

Board's Report

TO THE MEMBERS

The Board of Directors are pleased to present the Company's 86th Annual Report on business and operations, together with the audited financial statements (consolidated as well as standalone) for the year ended December 31, 2021.

1. STATE OF THE AFFAIRS OF THE COMPANY

The performance of the Cement Business and Ready Mix Concrete ('RMX') Business are detailed out in the Management Discussion and Analysis Report, which forms part of the Annual Report.

2. FINANCIAL PERFORMANCE

Particulars	Consolidated		Standalone	
	2021	2020	2021	2020
Revenue from Operations	16,151.67	13,785.98	16,151.35	13,784.54
Other Income	206.71	216.74	204.76	203.98
Total Income	16,358.38	14,002.72	16,356.11	13,988.52
Profit before Tax*	2,506.38	1,708.85	2,460.39	1,687.78
Tax Expenses	643.28	278.59	640.12	272.84
Profit for the year	1,863.10	1,430.26	1,820.27	1,414.94
Attributable to				
Owners of the Company	1,862.99	1,430.18	1,820.27	1,414.94
Non-controlling Interest	0.11	0.08	-	-
Other Comprehensive Income (OCI)	5.43	(14.58)	5.44	(14.54)
Total Comprehensive Income	1,868.53	1,415.68	1,825.71	1,400.40
Owners of the Company	1,868.42	1,415.60	1,825.71	1,400.40
Non-controlling Interest	0.11	0.08	-	-
Opening Balance in retained earnings	8,866.04	7,713.34	8,834.02	7,696.52
Amount available for appropriations	10,734.46	9,128.94	10,659.73	9,096.92
Appropriations				
Final Dividend Paid for 2020	262.90	-	262.90	-
Interim Dividend Paid for 2019	-	262.90	-	262.90
Closing balance in retained earnings	10,471.56	8,866.04	10,396.83	8,834.02

* Profit before Tax for 2021 includes charge of ₹54.76 Crore towards restructuring cost and ₹38.10 Crore towards impairment of investment (only in Standalone) and for 2020 includes charge of ₹176.01 Crore towards impairment of assets and ₹128.92 Crore towards time value of money of Government Incentives.

3. OVERVIEW OF COMPANY'S OPERATIONAL AND FINANCIAL PERFORMANCE

- Consolidated Income, comprising Revenue from Operations and other income, for the year was ₹16,358.38 Crore, 17% higher compared to ₹14,002.72 Crore in 2020
- Total consolidated Revenue from Operations increased to ₹16,151.67 Crore from ₹13,785.98 Crore in 2020
- Consolidated Profit before Tax for the year was ₹2,506.38 Crore vis-à-vis ₹1,708.85 Crore in 2020
- Consolidated Profit after Tax for the year was ₹1,863.10 Crore compared to ₹1,430.26 Crore in 2020
- No material changes or commitments have occurred between the end of the financial year and the date of this Report, which affect the Financial Statements of the Company with respect to the reporting year
- Cement production increased by 13% from 23.77 Million Tonnes in 2020 to 26.92 Million tonnes in 2021
- Cement Sales Volume increased by 13% from 25.53 Million Tonnes in 2020 to 28.89 Million tonnes in 2021

- The net sales in cement increased by 17% from ₹12,658.17 Crore in 2020 to ₹14,772.36 Crore in 2021
- RMX Production Volume has increased by 24% from 22.70 Lakh m³ in 2020 to 28.09 m³ in 2021
- RMX Sales volume increased by 24% from 22.70 Lakh m³ in 2020 to 28.09 Lakh m³ in 2021
- The net sales in RMX increased by 30% from ₹955.42 Crore in 2020 to ₹1,241.66 Crore in 2021.

4. DIVIDEND

The Board of Directors has recommended payment of dividend at a rate of ₹58/- per equity share (580%) for the year ended December 31, 2021 subject to the approval of the Members at the 86th Annual General Meeting ('AGM').

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended ('the Listing Regulations'), the Company has formulated a Dividend Distribution Policy. The policy is given in **Annexure A** to this Report.

It is also available on the Company's website and can be accessed at www.acclimited.com/assets/new/new_pdf/Dividend_Distribution_Policy.pdf

Unclaimed dividend pertaining to the 76th final dividend and the 77th interim dividend, respectively for the years December 31, 2013 and December 31, 2014 totalling to ₹6.07 Crore have been transferred to the Investor Education and Protection Fund ('IEPF') in accordance with statutory requirements.

5. TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the financial year ended December 31, 2021.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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

7. SHARE CAPITAL

The Company's paid-up equity share capital continues to stand at ₹187.79 Crore as on December 31, 2021.

During the year under review, the Company has not issued any shares or convertible securities. The Company does not have any scheme for the issue of shares, including sweat equity to its Employees or Directors.

8. FINANCIAL LIQUIDITY

Consolidated cash and cash equivalent as on December 31, 2021 stood at ₹7,366.59 Crore *vis-à-vis* ₹5,849.36 Crore in the previous year.

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

9. CREDIT RATING

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

10. DEPOSITS

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

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Financial Statements (Refer Note No. 47).

12. INTERNAL CONTROL SYSTEMS

12.1 Internal audit and its adequacy

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

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

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

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

The onset of COVID-19 pandemic and consequent lockdowns and restrictions imposed to curb its spread, made the conduct of physical audits extremely difficult. Under such challenging circumstances and considering the safety and well-being of employees, Corporate Internal Audit envisioned and adopted a 'remote audit' approach by leveraging technology to ensure continuity in audit and assurance processes. A comprehensive plan, scoping and deployment of data analytics, facilitated seamless and effective conduct of remote internal audits during the year.

12.2 Internal Controls over Financial Reporting

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

The Company has put in place robust policies and procedures, which *inter alia*, ensure integrity in conducting its business, safeguarding of its assets, timely

preparation of reliable financial information, accuracy & completeness in maintaining accounting records and prevention & detection of frauds & errors.

13. VIGIL MECHANISM/ WHISTLE-BLOWER POLICY

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

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

14. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

14.1 Subsidiaries

Bulk Cement Corporation (India) Limited ('BCCI')

During the year under review, BCCI's revenue from operations increased to ₹22.04 Crore compared to ₹18.48 Crore in 2020. The profit before tax for 2021 was ₹2.59 Crore as against ₹2.08 Crore in 2020.

ACC Mineral Resources Limited ('AMRL')

The Company had a Joint Venture with Madhya Pradesh State Mining Corporation Limited ('MPSMC') for the development of four (4) coal blocks allotted to MPSMC by the Government of India through its wholly-owned subsidiary AMRL.

