director of the Company.

26.2 Director liable to retirement by rotation

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Vijay Kumar Sharma being longest in office retires by rotation and being eligible offers his candidature for re-appointment as Director.

26.3 Independent Directors

The Independent Directors hold office for a fixed period of five years from the date of their appointment at the Extra-ordinary General Meeting of the members held on September 10, 2014 and are not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations.

26.4 Board Effectiveness

a. Familiarization Programme for the Independent Directors

Long before it was mandated by the law, the Company had developed a process to familiarize the newly appointed Directors with respect to the roles and responsibilities outlined under the Companies Act, 2013 and other related Regulations. This process has been made more robust and it, inter alia includes providing an overview of the Cement Industry, the Company's business model, risks and opportunities and other necessary information.

Details of the Familiarization Programme are explained in the Corporate Governance Report and are also available on the Company's website at

http://www.acclimited.com/sh/FPID.pdf

b. Board Evaluation

The Board has carried an annual self performance evaluation, the evaluation of Directors individually as well as the working of its Audit, Nomination & Remuneration and Compliance Committees as mandated under the Companies Act, 2013 and SEBI Listing Regulations. The criteria applied in the evaluation process are explained in the Corporate Governance Report.

26.5 Key Managerial Personnel

The following are the Key Managerial Personnel of the Company as defined under Sections 2(51), 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on December 31, 2017:

- Mr Neeraj Akhoury, Managing Director & Chief Executive Officer (MD&CEO) (w.e.f. February 4, 2017)
- Mr Sunil Nayak, Chief Financial Officer
- Mr Ramaswami Kalidas, Company Secretary & Head Compliance (w.e.f. September 26, 2017).

Mr Neeraj Akhoury was appointed as the MD&CEO with effect from February 4, 2017, upon Mr Harish Badami demitting office as CEO & Managing Director from the same date.

Mr Burjor D Nariman resigned as the Company Secretary & Head Compliance with effect from April 1, 2017. Mr Surendra Mehta was appointed as the Company Secretary & Head Compliance for an interim period from April 21, 2017 to September 25, 2017, and demitted office upon the appointment of Mr Ramaswami Kalidas with effect from September 26, 2017.

26.6 Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Leadership positions

A well-defined criteria is in place for the selection of candidates for appointment as Directors, Key Managerial Personnel and for senior leadership positions. The relevant information has been given in Annexure 'C', which forms part of the Board's Report.

26.7 Remuneration Policy for Directors

The Policy for remuneration of Directors, Key Managerial Personnel and Members of the Executive Committee (ExCo) is set out in Annexure 'D', which forms part of the Board's Report.

27. MEETINGS

27.1 Board of Directors

During the year seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

27.2 Audit Committee

The Audit Committee comprises of five members. The Chairman of the Committee is an Independent Director. The Committee met six times during the year. 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 Corporate Governance Report.

27.3 CSR Committee

The CSR Committee comprises of four members, of which three are Independent Directors. The Chairman of the Committee is an Independent Director. The Committee met twice during the reporting period. Details of the role and functioning of the Committee are given in the Corporate Governance Report.

28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has developed a Related Party Transactions Manual and Standard Operating Procedures for the purpose of identification and monitoring of Related Party transactions.

All transactions with Related Parties are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are subjected to audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for approval on a quarterly basis. The statement is supported by a certificate from the MD&CEO and the CFO.

The Policy on Related Party Transactions as approved by the Board of Directors has been placed on the Company's website at: **http://www.acclimited.com/sh/RPT.pdf** All transactions entered into with related parties during the year were on "arm's length" basis and were in the "ordinary course of business". There were no material related party transactions entered into during the year as per the Policy on Related Party Transactions approved by the Board. Accordingly, there were no transactions that were required to be reported in Form AOC 2.

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

29. RENEWAL OF AGREEMENT FOR PAYMENT OF TECHNOLOGY & KNOWHOW FEES TO HOLCIM TECHNOLOGY LTD

Members of the Company had given their consent through a postal ballot conducted in the year 2013 for entering into a Technology & Knowhow Agreement with Holcim Technology Ltd., a LafargeHolcim Group Company, for a period of five years with effect from January 1, 2013. The Technology and Knowhow fees payable for an agreed list of technical and managerial services, use of intellectual property and end-to-end solutions was initially approved @ 1 % of the net sales of the Company for each financial year for the first two years which was thereafter retained for the remaining period of three financial years untill December 31, 2017.

It is proposed to renew the Technology & Knowhow Agreement for a further period of three years effective from January 1, 2018 on the same terms and conditions except that the proposed fees shall be @1% of the net sales of the Company for each financial year or at such rate as may be determined by the Competent Authorities of India and Switzerland under the Bilateral Advance Pricing Agreement (BAPA). Applications have been filed by the Company under BAPA to confirm the arm's length rate for payment under the TKH Agreement, which applications are still pending with the concerned authorities.

Members attention is drawn to the Resolution proposing the approval for the renewal of Technology and Knowhow Agreement as aforesaid. As the transactions proposed under the aforesaid arrangement would be related party transaction, all related parties shall abstain from voting on the resolution. The Directors recommend the resolution set out in Item No. 7 of the Notice convening the Annual General Meeting.

