

Management Discussion and Analysis



Prelude

ACC Limited, a part of the diversified Adani Group, has been synonymous with cement in India for more than eight-and-a-half decades. We are India's foremost provider of Portland Cement and Ready-Mix Concrete, assuring superior quality for specialised applications and environments. With a world-class R&D centre, the quality of ACC's products and services, as well as its commitment to technological development, make it a preferred brand in building materials. Brand ACC is a hallmark of quality and durability, setting benchmarks with its relationship-first approach, continuous innovation and commitment to long-term sustainability.

With a long and proven track record in cutting-edge product innovations that benefit home builders and the community of architects, engineers and

developers, ACC is one of the largest and fastest-growing concrete brands in India with ACC Concrete, popularly known as RMX. ACC AEROMaxX and ACC ECOMaxX, along with ACC Coolcrete and ACC Bagrete, further strengthen our line-up of need-based innovations.

Established in 1936, ACC has been recognised amongst India's Most Trusted Cement Brands by TRA Research in its Brand Trust Report, 2023. ACC is counted amongst the country's 'Most Sustainable Companies' and is recognised for its best practices in environment management and corporate citizenship. With sustainability at the core of its strategy, ACC is the first Indian Cement Company to sign the Net Zero Pledge with Science Based Targets.

Economic Scenario and Outlook



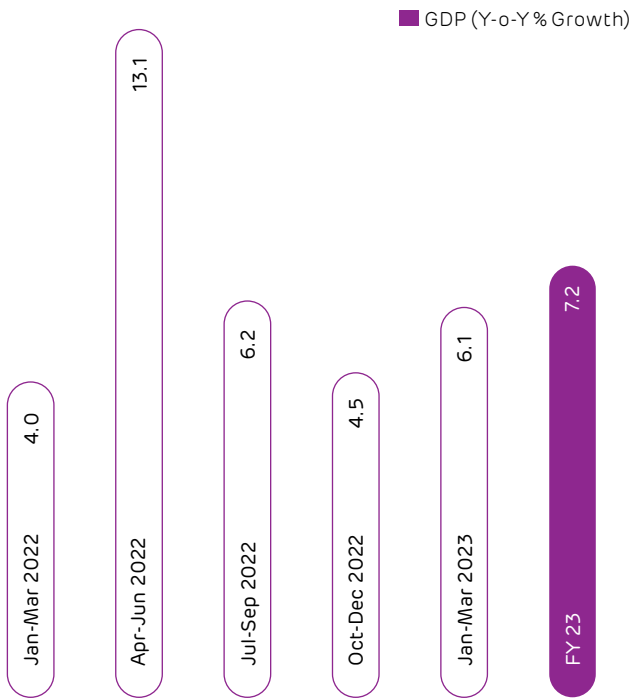
The world economy faced multiple headwinds such as escalating geopolitical tensions, constrained supply chains and high inflation. India proved to be an outlier, demonstrating resilience and growing by 7.2% GDP during FY 2023, aided by strong private consumption, growth-supportive policies, continued government spending on infrastructure and logistics, among others. However, inflation stayed high, prompting a series of rate hikes by the Reserve Bank of India, impacting demand.

The Indian Government’s strong infrastructure push under the Prime Minister’s Gati Shakti (National Master Plan for Multimodal Connectivity) initiative is likely to contribute significantly towards raising industrial competitiveness. Further, the Production Linked Incentive (PLI) scheme announced by the Government is not only bolstering the country’s manufacturing sector, but also creating enormous employment opportunities. Till December 2022, more than 650 applications were approved across 13 sectors under the scheme. The scheme facilitated private sector capex to the tune of ₹3.5 lakh crore over the next 3-4 years. With global businesses looking at diversifying their supply chains from China’s dependence, India is in a sweet spot to become a global manufacturing hub.

India is also witnessing massive digital transformation. The mass-scale digital infrastructure is second to none, which is further validated by the creation of the India stack. Digitalisation is accelerating e-commerce

growth, changing the retail consumer market landscape and attracting leading multinationals in technology and e-commerce to the Indian market.

India’s GDP Growth Trend





Outlook

While global economic growth is expected to moderate further in 2023 before marginally increasing in 2024, India is likely to grow 6.0%-6.5% in FY 2024, the fastest among major economies in the world. Higher public sector capex, coupled with fresh capital investments by the private sector, will help drive medium-term growth, while digitalisation and efficiency-enhancing reforms will enhance productivity. Further, India's transition to clean energy and mobility through green hydrogen and electric vehicles provides significant investment opportunities. Semiconductors and IT product manufacturing are expected to position India attractively in global trade.