Consequent upon the cancellation of the allocation of the four (4) coal blocks to MPSMC by the Government of India as per the orders of the Supreme Court passed in 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 two (2) other Subsidiary Companies viz. Lucky Minmat Limited and Singhania Minerals Private Limited. Singhania Minerals Private Limited is operational, while Lucky Minmat Limited is not operational.

14.2 Material Subsidiaries

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

The Board of Directors of the Company has approved a Policy for determining material subsidiaries in line with the Listing Regulations. The Policy has been uploaded on the Company's website and can be accessed at www.acclimited.com/assets/new/pdf/CG/Determiningmaterialsubsidiaries.pdf

14.3 Joint Ventures ('JV')/ Associate Companies

OneIndia BSC Private Limited is a JV Company with equal participation with Ambuja Cements Limited to provide back-office services to the Company with respect to routine transactional processes. During the last year, the Company migrated the back-office services to LH Global Hub Services Private Limited ('LHGH') which is the global shared services for the entire Holcim Group.

The Company also has a JV with Aakaash Manufacturing Company Private Limited for the manufacture and supply of ready-mix concrete. As on December 31, 2021, the following is the list of Associate Companies:

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

15. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements of the Company for the financial year 2021 are prepared in compliance with the applicable provisions of the Act, including Indian Accounting Standards specified under Section 133 of the Act. The audited Consolidated Financial Statements together with the Auditors' Report thereon form part of the Annual Report.

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

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

16. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

16.1 Directorate

A. Appointments/ Re-appointments

Mr Narotam S. Sekhsaria

Mr Sekhsaria was appointed as Independent Director for a period of five (5) years in the Extra-Ordinary General Meeting held on September 10, 2014 with effect from July 24, 2014.

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

In terms of Section 152 of the Act, Mr Sekhsaria, Non-Executive Non-Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on April 7, 2021.

Mr Jan Jenisch

Mr Jan Jenisch was appointed as Non-Executive Non-Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on June 13, 2018.

In terms of Section 152 of the Act, Mr Jenisch, Non-Executive Non-Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on April 7, 2021.

Mr Martin Kriegner

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

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

Mr Neeraj Akhoury

Mr Neeraj Akhoury was appointed as Non-Executive Non-Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on July 6, 2020.

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

The relevant details including profiles of Mr Martin Kriegner and Mr Neeraj Akhoury are included separately in the Notice of AGM and Report on Corporate Governance of the Company forming part of the Annual Report.

B. Cessation

There was no instance of resignation/ cessation of Directorship during the year under review.

16.2 Key Managerial Personnel ('KMP')

There is no change in the KMP of the Company during the financial year 2021 and the KMP of the Company are as under:

1. Mr Sridhar Balakrishnan (MD & CEO)
2. Mr Yatin Malhotra (Chief Financial Officer)
3. Mr Rajiv Choubey (Chief Legal Officer & Company Secretary)

16.3 Independent Directors

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

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

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar ('IICA'). Accordingly, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014 as amended, since all the Independent Directors of the Company have served as Directors for a period of not less than three (3) years on the Board of Listed Companies as on the date of inclusion of their names in the database, they are not required to undertake online proficiency self-assessment test conducted by the said Institute.

16.4 Board effectiveness

a) Familiarisation programme for Independent Directors

Over the years, the Company has developed a robust familiarisation process for the newly appointed Directors with respect to their roles and responsibilities, way ahead of the prescription of the regulatory provisions. The process has been aligned with the requirements under the Act and other related regulations. This process *inter alia* includes providing an overview of the cement industry, the Company's business model, the risks and opportunities, the new products, innovation, sustainability measures, digitisation measures etc.

Details of the familiarisation programme are explained in the Report on Corporate Governance and are also available on the Company's website and can be accessed at www.acclimited.com/assets/new/pdf/CG/Familiarization-Programme-for-Independent-Directors.pdf

b) Formal annual evaluation

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

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

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

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

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

17. NUMBER OF MEETINGS OF THE BOARD & ITS COMMITTEES

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

During the year, seven (7) Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance, which forms part of the Annual Report.

The Company has the following seven (7) Board-level Committees, which have been established in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

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

* Corporate Social Responsibility (CSR) & Sustainability Committee is split into two (2) separate Committees i.e. CSR Committee and Sustainability Committee with effect from January 1, 2022.

The Committee meetings were held during the year, including Audit Committee and Stakeholders' Relationship Committee Meetings, which met six (6) and three (3) times, respectively during the year. The details with respect to the composition, terms of reference, number of meetings held, etc. of these Committees are included in the Report on Corporate Governance, which forms part of the Annual Report.

18. AUDIT COMMITTEE

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

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

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

19. CORPORATE SOCIAL RESPONSIBILITY ('CSR') COMMITTEE

The CSR & Sustainability Committee is split into two (2) separate Committees i.e. CSR Committee and Sustainability Committee with effect from January 1, 2022.

The CSR Committee comprises of four (4) members of which two (2) are Independent Directors. The Committee is chaired by Mr Haribhakti (Independent Director). During the year under review, the other members of the Committee were Ms Nayar (Independent Director), Mr Akhoury (Non-Executive Director) and Mr Balakrishnan (MD & CEO). The Committee met thrice (3) during the reporting period. Details of the role and functioning of the Committee are given in the Report on Corporate Governance, which forms part of the Annual Report.

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

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

20. RISK MANAGEMENT FRAMEWORK

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the

business plan, which *inter alia* includes a well-structured Business Risk Management process. To systematically identify risks and opportunities and monitor their movement, a heat map has been designed comprising two (2) parameters:

- a) likelihood of the event and
- b) the impact it is expected to have on the Company's operations and performance.

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

The detailed section on key business risks and opportunities forms part of the Integrated Report, which forms part of the Annual Report.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

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

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

The policy on RPTs as approved by the Board of Directors has been uploaded on the Company's website and can be accessed at <https://acclimited.com/assets/new/pdf/CG/Related-Party-Transactions-Policy-20210824.pdf>

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

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

22. TRANSFER OF EQUITY SHARES UNPAID/ UNCLAIMED DIVIDEND TO THE IEPF

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

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

Builders Association of India complaint under the provisions of the Competition Act, 2002 against the cement manufacturers – Order of the Supreme Court of India in Appeal

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

The National Company Law Appellate Tribunal ('NCLAT') dismissed the appeal of the Company dated July 25, 2018 upholding the levy of penalty of ₹1,147.59 Crore as imposed by the CCI vide its order dated August 31, 2016.