30. MASTER SUPPLY AGREEMENT WITH AMBUJA CEMENTS LIMITED

Members of the Company have through the process of a Postal Ballot passed an Ordinary Resolution granting their approval on April 16, 2018 for the Company to enter into a Master Supply Agreement (MSA) with Ambuja Cements Limited, the holding Company for sale and purchase of material and services on a reciprocal basis for maximizing synergies between the two companies and unlock value for the shareholders of both the Companies.

The Board of Directors on April 18, 2018, have determined that the MSA shall be valid for a period of three years from the date of its execution, with either party continuing to enjoy the right to unilaterally terminate the same during the above period by serving three months prior notice.

31. TRANSFER OF EQUITY SHARES 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 set up by the Government of India, equity shares in respect of which dividend had remained unpaid/ unclaimed for a period of seven consecutive years within the time lines laid down by the MCA.

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

Complaint filed under Sections 3 and 4 of the Competition Act by the Builders Association of India against cement manufacturers - Appeal before the National Company Law Appellate Tribunal (NCLAT)

In the matter relating to the complaint filed by the Builders' Association of India for alleged violation of the provisions of Sections 3 and 4 of the Competition Act, CCI had passed an Order on June 12, 2012 imposing a penalty of 0.5 times of the profit of the Company for the year 2009 (calculated pro-rata from May 20, 2009) and for the full year 2010. For the Company the penalty amounts to ₹1147.59 crore. Thereafter, in an Appeal preferred by the Cement Manufacturers before the Competition Appellate Tribunal (COMPAT) against the Order of CCI, COMPAT remanded the matter back to CCI for a fresh hearing and adjudication. CCI on rehearing the arguments, by its Order dated August 31, 2016, once again held the cement companies and the Cement Manufacturers' Association (CMA) guilty of violation of the Sections 3(1) read with 3(3)(a) and 3(3)(b) of the Competition Act and imposed the same penalty.

The honourable National Company Law Appellate Tribunal (NCLAT), before who the matter was pending, has completed hearing the arguments of all the appellant cement manufacturers as well as the respondent CCI and its decision has been reserved.

As at December 31, 2017, the penalty amount of ₹ 1147.59 crore and interest thereon has been disclosed as a contingent liability in the Notes to Accounts.(Refer Note – 43(A)(b)).

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. In January 2017, the Competition Commission of India (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 years viz. 2012-13, 2013-14 and 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 Competition Commission of India.

As at December 31, 2017, the penalty amount of ₹35.32 crore is disclosed as a contingent liability in the Notes to Accounts.(Refer Note 43(A)(c)).

33. AUDITORS

33.1 Statutory Auditor

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) were appointed as the Statutory Auditor of the Company at the 81st Annual General Meeting held on March 29, 2017 and were assigned to hold office from the conclusion of the said Meeting till the conclusion of the 86th Annual General Meeting to be held in 2022. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditors is required to be ratified by the Members of the Company at every intervening Annual General Meeting held after the 81st Annual General Meeting. The Statutory Auditors have confirmed their eligibility for appointment as also there independent status.

Members' attention is drawn to the Resolution proposing the ratification of the appointment of Deloitte Haskins & Sells LLP as Statutory Auditors of the Company which is included at Item No. 4 of the Notice convening the Annual General Meeting. The Directors recommend the resolution for approval by the members.

33.2 Cost Auditor

M/s D C Dave & Co., Cost Accountants (Firm Registration No 30611), have been appointed as Cost Auditor of the Company for the year 2018 under Section 148 of the Companies Act 2013 read with The Companies (Cost Records and Audit) Amendment Rules 2014.

M/s D C Dave & Co have confirmed that they are free from any disqualifications as specified under Section 141 (3) and proviso to Section 148 (3) read with Section 141 (4) of the Companies Act 2013. They have further confirmed their independent status and that they have an arm's length relationship with the Company.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, Resolution seeking Members' ratification for the remuneration payable to M/s D C Dave & Co, Cost Auditor is included at item No. 6 of the notice convening the Annual General Meeting. The Directors recommend the resolution for approval by the members.

33.3 Secretarial Auditor

M/s Pramod S Shah & Associates, a firm of Company Secretaries in Practice, have been appointed to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Auditor is annexed to the Board's Report as Annexure 'E'.

34. AWARDS

During the year under review, your Company received numerous awards and felicitations conferred by reputable organizations and distinguished bodies for achievements in diverse fields such as Health & Safety, Manufacturing, Environment Management and others.

CSR & Societal Initiatives

ISC-FICCI first-ever Sanitation award for "Best Corporate Initiative in Sanitation" has been conferred by India Sanitation Coalition (ISC) and the Federation of Indian Chambers of Commerce & Industry for ACC's dedicated efforts to meet the country's Sanitation objectives.

Wadi Limestone Mines was conferred the National Mineral Development Corporation (NMDC) Social Awareness Award 2016-17 by the Federation of Indian Mineral Industries (FIMI) for significant contribution in socio-economic development of communities.