The long-term growth drivers of the economy remain intact coupled with a large and fast-growing middle-class driving consumer spending. The rapidly growing domestic consumer market as well as the large industrial sector have made India an important investment destination for a wide range of multinationals across manufacturing, infrastructure, and services. Further, India is fast becoming the start-up capital of the world, attracting sizeable foreign investments, driven by its young population including a large GenX segment, and technology edge.



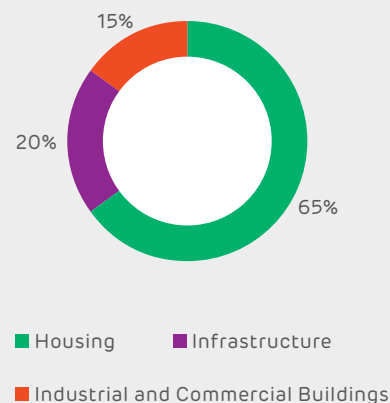
However, a complex interplay of geopolitical events including the neighbouring countries, high inflation and consequently elevated interest rates could pose risks to future economic growth.

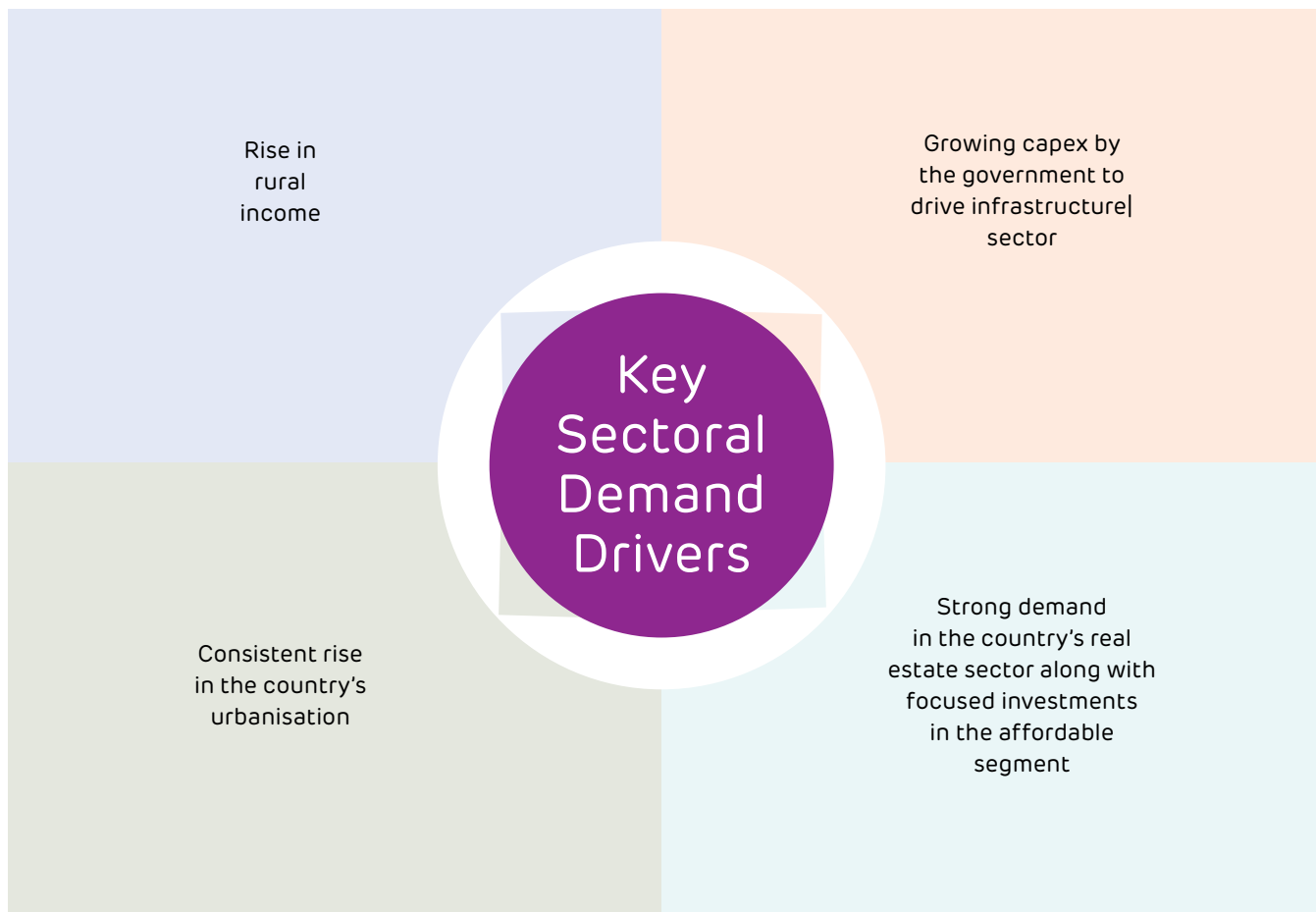
Cement Industry

India is the world's second-largest cement producer, accounting for over 7% of the global cement installed capacity. Cement production in India grew at 7.6% for FY 2023 (368 million tonne) driven by strong demand from housing and infrastructure sectors. The housing sector accounts for majority of India's cement consumption, followed by the infrastructure sector, and commercial and industrial building constructions.



Sector-Wise Share of Cement Consumption





Outlook

Outlook for cement sectors is favourable on the back of higher growth opportunities in the housing and infrastructure segments. The Government in the Union Budget 2023-24 has allocated \$11.4 billion for the creation of safe housing (rural and urban), sanitation

and increase road connectivity.

With a busy construction season ahead with the pre-election spending kicking in, the Industry is expected to see a volume growth of 6-8% going forward and is likely to reach ~390-400 million tonnes.





Business Review



Sustainable Development

At ACC, sustainability is an integral part of our business strategy, with focus on Circular Economy, Climate and Energy, and Environment. We focus on reducing clinker factor, lowering energy intensity, and utilising waste from other industries in the cement manufacturing process. We are also increasing the share of green energy by enhancing our generating capacity in renewables and WHRS. Our corporate social responsibility efforts are designed to benefit local communities by furthering economic and social progress. We undertake focused interventions through our CSR arm across the broader themes of Water, Sustainable Livelihood and Social Inclusion.

ACC is one of India's Most Trusted Cement Brands, recognised by TRA Research in its Brand Trust Report 2023. Further, we feature among the 'Best Companies to Work For' in the Construction and Infrastructure sector by Business Today and among 'India's Most Sustainable Companies' by BW Businessworld. We have also been recognised at leading awards and industry forums for our Customer Engagement, Safety, Sustainability Focus, Financial Reporting, and Corporate Social Responsibility.