The Company preferred an appeal before the Hon'ble Supreme Court against the above order of NCLAT. The Hon'ble Supreme Court vide its order dated October 5, 2018 has admitted the Company's Civil Appeal and ordered for continuance of the interim orders passed by NCLAT towards stay of the demand subject to deposit of 10% of the penalty amount. The matter is currently subjudice and as on December 31, 2021, the penalty amount of ₹1,147.59 Crore and interest thereon has been disclosed as a contingent liability in the Notes to Financial Statements [Refer Note 40(A)(a)].

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

The Director, Supplies & Disposals, State of Haryana had filed a complaint before CCI alleging collusion and bid rigging by cement manufacturers in violation of Section 3(1) and Section 3(3)(d) of the Competition Act, 2002. In January 2017, the CCI passed an order against seven (7) cement manufacturers, including the Company imposing a penalty calculated at the rate of 0.3% of the average turnover of the last three (3) years from financial year 2012-13 to financial year 2014-15. In respect of the Company, the amount of penalty works out to ₹35.32 Crore.

An appeal is pending before NCLAT in the said matter against the orders of the CCI. In the intervening period,

there was no progress due to Covid related lockdowns and limited virtual functioning. As on December 31, 2021, the penalty amount of ₹35.32 Crore is disclosed as a contingent liability in the Notes to Financial Statements [Refer Note 40(A)(b)]. There are no further developments during the year under review in respect of the above cases.

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

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

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

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

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

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

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

25. AUDITORS

25.1 Statutory Auditor

M/s Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/ W-100018) were appointed as Statutory Auditor of the Company at the 81st AGM held on March 29, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 86th AGM to be held in the year 2022. The term of office of M/s Deloitte Haskins & Sells LLP, as Statutory Auditors of the Company will conclude from the close of the forthcoming AGM of the Company.

The Board of Directors of the Company at its meeting held on February 9, 2022 appointed M/s S R B C & Co. LLP, Chartered Accountants (ICAI Firm Registration Number 324982E/ E300003) as the Statutory Auditor of the Company to hold office from the conclusion of the 86th AGM till the conclusion of the 91st AGM to be held in the year 2027 based on the recommendation of the Audit Committee and subject to the approval of the shareholders at the ensuing 86th AGM. The Statutory Auditors have confirmed their independent status and eligibility for the said appointment.

The Shareholders' attention is drawn to a Resolution proposing the appointment of M/s S R B C & Co. LLP as Statutory Auditors of the Company which is included at Item No. 5 of the Notice convening the 86th AGM.

25.2 Cost Auditor

The cost accounts and records are required to be maintained under Section 148(1) of the Act. They are duly made and maintained by the Company. In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014, the Board of Directors of the Company has on the recommendation of the Audit Committee appointed M/s D. C. Dave & Co., Cost Accountants, Mumbai (Firm Registration No. 000611), to conduct the cost audit of the Company for the financial year ending December 31, 2022, at a remuneration as mentioned in the Notice convening the 86th AGM.

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

M/s D. C. Dave & Co. have confirmed the cost records for the financial year ended December 31, 2020 are free from any disqualifications as specified under Section 141 (3) and proviso to Section 148(3) read with Section 141(4) of the Act. They have further confirmed their independent status.

25.3 Secretarial Auditor and Secretarial Audit Report

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s Mehta & Mehta, Company Secretaries in Practice, Mumbai, as the Secretarial Auditor for conducting Secretarial Audit of the Company for the financial year ended December 31, 2021.

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

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

There are no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of the financial year for the Company, i.e. December 31, 2021 and the date of this Board's Report, i.e. February 9, 2022.

27. AWARDS AND RECOGNITIONS

In 2021, the Company committed to Net Zero Pledge by signing the Business Ambition 1.5° C. ACC has also validated its CO₂ emission reduction targets under Science Based Target Initiative (SBTi) under well below 2° C scenario. ACC is the first Indian Cement Company to have both of these.

ACC has also been recognised for demonstrating leadership in climate change efforts by global environmental non-profit CDP, securing a place on its prestigious 'A List' for its climate change disclosure. ACC has also received B rating by CDP in Water disclosure for which the Company participated for the first time.

ACC has scored 73 in Dow Jones Sustainability Index and is among the top 15 companies across construction material sector globally.

28. ENHANCING SHAREHOLDER VALUE

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

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

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

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

29. CORPORATE GOVERNANCE

The Board of Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The compliance report together with a certificate from the Company's

auditors confirming the compliance is provided in the Report on Corporate Governance, which forms part of the Annual Report.

30. BUSINESS RESPONSIBILITY REPORTING

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

31. PARTICULARS OF EMPLOYEES

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

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

32. REPORTING OF FRAUDS BY AUDITORS

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

33. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the draft of the Annual Return of the Company for the financial year December 31, 2021 is uploaded on the website of the Company and can be accessed at www.acclimited.com

34. COMPLIANCE WITH SECRETARIAL STANDARDS

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

35. STATUTORY DISCLOSURES

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

A. Conservation of energy

A1. Power cost optimisation

During the year, efforts were made to reduce the impact of increasing electrical energy cost by partly replacing grid power through consumption of Open Access ('OA') power from comparatively cheaper sources. The plants which actively participated in OA procurement of power were Kudithini, Thondebhavi, Galgal, Madukkarai, Wadi and Bargarh. Overall purchase of power from OA has resulted in a saving of ~₹5.7 Crore.

In addition, the Waste Heat Recovery System (WHRS) at Galgal generated ~48.7 Million units for internal consumption in place of grid power.

A2. Renewable power obligation

Your Company is putting all efforts to increase the share of Renewable Energy.

The captive wind power generation from Tamil Nadu and Rajathan wind farms contributed considerably in this front. This has resulted in a saving of ~₹1 Crore on account of RPO cash outgo. Besides this, the Company sourced Solar power at Thondebhavi, Kudithini and Wadi and Non Solar power at Thondebhavi to fulfill the Solar RPO and partly Non Solar RPO. This resulted in savings in total cash outgo of ~₹12.7 Crore.