Vidyasaarathi, a CSR initiative on education, was awarded the 1st runner-up prize at the 4th National Human Resources Development Network – Birla Institute of Management Technology (NHRDN-BIMTECH) Corporate Social Responsibility Summit.

Alliance for Immunization and Health (AIH) recognized ACC's CSR Arogyam Project initiatives, at the State Level Meet held in January 2017.

ACC was conferred the prestigious '2 Good' rating by media house The Economic Times and global consultancy firm KPMG for its Corporate Social Responsibility (CSR) initiatives.

Business and Financial Reporting Excellence

ACC was conferred with the "Demand Planning and Forecasting Award 2017" in the category 'Best Use of Analytics in Demand planning and Forecasting' - Manufacturing Sector - organized by the Institute of Supply Chain Management.

ACC's Annual Report for 2016 was awarded the 'Certificate of Merit' in the 'Manufacturing Sector' category by the South Asian Federation of Accountants.

Environment & Sustainability

ACC received a memento from the Chief Minister of Chhattisgarh for the Company's innovative solution for municipal waste management as demonstrated by Company's Clean and Green CSR project at Madukkarai that is currently being replicated at Jamul.

ACC Gagal was awarded the Sustainability 4.0 Award by Frost & Sullivan & TERI, in the 'Challengers' category for Large Business.

ACC Chanda won the Golden Peacock Environment Management Award during the Institute of Directors (IOD) 19th World Congress on Environmental Management at Hyderabad.

ACC Sindri Cement Works won the Industry Champions for Sustainable Development Goals (SDGs) Awards, the first Jharkhand Corporate Social Responsibility Award.

Manufacturing

We are pleased to state that our plants, Gagal – II and Gagal – I were ranked first and Second respectively in the LafargeHolcim Group for the year 2017 in terms of the Cement Industrial Performance Report. The Lakheri Unit bagged the 14th rank based on the same criteria.

ACC Jamul won the National Award for Manufacturing Competitiveness in the Silver category from the International Research Institute for Manufacturing.

ACC Jamul has bagged the 18th National Award for Excellence in Energy Management 2017 conferred by the Confederation of Indian Industries.

A '5 Star Rating' by the Ministry of Mines, Government of India was awarded to Kymore Limestone Mines.

Logistics

Awards for "Industry Excellence in Supply Chain-Manufacturing" and "Warehouse Innovation/ Initiative of the Year" were won at the 11th Express Logistics and Supply Chain Leadership Awards 2017.

Communication

ACC won the Silver Prize in the Environmental Communication category for its Sustainable Development Report 2016 and the Bronze Prize in the Social Responsibility Communication category for Community Counts at the 57th ABCI Annual Awards.

35. ENHANCING SHAREHOLDERS VALUE

Your Company has always remained committed towards creating and enhancing shareholders' value as also the Company's long-term sustainability, through robust management processes and improved business performance. Accordingly, your Company is firmly focused in achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations. Supported by an in-depth understanding of customer values coupled with sound business acumen, your Company has constantly endeavored to identify and address the areas of concern within its value delivery process, thereby also ensuring enhanced product quality and a premium position in the market. Innovation in our products and services as well as the way in which we execute growth opportunities, have also contributed in the process of value augmentation.

Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of the Triple Bottom Line.

36. CORPORATE GOVERNANCE

The Annual Report contains a separate section on the Company's corporate governance practices, together with a certificate from the Company's Auditors confirming compliance, as per SEBI Listing Regulations.

37. BUSINESS RESPONSIBILITY REPORTING

A separate section on Business Responsibility forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI Listing Regulations. Since 2007, the Company has been publishing an annual Corporate Sustainable Development Report conforming to the guidelines of the Global Reporting Initiative. From the year 2014, these reports are based on the GRI G4 guidelines in accordance with the "Comprehensive" option, and have been externally assured.

38. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014 is provided in Annexure 'F' to the Directors' Report.

39. PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder, is enclosed as Annexure 'G' to the Board's Report.

The information in respect of employees of the Company required pursuant to Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the Companies Act 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

40. EXTRACT OF ANNUAL RETURN

Details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as Annexure 'H'.

41. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards 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

42. 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 Companies Act, 2013:

a) that in the preparation of the annual financial statements for the year ended December 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements 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, 2017, and of the profit of the Company for the year ended on that date;

c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 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; and

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.

43. ACKNOWLEDGEMENTS

The Directors gratefully acknowledge the support received by the Company from the Central and State Government Ministries and Departments, shareholders, customers, business associates, bankers, employees, trade unions and all other stakeholders.

44. CAUTIONARY STATEMENT

The Board's Report and Management Discussion & Analysis may contain certain statements describing the Company's objectives, expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company is not obliged to update any such forward-looking statement. Some important factors that could influence the Company's operations comprise of economic developments, pricing, and demand and supply conditions in global and domestic markets, changes in government regulations, tax laws, litigation and industrial relations.

For and on behalf of the Board of Directors

N S Sekhsaria
Chairman

Mumbai
April 18, 2018