A. Circular Economy

ACC contributes to the circular economy by utilising various waste from other industries, termed Waste Derived Resources (WDR), into the cement manufacturing process. We have been using waste materials from power and steel industries, such as fly ash and slag, as replacement for clinker in cement, and making co-processing of waste possible. During the reporting period, we consumed 8.52 million tonnes of

14.62 million tonnes
Waste Derived Resources Consumption

92.4%
blended cement category during
the reporting period

fly ash, 3.98 million tonnes of slag, 1.3 million tonnes of synthetic gypsum including phosphogypsum, and 0.82 million tonnes of alternative fuels and raw materials in cement manufacturing.

B. Climate and Energy

We have reduced specific net carbon emissions to 466 kg/tonne of cementitious materials during January 2022 to March 2023 period, excluding CPP. Some factors affecting CO₂ emissions, such as clinker factor and Thermal Substitution Rate (TSR), have improved over the last year, resulting in a reduced carbon footprint.

• Clinker Factor

We have been reducing average clinker factor across our product portfolio. During the reporting period, our portfolio comprised 92% of blended cement and significantly reduced the average clinker factor by 1.5% through various initiatives.

• Thermal Energy

The thermal energy intensity during reporting period increased owing to lower production at the Maharashtra plant. However, the increase was < 2.3% and we will continue to focus on reducing our thermal energy intensity.

• Green Energy and Power Generation through Waste Heat Recovery System

In addition to captive wind farms in Maharashtra, Tamil Nadu and Rajasthan (capable of generating 31.55 million units annually), we have installed WHRS in the Chhattisgarh and Madhya Pradesh plants with a generation capacity of 22.4 MW. Further investment is proposed for WHRS installation at other plants, to take the total generation capacity to 86 MW and solar power to 100 MW. Thus, our plan to replace ~50% of our power requirements with renewal energy is at an advanced stage.

• Alternative Fuels and Raw Materials

The growing volumes of waste around us is a challenge that requires sustainable and economical solutions. ACC has two waste pre-processing and seven waste co-processing facilities to provide sustainable waste management solutions to industrial, municipal and agricultural sectors. Our waste management arm, Geoclean, helps us to provide solutions to waste generators, while supplying us with alternative resources. Co-processing in cement kiln recovers energy and recycles minerals inherent in waste, thus contributing towards a circular economy. In the past year, we have continued to grow the consumption of alternative fuels, with a total consumption of 0.56 MT achieving a Thermal Substitution Rate of 9.15%.