Following energy conservation and efficiency improvement measures were undertaken in various areas of the cement manufacturing and Captive Power Plants ('CPPs'), through Operational and Capex measures. A few highlights are as under:

- Energy efficiency improvement through installation of efficient equipment such as fans, blowers, compressors and motors across all ACC plants;
- Conduction of mandatory energy audits and identification of energy conservation projects;

- Implementation of projects identified as part of Mandatory Energy audits;
- Focus on Productivity Rate Index ('PRI') improvement through Computational Fluid Dynamics ('CFD') studies and through other inhouse modification at Jamul, Wadi, Kymore and Madukkarai, Tikarai;
- Installation of medium voltage variable frequency drives ('MVVFD') and low;
- voltage variable frequency drives ('LVVFD') for process fans across all ACC plants.

Some of the additional proposals being implemented for further conservation of energy

- Installation of variable frequency drives and high efficiency fans, across ACC plants;
- Conducting CFD Study for modification of cyclones at Bargarh;
- Installation of active Volt-ampere reactive ('VAR') compensation for 132kV substation at Bargarh;
- Reduction of Preheater pressure drop through enlargement of kiln inlet neck and reduction of pressure drop across V-separator of Roller Press ('RP');
- Improve the Raw mill PRI by improving feeding and increasing the roller grinding pressure at Jamul at Jamul;
- Installation of new design cooler plates at Wadi.

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

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

The capital investment on energy conservation equipment

Your Company invested ~₹378.5 Crore on productivity/ efficiency improvement, besides implementation low-cost measures to reduce energy consumption.

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

Besides the use of Renewable Energy (Solar and Non-Solar), your Company utilised 0.3 Million tonnes of Alternative Fuels during the cement manufacture.

B. Technology Absorption

Research and Development (R&D)

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

- Conservation of resources through maximisation of the use of low-grade limestone for cement manufacturing, improvement in the quality of blended cement through innovative process utilising industrial by-products for improved quality and performance of ACC plants;
- Maximisation of industrial wastes utilisation and looking into possibilities of environmentally friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources;
- Optimisation of fuel mix for lowering the cost;
- Effective replacement of the costlier natural Gypsum by other form of gypsum and byproducts without affecting the quality of cement;
- Productivity research for increased efficiency in use of resources development of application oriented cements with decreased CO₂ emissions;
- Development of Integral waterproofing Compound;
- Development of cement based niche products like water repellent and self-curing Dry Mix Mortar, thin bed jointing mortar, plasters, tile adhesives range;
- Development of Concrete Admixture for ACC RMX.

2. Benefits derived as result of above R&D

- Effective use of marginal quality raw materials and fuels with improved clinker quality;
- Reduction in raw material cost—gypsum and mineral components;
- Launch of special high-performance products like F2R, Concrete+, ACC Gold for specific market segments/ market climatic conditions;
- Launch of Leak Block—an integral waterproofing compound/ dry-mix mortars for plasters, tile fixing, thin-bed jointing for blocks;

- e) Increased absorption of blending materials like fly ash and slags in blended cements;
- f) Fuel efficiency;
- g) Reduction in special power consumption for grinding;
- h) ACC Concrete admixture project resulted in cost savings on admixture buying cost with a consistent quality.

3. Plan of action

- a) Development of application oriented cement focusing customer pain points with reduced carbon footprint;
- b) Development of cement-based niche products;
- c) Exploratory research works on the above specified areas;
- d) Maximisation of use of waste/byproducts in cement manufacture as alternative materials;
- e) Improve product quality particularly with respect to long-term durability and reduction in cost of manufacture;
- f) Implementing & developing complete range of concrete admixture for ACC RMX to maximise the potential for quality & cost.

4. Expenditure on R&D

	₹ Crore
a) Capital	Nil
b) Recurring (Gross)	0.63
c) Total	0.63
d) Total R&D expenditure as percentage of total turnover	-

C. Foreign Exchange Earnings and Outgo

	₹ Crore
Foreign Exchange earned	4.19
Foreign exchange outgo	473.87

36. OTHER DISCLOSURES

- 36.1 There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.
- 36.2 The Company has not issued any shares with differential voting rights/ sweat equity shares.
- 36.3 There was no revision in the Financial Statements.

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

36.5 There are no proceedings, either filed by ACC or filed against ACC, pending under the Insolvency and Bankruptcy Code, 2016 as amended, before National Company Law Tribunal or other courts during the year 2021.

36.6 Prevention of Sexual Harassment of Women at the Workplace

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

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

The Company has constituted of Internal Complaints Committee ('ICC') under the POSH and has complied with the provisions relating to the same. The ICC has been set up comprising four (4) female employees of whom one female employee (1) is the Chairperson of the ICC and two (2) male employees of whom one (1) is the secretary of the ICC. There are two (2) external Members on the Committee who are specialists in dealing with such matters. The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their female colleagues at workplace. The Company also conducted an E-learning programme for employees to cover various aspects of the subject matter. Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Particulars	Numbers
Number of complaints pending as on the beginning of the financial year	1
Number of complaints filed during the financial year	0
Number of complaints pending as on the end of the financial year	0

37. DIRECTORS' RESPONSIBILITY STATEMENT

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

- that in the preparation of the annual Financial Statements for the year ended December 31, 2021, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.
- that such accounting policies as mentioned in Note 1 of the Notes to the Accounts have been selected and applied consistently and judgement 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, 2021, and of the profit of the Company for the year ended on that date.
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.
- that the annual accounts have been prepared on a going concern basis.
- 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.
- that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

38. INTEGRATED REPORTING

For the fourth (4th) year, the Company has drawn up an Integrated Report, which encompasses both financial and non-financial information to enable Members to have a more holistic understanding of the Company's long-term perspective. This year, the Integrated Reporting is more robust than before and details such as the organisation's strategy, governance framework,

performance and prospects of value creation based on the six (6) forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social & relationship capital and natural capital have been added. The Integrated Report for the year 2021 is presented in a separate section, forming part of the Annual Report and also hosted on the Company's website www.acclimited.com

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

39. ACKNOWLEDGEMENTS

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

40. CAUTIONARY STATEMENT

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

**For and on behalf of the Board of Directors
For ACC Limited**

N S Sekhsaria
Chairman

Mumbai
February 9, 2022

Annexure ‘A’ to the Board’s Report

DIVIDEND DISTRIBUTION POLICY

This Policy is called “ACC Limited – Dividend Distribution Policy” (hereinafter referred to as **“the Policy”**). The Policy is framed pursuant to Regulation 43A of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015 for the time being in force. The Policy shall come into effect from the receipt of the Board’s approval (Effective Date).

The Policy lays down the broad criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared keeping in mind the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company. The policy serves as a guideline for the Board of Directors and the decision of the Board of Directors with respect to the amount of dividend declared for any given period will be final and shall not be open to challenge by any person on the basis of the Policy.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value ₹10 each. The Company currently has no other class of shares. Dividend other than interim dividend shall be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board of Directors has the authority to declare interim dividend.

Subject to the provisions of the applicable law, the Company’s dividend payout will be determined based on available financial resources, growth/ investment requirements and fair shareholder return. The Company will broadly take into consideration the following financial parameters and/ or internal and external factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared.

INTERNAL FACTORS

- Profits earned during the financial year and the retained profits of the previous years in accordance with the provisions of Section 123 and other applicable provisions of the Companies Act, 2013 read with rules framed thereunder;
- Cash flow position of the Company and the debt: equity ratio;
- Projections with regard to the performance of the Company;
- Fund requirement to finance Capital Expenditure;
- Fund requirement to finance any organic/ inorganic growth opportunities or to finance working capital needs of the Company;
- Opportunities for investment of the funds of the Company to capture future growth;
- Dividend payout history.

EXTERNAL FACTORS

- Business cycles and long-term/ short-term Industry outlook;
- Cost of external financing;
- Changes in the Government policies, rate of inflation and taxes structure etc.;
- Quantum of dividend payout by other comparable concerns etc.

The Company may recommend additional special dividend in special circumstances.

In the event of a loss or inadequacy of profits in a given year, Company may, taking into consideration the shareholder expectations, past dividend payout history etc., declare payment of dividend out of its reserves as may be permitted by the law.

Likewise, in the event of challenging circumstances such as adverse economic cycles and industry projections, the performance of the Company in the coming years, pressure on cash flow on account of various factors such as higher working capital requirements, etc., the Company may, decide not to declare a dividend even when in a given year, the Company had generated profits.

In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the Company, if any, are being utilised shall be disclosed to the Members in the Board’s Report forming part of the Annual Report of the Company for the given financial year.

The Chief Executive Officer & Managing Director and the Chief Financial Officer, considering various internal and external factors and the overall performance of the Company, shall jointly make a recommendation to the Board of Directors with regard to whether or not to declare a dividend and in case a dividend is recommended, the quantum of dividend to be declared.

The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure, and for the purpose of any organic and/ or inorganic growth;
- Declaration of dividend;
- Issue of Bonus shares or buy back of shares;
- Other permissible usage as per the Companies Act, 2013.

The policy may be modified as may, in the opinion of the Board of Directors be deemed necessary.

The Policy will be available on the Company’s website at www.acclimited.com and will also be disclosed in the Company’s Annual Report.

For and on behalf of the Board of Directors
For ACC Limited

Mumbai
February 9, 2022

N S Sekhsaria
Chairman

Annexure 'B' to the Board's Report

POLICY FOR REMUNERATION OF DIRECTORS, KMP AND MEMBERS OF THE EXECUTIVE COMMITTEE

Remuneration Philosophy

The collective responsibility of the Board of Directors is the guiding principle in determining the compensation for Non-Executive Directors, whilst at the same time recognising and adequately compensating the Chairman of the Board of Directors, the Chairman of the Audit Committee and Members of the Audit Committee and Compliance Committee for the additional responsibilities shouldered by them. The Chairman of the Board is required to provide leadership and balance conflicts of interest, if any, so that decisions are taken in the best interests of the Company and to ensure highest standards of governance. Likewise, the Members of the Audit Committee and the Compliance Committee have the onerous responsibility to respectively ensure adequacy of internal controls, robustness of financial policies and accounting/ principles and compliance with applicable laws. The Members of the Audit Committee and the Compliance Committee and particularly the Chairman of the Audit Committee is required to spend considerable time for providing guidance to the Management in dealing with major issues.

Remuneration

The remuneration of the Non-Executive Directors is determined within the limits prescribed under Section 197 read with the rules framed thereunder and Schedule V to the Companies Act, 2013 (hereinafter collectively referred to as '**the Act**') and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as '**SEBI Regulations**').

The Non-Executive Directors of the Company receive remuneration by way of sitting fees for attending the Board/ Committee Meetings and commission as detailed hereunder:

- i. sitting fees for each meeting of the Board or Committee of the Board attended by the Director, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act;
- ii. subject to the approval of the Members in General Meeting, payment of commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Nomination & Remuneration Committee, subject to the ceiling prescribed under the Act. Pursuant thereto, the total commission payable to the Directors shall not exceed 1% of the net profit of the Company;
- iii. the commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board;
- iv. the Nomination & Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility;
- v. in determining the quantum of commission payable to the Directors, the Nomination & Remuneration Committee shall make its recommendation after taking into consideration the overall performance of the Company and having regard to the onerous responsibilities required to be shouldered by the Director etc.;
- vi. the Nomination & Remuneration Committee may recommend to the Board, for the payment of an additional commission to those Directors who are Members on the Audit Committee and the Compliance Committee of the Board, subject to a ceiling on the total commission payable as may be decided;
- vii. in addition to the remuneration paid under Clause (ii) and (vi) above, the Chairman of the Audit Committee shall be paid an additional commission, as may be recommended to the Board by the Nomination & Remuneration Committee;
- viii. the commission shall be payable on a pro rata basis to those Directors who occupy office for part of the year;
- ix. the Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

The CSR Committee has decided not to accept any sitting fees and pursuant thereto, no sitting fees are paid to the Members of the CSR Committee for attending CSR Committee Meetings.

Remuneration Policy for the Chief Executive Officer & Managing Director (CEO & MD) and Executive Committee Members

The Company's compensation philosophy for the CEO & MD and the Executive Committee Members is broadly guided by the fact that the Company gains a competitive advantage in attracting, retaining and motivating talent. This can be ensured by providing a remuneration structure which when benchmarked with comparable companies within the industry/ sector compares favourably so as to attract talent. At the same time the reward proposition is linked to the overall company's performance, individual performance, employee's potential, criticality of the function and its importance for achieving a competitive advantage in business.

Remuneration Policy for the CEO & MD

- i. The CEO & MD shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the CEO & MD, within the overall limits prescribed under the Act.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.

- iii. The remuneration of the CEO & MD shall be broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus and other long-term incentives.
- iv. In determining the remuneration the Nomination & Remuneration Committee shall consider the following:
 - a) the relationship between remuneration and performance;
 - b) balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals;
 - c) responsibility required to be shouldered by the CEO & MD, the industry benchmarks and current trends;
 - d) the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs/ KPIs;
 - e) in keeping with best industry practices, to ensure that the remuneration is competitive and that it compares favourably with the Industry.