C. Environment

Several measures were undertaken to promote water conservation and harvesting, including close monitoring of water consumption and withdrawal, augmenting of water harvesting structures in communities, and optimisation of processes. Specific freshwater consumption in cement operations reduced from 60 litres/tonne of cementitious material in January 2021 - December 2021 to 59.75 litres/tonne of cementitious material in January 2022-March 2023. We also reduced specific water consumption to 126 litres/tonne of cementitious material from 136 litres/tonne between January 2021 and December 2021.

Biodiversity

During the reporting period, we continued with our efforts towards nature conservation and biodiversity preservation. Efforts to conserve specific flora and fauna formed part of the 'B-Buzz' project. In addition,



52.4%

of the water used in cement operations was harvested water

plantation activities were carried across various plants and colonies.

Emissions

We have made it mandatory for all sites to measure and manage air emissions. During the reporting period, we continued to work towards improving our emissions and the surrounding environment.

• Dust Emission Control

We conducted maintenance activities through in-house and third-party teams to upgrade Electrostatic Precipitators (ESP) and replace damaged bags, among others. The measures together resulted in reduced stack dust emissions in cement plants at <30mg/Nm³.

• NOx Emission Control

ACC has undertaken both primary and secondary measures to control NOx emissions and implement Selective Non-Catalytic Reduction (SNCR) systems in integrated cement plants.

• SOx Emission Control

Given that ACC's emissions are within limits prescribed by the pollution control authorities, we are not required to undertake major emission control measures for SOx emissions. Cement plants are required to report ambient air quality, effluents, and process emissions in real-time on the websites of regulatory authorities. ACC fully complies with this mandatory requirement. We monitor stack emissions (dust, NOx and SOx) through the Technical Information System (TIS) commissioned at most of our plants. This provides information on process and emission parameters to senior management at the plant and the corporate office.



Sales Volume

In January 2022-March 2023, our cement sales increased to 37.93 million tonnes from 28.89 million tonnes in January 2021-December 2021. Individual home builders and ground plus three-storey (G+3) buildings in the retail segment continue to be ACC's largest customer segments, both in terms of volume and profitability. Demand from these sectors is expected to accelerate on the back of growing urbanisation and rural empowerment.

Market Development

ACC has a strong PAN India channel network comprising ~13,100 dealers and ~43,000 retailers/sub-dealers, who help the Company cater to India's need for quality cement and building materials. This strong network accounted for ~81% of cement sales in the retail segment in January 2022-March 2023.

Strong Distribution Network

Our Sales and Marketing teams have garnered a deep understanding of customers' evolving preferences and requirements, enabling us to maximise capacity utilisation through a better product mix and driving efficiency in the supply chain by reinvigorating the dealer network.

As part of our responsible growth and sustainability strategy, we have been reducing the contribution of Ordinary Portland Cement (OPC) in our product portfolio. At the same time, we have been taking measures, such as appointing new channel partners and enhancing wallet share per counter, to manage the dealer channel effectively as part of our growth strategy in key markets. We have also managed to maintain a strong connect with retail customers who are served by the dealer channel.

ACC Gold Water Shield (Water Repellent Cement)

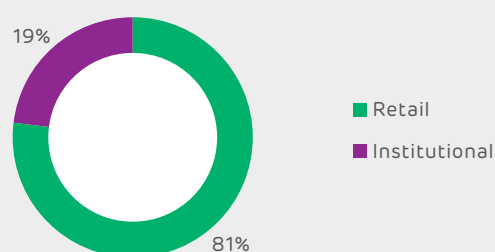
ACC's water-repellent 'Gold Water Shield' cement, launched in 2013, continues to be the market leader in the premium cement category, registering healthy growth. The water-repellent property of the product results from minutely controlled process changes under a sustainable environment, with adjustments in the raw material dosage. Our blended cement products have also received certification from the Confederation of Indian Industry-Greenport and Solar Impulse.

Beyond Cement and Ready-Mix Concrete

ACC has diversified across cement and concrete and has created new building material categories such as construction chemicals, dry mix products and admixtures for ready-mix concrete solutions. We have focused more on developing and promoting green and



Segment-Wise Revenue (%)



sustainable products, lowering the carbon footprint of overall construction.

Our emphasis is on expanding the range of sustainable solutions. ACC AEROMaxX and ACC ECOMaxX, along with ACC Coolcrete and ACC Bagcrete were launched under the Company's RMX vertical.

Green Building Centres

Green Building Centre (GBC) has created a strong footprint across India with 100 entrepreneurs in the form of manufacturers and distributors addressing the needs of consumers by providing quality green building materials. GBCs contributed ₹6.5 crore in earnings while reporting strong performance across all sustainability parameters.

With more than 1,000 direct influencers and specifiers connect in a year, the Group's ideology of moving closer to customers is being duly addressed. Each centre contributes to creating 30 livelihoods directly and 120 livelihoods indirectly.

GBC Sustainability Report (January 2022-March 2023)

	Particulars	January 2022 to March 2023
Social	Beneficiaries at GBCs got direct livelihood	2,010
	Beneficiaries at GBCs got Indirect livelihood	8,040
Housing	Houses facilitated through GBC products	55,711
	Shelters facilitated through GBC products	2,22,844
Environment	Natural soil saving (in MT) – 2.6 kg of natural soil saved per brick	323,633
	Waste utilisation (in MT) – 1.2 kg of Fly Ash used per brick	22,779
	CO ₂ emission reduction (in MT) – 183 MT of CO ₂ emissions avoided per million bricks	1,27,208
	Wood saved (in MT)	6,224
	Trees saved	13,830

Relationship Management

We have launched onsite sustainable construction solutions to address the customer pain points, improve construction quality and promote sustainable construction practices at customer sites.

Instant Concrete Mix Proportion

Its on-site solution rationalises the usage of natural resources by optimising the use of aggregates, sand, and water in the concrete mix based on their properties. Instant Mix Proportioning Solution helps in making strong and durable concrete.

Modular Curing Solution

It is based on Indian Standards (IS) provision and the practice of membrane curing to offer effective and efficient curing of concrete slabs without using water for curing. Modular Curing Solution saves around 12,000 litres of precious water per 1,000 square feet of concrete slab.

~12,000 litres
of precious water saved through Modular Curing Solution per 1,000 square feet of concrete slab





Influencer Engagement and Relationship

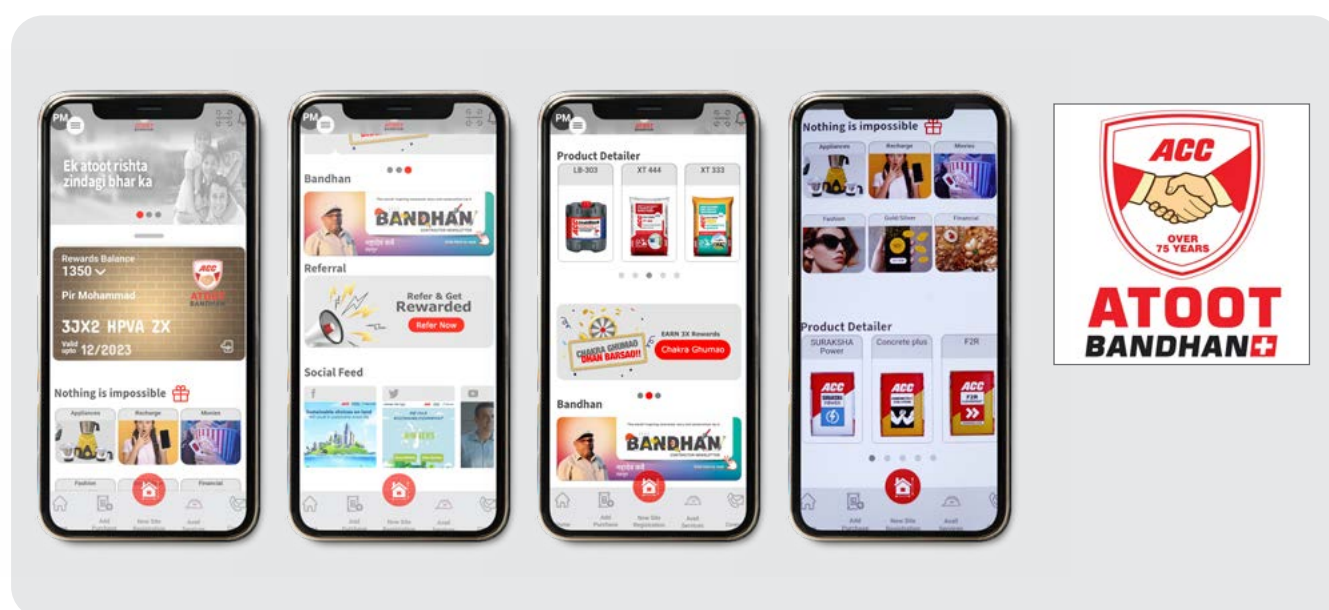
Building a strong and durable house is a dream of every Indian. Individual House Builder (IHB) invests the biggest share of their wealth to fulfil this dream. IHBs are dependent on contractors; without their engagement and involvement, one cannot influence the construction quality or influence the customer choice.