Remuneration Policy for the KMP and the Executive Committee Members

- i. In determining the remuneration of the KMP (KMP) and Executive Committee Members, the Nomination & Remuneration Committee shall consider the following:
 - a) the relationship between remuneration and performance;
 - b) the balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals;
 - c) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - d) the remuneration including annual increment and performance bonus, is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/ KPIs, industry benchmarks and current compensation trends in the market.
- ii. The CEO & MD will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned hereinabove, whilst recommending the annual increment and performance incentive to the Nomination & Remuneration Committee for its review.

CRITERIA FOR SELECTION OF CANDIDATES FOR APPOINTMENT AS DIRECTORS, KMP AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Nomination & Remuneration Committee plays an important role in ensuring that there is a formal and transparent process for appointment to the Board of Directors and is, *inter alia*, responsible for identifying potential candidates for appointment as Directors. The Committee takes into account the Board's existing composition *vis-à-vis* the need to have a broad based and diverse Board commensurate with the size and complexity of the Company's operations. This ensures that the Company gets the maximum benefits from the contributions and deliberations of an accomplished and diverse group of individuals and professionals, that issues are discussed from different angles fostering creativity in the Board's decision-making process as well as provide for comprehensive strategic planning and effective risk management at the highest level.

Some of the important criteria considered by the Nomination & Remuneration Committee in identifying candidates for appointment as Directors are:

- a) selection of candidates from a wide cross section of industries and professional backgrounds, qualifications, expertise and experience of the candidate, their domain and functional knowledge in the fields of manufacturing, marketing, finance, taxation, law, governance and general management so as to enable the Board to discharge its function and duties effectively;
- b) in case of recommendation for appointment of Independent Directors, the Nomination & Remuneration Committee shall also satisfy itself with regard to the independent nature of the Director *vis-à-vis* the Company;
- c) the candidates identified for appointment as Directors should not be disqualified for appointment under Section 164 of the Act;
- d) the following attributes/ criteria will be considered whilst recommending the candidature for appointment as Director:
 - i. age of the candidate;
 - ii. integrity of the candidate;
 - iii. personal, Professional or Business Standing;
 - iv. diversity of the Board;
 - v. positive attributes of the candidate;
 - vi. in case of re-appointment of Non-Executive Directors, the Nomination & Remuneration Committee whilst making its recommendation to the Board of Directors, shall take into consideration the performance evaluation of the Director and his engagement level.

The Nomination & Remuneration Committee shall meet potential candidates to assess their level of competence, experience and their personal and other positive attributes before making its recommendation to the Board.

For the purpose of assessing the attributes of the candidate, the Committee shall, *inter alia*, take into consideration whether the candidate demonstrates:

- high standards of ethical behaviour;
- positive disposition, good interpersonal and communication skills;
- ability to think independently without being influenced by extraneous circumstances or consideration;
- capability to act with reasonable care, in good faith and in the best interests of the Company and its stakeholders;
- ability to devote time and attention for the business and governance of the Company;
- refrain from situations that may have a direct or indirect conflict of interest with those of the Company;
- acceptance to abide by the Company's Code of Business Conduct.

The Board of Directors (including the Nomination & Remuneration Committee) periodically review vacancies likely to occur on the completion of the tenure of Non-Executive Directors for timely filling of such vacancies.

In the selection of the CEO & MD, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise and experience, domain and functional knowledge required for such office and who demonstrate positive attributes as explained above. The ability of the candidate to adapt to the organisational culture and ethos are also considered. The Committee also ensures that the identified candidate is not disqualified for appointment as a Director. In this regard, the Committee also takes into consideration the recommendations received from any Member of the Committee/ Board of Directors. In case of appointment of persons to the Executive Committee, the Nomination & Remuneration Committee considers the recommendation of the CEO & MD in this regard, who shall base his recommendation on the assessment of the qualifications, expertise and experience functional knowledge and skills of the candidate, his/ her positive attributes and the ability and agility of the candidate to adapt to the overall organisational culture and ethos.

For and on behalf of the Board of Directors
For ACC Limited

N S Sekhsaria
Chairman

Mumbai
February 9, 2022

Annexure 'C' to the Board's Report

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY ('CSR') ACTIVITIES OF THE COMPANY

1. A brief outline on CSR Policy of the Company:

CSR Policy Statement

Our vision is to be one of the most respected companies in India, delivering superior and sustainable value to all our customers, business partners, shareholders, employees and host communities.

Our CSR initiatives focus on the holistic development of our host communities while creating social, environmental and economic value to the society.

To pursue these objectives, we will continue to:

- Uphold and promote the principles of inclusive growth and equitable development;
- Devise and implement Community Development Plans based on the needs and priorities of our host communities and measure the effectiveness of such development programmes;
- Work actively in the areas of livelihood advancement, Enhancement employability and Income Generation, Improving Quality and reach of Education, Promoting Health and Sanitation, Conserving the Environment and supporting local Sports, Arts and Culture;
- Collaborate with the like-minded bodies such as Governments, Civil Society Organisations and Academic Institutions in pursuit of our Goals;
- Interact regularly with stakeholders, review and publicly report our CSR initiatives.

2. Composition of the CSR committee:

Sl. No.	Name of Director	Designation/ Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr Shailesh Haribhakti	Chairman, Independent Director	3	3
2.	Ms Falguni Nayar	Member, Independent Director	3	2
3.	Mr Neeraj Akhoury	Member, Non-Executive Non-Independent Director	3	3
4.	Mr Sridhar Balakrishnan	Member, Managing Director and Chief Executive Officer	3	3

3. Provide the web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the Board are disclosed on the website of the Company:

<https://www.acclimited.com/about/board-committees>

https://acclimited.com/assets/new/new_pdf/CSR-Policy.pdf

<https://www.acclimited.com/assets/new/pdf/CG/CSR Projects approved by the Board 2021>

4. Provide the details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable (attach the report):

Impact assessment study has been initiated in the month of December, 2021 and is currently in progress.