To engage and empower this important stakeholder, we launched Atoot Bandhan 2.0, a differentiated, point-based loyalty programme, in January 2023. Atoot Bandhan enrolls potential contractors and rewards them for registering their sites (potential leads), recommending or purchasing ACC products, and

43,594

Contractors enrolled in Atoot Bandhan 2.0 since launch of this programme

availing on-site services (from ACC Technical Services teams) for their construction sites. The programme awards bonus points to enrolled contractors against gaming, quizzes, occasions, events etc. announced from time to time by the Company.



Key features of Atoot Bandhan 2.0

- Introduction of tiers (Bronze, Silver, Gold, Platinum)
- User-specific mobile apps (Contractor, Officer & Dealer/Retailers)
- Developed on Android as well as iOS in regional languages
- Contractor can register new site and punch transactions
- Technical Services engineer can approve enrolment, site registration and transactions
- Reward points for registering a new site (unique to industry)
- Redemption through vendor (end to end)
- Product detailer, Bandhan contractor newsletter, gaming, ACC social feeds included.

Recognition of our Customer and Influencer Engagement Initiatives



We participated in the CX Transformation Confex 2023 organised by Gainskills Media in Mumbai. This Confex provided an excellent opportunity to learn as well as showcase the latest trends and advancements in customer experience by engaging keynotes, enterprise use-cases, exhibitors' showcase, panel discussions and tech talks on the challenges in technology implementations. The platform helps to revamp customer service and experience strategies to drive better business outcomes. Our customer and influencer initiatives were awarded the 'Best Customer & Influencer Engagement Initiatives' under the Customer Experience organisational category.

Creating bonds that sustain

At ACC, we ensure regular communication and collaboration with our stakeholders. We share essential updates and valuable insights through our newsletter, Sambandh. This publication, available in seven regional languages, highlights the achievements of channel partners across India. We also published Bandhan, a contractor newsletter, in ten regional languages, which aims to engage with the contractor community by sharing inspiring stories and construction tips. Further, our monthly publication, the Indian Concrete Journal (ICJ), has been providing academia and industry professionals with pertinent information about the construction sector and its future potential since 1927. These initiatives not only keep ACC's stakeholders well informed but also strengthen relationships with them.



Digitalisation and Innovation

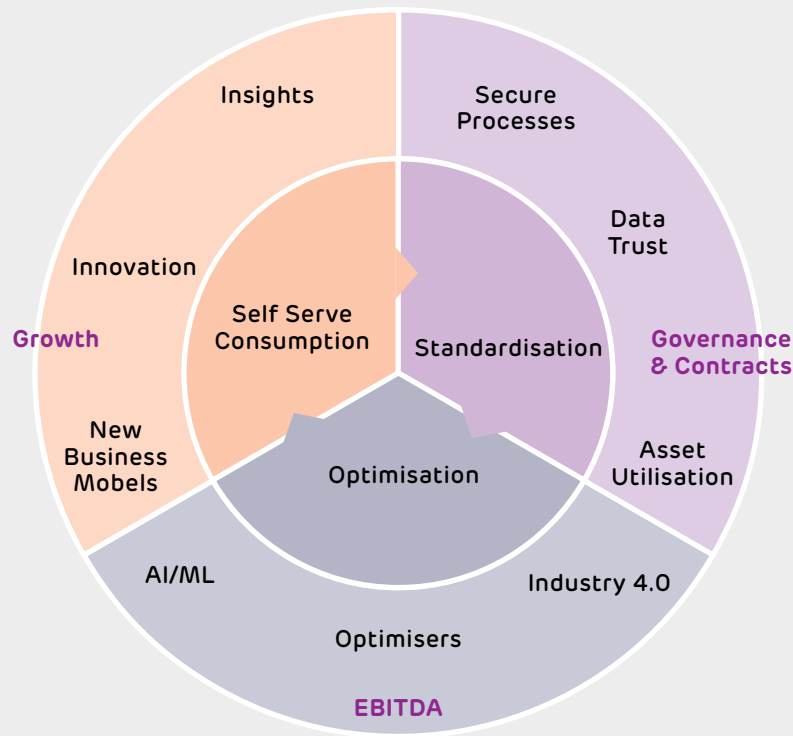
Over the past few years, ACC has continuously adopted digital technologies across its core business processes including sales, logistics, material management, manufacturing, control systems and technology operations to drive efficiency and gain a competitive edge.

ACC has a clear digital transformation strategy with an aim to transform the business processes and optimise resources to achieve sustainable business growth while complying with various regulatory requirements.

Our marquee digital initiatives include:

Cyber Risk Management –

We have a comprehensive Cyber Risk posture management programme aimed at ensuring



confidentiality, integrity, and availability of our critical business assets. All security operations are governed from an in-house, 24x7 centrally operated Cyber Defence Centre. ACC Security Operations Centre (SOC) has best-in-class cyber security solutions covering Brand Protection, End Point Security, Cloud workload protection, Perimeter security, Multi-Factor Authentication, Data Protection & Encryption, Application Security, SIEM for OT & IT system monitoring and Cyber Incident Management.

Cloud First strategy –

ACC has adopted a cloud-first policy and all its digital assets have been migrated to a hybrid public cloud platform to achieve high availability, agility, and operational efficiency.

Centralised Command & Control on Adani's Industry Cloud (aligned to Industry 4.0):

At ACC, a comprehensive Digital Command & Control centre is being set up to enable end-to-end visibility of the business processes and systems. This will enable a real-time view of the Production, Demand, Sales, and Logistics under one umbrella. C&C is a long-term strategic digital initiative to enable remote 'exception-based interventions' in decision-making, based on real-time market scenarios.

Advanced Mobile Platform –

ACC has a comprehensive mobile application platform and multiple applications have been launched to boost sales and marketing. These mobile applications help our dealers, warehouse operators and customers track their orders and shipments in real time.

AI/ML for Predictive Analysis –

ACC has adopted Artificial Intelligence (AI) and Machine Learning (ML) based tools to predict demand, optimise production to control the distribution. Diligent use of AI and ML-based logistics platforms has given us a competitive edge in the market.



Cement Business – Performance

Particulars	2022-23	2021
Sales Volume (MT) (cement and clinker)	38.59	29.39
Revenue from Operations (₹ Crore)	20,659	15,105
EBITDA (₹ Crore)	2,157	3,106
EBITDA Margin (%)	11	21

Note: Previous year data is not comparable.



Key Financial Ratios

Sr. No.	Ratio	January 22 March 23	January 21 December 21	% Variance	Reason for variance
1.	Current Ratio (in times)	1.44	1.71	-16%	
2.	Inventory turnover ratio (in times) *	6.76	6.49	4%	
3.	Trade Receivables turnover ratio (in times) *	26.05	34.61	-25%	
4.	Trade Payables turnover ratio (in times) *	9.57	7.93	21%	
5.	Debt equity ratio	-	-	-	
6.	Net Profit ratio (%)	4%	11%	-65%	Net profit reduced due to fuel cost escalation.
7.	Operating EBITDA Margin (%)	9%	19%	-53%	Operating EBITDA Margin reduced due to fuel cost escalation.
8.	Return on Equity ratio (in %)*	5%	14%	-64%	Return on equity reduced mainly on account of lower profitability.
9.	Net worth (Crore)	14,043.00	14,228.00	-1%	

*Current period ratios have been annualised on a time proportion basis as the financial year is for a fifteen month period

Cost

During January 2022-March 2023, we implemented various cost management strategies.

• Cost of Materials Consumed

During January 2022-March 2023, our raw materials cost was higher by 10% per tonne of cement vis-à-vis 2021. The major contributor to this increase was the cost of raw material required for clinkering (up 16%) along with that of gypsum, fly ash and slag (up 12%). Our focused approach helped reduce clinker factor by 1.5%, as compared to the year earlier period.

• Power and Fuel

Power and fuel costs increased by 71% during the reporting period compared to the previous year, driven by external market dynamics. Kiln fuel cost increased by 42%. Captive Power Plant (CPP) fuel cost increased by 48%. We made consistent efforts to reduce the cost of power and fuel by maximising the utilisation of domestic pet-coke, linkage coal and Alternative Fuels (AF), reducing dependency on fuels from the international market.

We continue to use power produced by our onsite and offsite solar plants in Chhattisgarh, Uttar Pradesh, and Karnataka, aggregating to 114 MW of solar and 19 MW of wind power. During January 2022-March 2023, two Waste Heat Recovery Systems (WHRS) with a cumulative capacity of 22.4 MW were commissioned. ACC's Jamul plant is utilising >28% renewable energy (WHRS + Solar) of the total requirement. We will continue to add renewable and green energy (including installation to increase co-processing of AFRs) in our portfolio as part of our Net Zero commitment.