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any:

Sl. No.	Financial Year	Amount available for set off from preceding financial years	Amount required to be set off for the financial year, if any
		Not Applicable	

6. Average net profit of the Company as per Section 135(5): ₹1,771.98 Crore

7. (a) Two percent of average net profit of the Company as per Section 135(5): ₹35.44 Crore

(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years: Nil

(c) Amount required to be set off for the financial year, if any: Nil

(d) Total CSR obligation for the financial year (7a+7b-7c): ₹35.44 Crore

8. (a) CSR amount spent or unspent for the financial year: ₹35.95 Crore (Spent)

Total Amount Spent for the Financial Year (₹ Crore)	Amount Unspent (₹ Crore)			
	Total Amount transferred to Unspent CSR Account as per Section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to Section 135(5)	
	Amount	Date of transfer	Name of the Fund	Date of transfer
35.95	NA	NA	NA	NA

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)			(6)	(7)	(8)	(9)	(10)	(11)							
Location of the project																			
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (₹ Crore)	Amount spent in the current financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Crore)	Mode of Implementation – Direct (Yes/No)	CSR Registration number	Name							
1.	ACC DISHA	Youth Employability (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	3.47	3.47	NA	Both	Direct and through implementing agency	ACC Trust (CSR00002142)	Head Held High Foundation (CSR00000919)	Mahashakti Foundation(CSR00002561)	American India Foundation (CSR00001977)	DILASA Janvikas Pratishthan (CSR 0000000098)	ALIG Society (CSR000000778)	Centre for Total Development (CSR00003712)	LOKA KALYAN PARISHAD (CSR000004267)	Mahatma Gandhi Samekit vikas evam shikshan sansthan (CSR00004433)
2.	ACC- LEISA	Sustainable Agriculture (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	4.56	4.56	4.56	Both	Direct and through implementing agency									

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	
				Location of the project							
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (₹ Crore)	Amount spent in the current financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Crore)	Mode of Implementation – Direct (Yes/ No)	CSR Registration number
3.	ACC - Swavlamban	Women Empowerment (Schedule VII – (iii) Promoting gender, equality, empowering women, setting up homes and hostels for women and orphans; setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	2.27	2.27	2.27	Both Direct and through implementing agency	Forum For Rural Development (CSR00004360) UDYOGINI (CSR00001487) Manav Jeevan Vikas Samiti (CSR00010810) Naad Gunjan Kala Parishad (CSR00004150) Jan Mangal Sansthan (CSR00005106)	
4.	ACC Vidya Utkarsh	Quality Education (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	4.49	4.49	4.49	Both Direct and through implementing agency	MYRADA (Mysore Resettlement And Development Agency) (CSR00001099) Rural Development Org. Trust (CSR00001452) Development Association – for Human Advancement – DEHAT (CSR00001181) Baba Shri Gurubachan Educational Social and Welfare Society (CSR00004369) Jan Sevak Samiti (CSR00018176) Janki Foundation (CSR00007303) Ranthambhore Seva Sansthan (CSR00003704)	
5.	ACC Vidya Saarthi	Scholarship and support (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	1.81	1.81	1.81	Both Direct and through implementing agency		

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)
				Location of the project							
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (₹ Crore)	Amount spent in the current financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Crore)	Mode of Implementation – Direct (Yes/ No)	CSR Registration number
6.	ACC-Arogyam	Health (Schedule VII – (i) Eradicating hunger poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	12.19	12.19			Both Direct and through implementing agency	
7.	ACC - Sampoon Swachhata	Sanitation (Schedule VII – (i) Eradicating hunger poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	3.10	3.10			Both Direct and through implementing agency	
8.	ACC Samrakshit Paryavaran	Conservation of Environment (Schedule VII – (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;)	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)	Ongoing	1.41	1.41			Both Direct and through implementing agency	

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)		
				Location of the project								
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/No)	State	District	Project duration	Amount allocated for the project (₹ Crore)	Amount spent in the current financial Year (₹ Crore)	Amount transferred to Unspent CSR Account for the project as per Section 135(6) (₹ Crore)	Mode of Implementation – Direct (Yes/ No)	Mode of Implementation – Through Implementing Agency	CSR Registration number
9.	ACC -Drona	Promoting Local, Arts and Culture (Schedule VII – (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports) (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts;	Yes	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulla (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu)		Ongoing	0.95	0.95		Both Direct and through implementing agency		
Total							34.25	34.25				

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	State	District	Mode of implementation – Direct (Yes/ No)	Mode of implementation – Through implementing agency

(d) Amount spent in Administrative Overheads: ₹1.56 Crore

(e) Amount spent on Impact Assessment, if applicable: ₹0.14 Crore

(f) Total amount spent for the Financial Year (8b+8c+8d+8e): ₹35.95 Crore

(g) Excess amount for set off, if any:

Sl. No.	Particular	Amount (₹ Crore)
(i)	Two percent of average net profit of the Company as per Section 135(5)	35.44
(ii)	Total amount spent for the Financial Year	35.95
(iii)	Excess amount spent for the financial year [(ii)-(i)]	0.51
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	Not Applicable
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	Not Applicable

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under Section 135 (6) (₹ Crore)	Amount spent in the reporting Financial Year (₹ Crore)	Amount transferred to any fund specified under Schedule VII as per Section 135(6), if any			Amount remaining to be spent in succeeding financial years (₹ Crore)
				Name of the Fund	Amount (₹ Crore)	Date of transfer	
				NIL			

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project (₹ Crore)	Amount spent on the project in the reporting Financial Year (₹ Crore)	Cumulative amount spent at the end of reporting Financial Year. (₹ Crore)	Status of the project – Completed/ Ongoing
Not Applicable								

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details): **Not Applicable**

(a) Date of creation or acquisition of the capital asset(s):

(b) Amount of CSR spent for creation or acquisition of capital asset:

(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.:

(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset):

11. Specify the reason(s), if the Company has failed to spend two per cent of the average net profit as per Section 135(5): **Not Applicable**

Sridhar Balakrishnan
MD & CEO

Shailesh V. Haribhakti
Chairman, CSR Committee

Yatin Malhotra
CFO

Annexure 'D' to the Board's Report

FORM NO. AOC-2

January-December 2021

Particulars of contracts/ arrangements made with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/ arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended December 31, 2021, which are not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangements or transactions at arm's length basis for the year ended December 31, 2021 are as follows:

Name of the Related Party	Nature of Relationship	Duration of Contract	Salient Terms	Amount (₹ Crore)
Nature of Contract				
Purchase of Goods				
Ambuja Cements Limited	Holding Company	January 1, 2021 – December 31, 2021	Based on Transfer Pricing Guidelines	889.37
Sale of Goods				
Ambuja Cements Limited	Holding Company	January 1, 2021 – December 31, 2021	Based on Transfer Pricing Guidelines	477.44
Receiving of Services				
Ambuja Cements Limited	Holding Company	January 1, 2021 – December 31, 2021	Based on Transfer Pricing Guidelines	46.97
Rendering of Services				
Ambuja Cements Limited	Holding Company	January 1, 2021 – December 31, 2021	Based on Transfer Pricing Guidelines	69.17
Use of Technology and Knowhow				
Holcim Technology Limited	Fellow Subsidiary	January 1, 2021 – December 31, 2021	Based on Transfer Pricing Guidelines	154.51
Total				1637.46

The transactions mentioned above are not material as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. However, the same are disclosed under AOC-2 as a matter of good corporate governance practice.

For and on behalf of the Board of Directors
For ACC Limited

N S Sekhsaria
Chairman

Mumbai
February 9, 2022

Annexure 'E' to the Board's Report

FORM MR-3 SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2021

[Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
ACC LIMITED
Cement House, 121, Maharshi Karve Road,
Mumbai – 400 020

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ACC Limited (hereinafter called "the Company"). Secretarial audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/ statutory compliance and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on December 31, 2021, complied with the statutory provisions listed here under and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on December 31, 2021, according to the provisions of:

- (i) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws Framed there under;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(during the period under review not applicable to the Company);**
- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(during the period under review not applicable to the Company);**
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(during the period under review not applicable to the Company);**
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(during the period under review not applicable to the Company);**
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(during the period under review not applicable to the Company);**
- (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(during the period under review not applicable to the Company);**
- (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(during the period under review not applicable to the Company);**

We have examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards issued by the Institute of Company Secretaries of India;
- (ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notices are given to all Directors to schedule the Board/ Committee Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the Company had the following specific events/ actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- The shareholders of the Company at their Annual General Meeting held on April 7, 2021 had approved a final dividend of ₹14/- per equity share of face value ₹10/- each for the financial year ended December 31, 2020.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta

Partner

FCS No.: 3667

CP No.: 23905

Place: Mumbai

UDIN: F003667C002478911

Date: February 9, 2022

Note: This report is to be read with our letter of even date which is annexed as 'ANNEXURE A' to MR-3 and forms an integral part of this report.

Annexure A to MR-3

To,
The Members,
ACC LIMITED
Cement House, 121, Maharshi Karve Road,
Mumbai – 400 020

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in our Secretarial Audit Report in Form MR-3 the adherence and compliance to the requirements of the said regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta,**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner

FCS No.: 3667

CP No.: 23905

Place: Mumbai
Date: February 9, 2022

UDIN: F003667C002478911

Annexure 'F' to the Board's Report

INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 AS AMENDED

The ratio of the remuneration of each Director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sl. No.	Requirements	Disclosure
1.	The percentage increase in remuneration of CFO and CS in the financial year	Disclosed in point no. 7
2.	The percentage increase in the median remuneration of employees in the financial year	2.6%
3.	The number of permanent employees on the rolls of the Company	6,082
4.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase in the salaries of the employees other than Managerial Personnel is 6.5%. The average increase in remuneration of employees other than the Managerial Personnel is in line with the industry practice and is within normal range.
5.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed
6.	Median Remuneration of all the employees of the Company (₹ Lakh)	₹6.33 Lakh

7. Ratio of Remuneration of each Director and KMP to the median remuneration of all the employees of the Company for the year 2021.

Name of Director and KMP	Remuneration (₹ Lakh)		% Increase in remuneration in the financial year 2021	Ratio to median Remuneration of all employees #
	2021	2020		
NON-EXECUTIVE DIRECTORS				
Mr N S Sekhsaria, Chairman	55.00	56.70	(3.00)	8.69
Mr Jan Jenisch, Deputy Chairman	21.50	22.50	(4.44)	3.40
Mr Martin Kriegner*	-	-	-	-
Mr Christof Hassig (Up to February 20, 2020)	-	3.59	-	-
Mr Vijay Kumar Sharma (Up to July 20, 2020)	-	14.14	-	-
Mr M. R. Kumar (Appointed w.e.f. October 19, 2020)	22.00	4.54	-	3.48
Mr Neeraj Akhoury* (Appointed as Non-Executive Director w.e.f. February 21, 2020)	-	-	-	-
INDEPENDENT DIRECTORS				
Mr Shailesh Haribhakti	44.00	47.20	(6.78)	6.95
Mr Sushil Kumar Roongta	44.10	47.30	(6.77)	6.97
Ms Falguni Nayar	24.40	26.40	(7.58)	3.85
Mr Sunil Mehta	43.20	47.70	(9.43)	6.82
Mr D Sundaram	53.00	56.70	(6.53)	8.37
Mr Vinayak Chatterjee	44.30	48.00	(7.71)	7.00
EXECUTIVE DIRECTOR				
Mr Neeraj Akhoury MD & CEO (Up to February 20, 2020)	56.69 ^	615.17	-	-
Mr Sridhar Balakrishnan, MD & CEO (Appointed as MD & CEO w.e.f. February 21, 2020)	515.00**	332.45	-	81.36
COMPANY SECRETARY				
Mr Rajiv Choubey	194.66##	226.57	(14.08)	30.75
CHIEF FINANCIAL OFFICER				
Ms Rajani Kesari (up to August 31, 2020)	28.39 ^^	409.77	-	-
Mr Yatin Malhotra (with effect from September 1, 2020)	207.00***	59.59	-	32.70

Notes:

#The ratios of remuneration to median remuneration of all the employees is provided only for those Directors & KMPs who have drawn remuneration for full financial year 2021.

*Mr Martin Kriegner and Mr Neeraj Akhoury have waived their right to receive Directors' commission and sitting fees.

**The remuneration of Mr Sridhar Balakrishnan includes the Performance Linked Incentive of ₹151.79 Lakh for the year 2020 and the performance shares of Holcim Ltd. (Ultimate Holding Company) of ₹54.95 Lakh.

^Received performance incentive for the year 2020 in April 2021 on pro-rata basis for the period January 1, 2020 to February 20, 2020.

^^ Received performance incentive for the year 2020 in April 2021 on pro-rata basis for the period January 1, 2020 to August 31, 2020.

*** The remuneration of Mr Yatin Malhotra includes the Performance Linked Incentive of ₹16.09 Lakh for the year 2020 and the performance shares of Holcim Ltd. (Ultimate Holding Company) of ₹11.76 Lakh.

##The remuneration of Mr Rajiv Choubey includes the Performance Linked Incentive of ₹34.92 Lakh for the year 2020.

The details given herein above are on accrual basis.

The % increase of remuneration is provided for only those Directors and KMPs who have drawn remuneration from the Company for full financial years 2020 & 2021.

For and on behalf of the Board of Directors
For **ACC Limited**

N S Sekhsaria
Chairman

Mumbai
February 9, 2022