55.8_{MW}
Additional WHRS capacity by 2024

100_{MW}
Solar Power generation capacity by 2024



~50%

Green Power (Renewable+WHRS) contribution in total power consumption by 2024

• Freight and Forwarding Expenses

Various cost improvement measures were undertaken to reduce logistics costs. We managed to keep the freight and forwarding expenses flat, despite ~4% increase in diesel prices. We undertook rigorous initiatives to improve efficiency, reduce wasteful expenditure, improve direct dispatches, rationale warehouse footprint through the consolidation of ACC and Ambuja Cements warehouses and C&F rate negotiation, and higher Master Supply Agreement volumes. With the efficient use of technology and network optimisation tools for commercial and operational excellence, we hope to integrate the supply chain and strengthen our competitive edge.

Master Supply Agreement (MSA)

We have an MSA with Ambuja Cements Limited (Ambuja), which was previously approved by the shareholders in 2021, to leverage larger synergies.

This was further approved in March 2023 for a period of one year. During January 2022-March 2023, we sold 25.32 lakh tonnes to Ambuja under the MSA, which helped increase volume and profitability. It also enabled us to: 1) achieve synergies and economies of scale; 2) bring efficiency in operational and logistics costs; 3) strengthen sustainability in terms of the use of fuel and other resources and conserve natural resources. We will continue to explore the MSA arrangement with Ambuja for higher revenues and profitability.

RMX Business-performance

Particulars	Unit	Jan-22 to Mar-23	FY 2021
Sales volume	Lakh m ³	3,951	2,809
Net Sale Value	Crore	1,842	1,242
Sales EBITDA	Crore	99	99
EBITDA Margin	%	5.4%	7.9%

Previous year data is not comparable

Value-added Solutions

ACC's state-of-the-art R&D facility continues to innovate and bring various value-added products and solutions to meet emerging customer demand proactively. Value-added solutions, which account for 38% of our total RMX sales, play an important role in driving the segment's growth. We recorded an 11% Y-o-Y increase in sales of value-added solutions. Our

Capacity Expansion

In 2022, the expansion of Tikaria (Uttar Pradesh) was completed, adding 1.6 MTPA cement capacity. The Ametha (Madhya Pradesh) project is under execution and will be commissioned by Q2'FY23-24 adding clinker capacity of 3.1 MTPA and cement of 1 MTPA. The project's progress was partially impacted due to COVID-19.

Ready-Mix Concrete (RMX) Business

ACC has a nationwide network of 92 state-of-the-art RMX plants. Over the past three decades, the RMX business has shaped India's construction sector while producing innovative products, enhancing service standards and delivering value to customers. ACC RMX has both Environmental Product Declaration (EPD) and GreenPro certification. The RMX team is now diligently working on developing carbon-neutral concrete and Ultra High-Performance Concrete (UHPC).

The year 2022 started with the continuation of post-pandemic demand rise in the building materials sector, which led to a 4.4% y-o-y sales growth in January-March 2022. The April-June 2022 quarter recorded steep growth due to the low base from the COVID-19 impact, while the July-September 2022 quarter witnessed 10.7% growth and the October-December 2022 recorded 8.7% growth. Although growth in January-March 2023 was stagnant, sales growth during the 15 months ending March 2023 came in at 8%. This growth is attributable to our emphasis on CQC (Customer, Quality and Cost). The RMX business embraces modern technologies to stay ahead of the curve while strategies are reframed with customer service as the key focus. We also implemented various quality control measures to ensure consistency and reliability across the business.

emphasis is on expanding the range of sustainable solutions. ACC AEROMaxX and ACC ECOMaxX, along with ACC Coolcrete and ACC Bagcrete were launched under the Company's RMX vertical.

38%

Contribution of Value-Added Solutions to the Total RMX Sales

Green Products

ACC ECOMaxX: We launched ACC ECOMaxX – the Expert Green Concrete. ACC ECOMaxX is designed to address sustainable construction needs and helps in CO₂ reduction of 30-100%. A GreenPro certified product, ACC ECOMaxX has earned green points from the Indian Green Building Council (IGBC). ACC ECOMaxX sales now account for 15% of total RMX sales. We are focusing on building the capabilities of our sales force, value communication for customers along with partnering nodal agencies and consultants, to further drive sales.

Discussions on Financial Performance Vis-À-Vis Operational Performance

For details on financial performance vis-à-vis operational performance, please refer to. **186.**

Internal Control Systems and their Adequacy

The Company has strong internal control systems and best-in-class processes commensurate with its size and scale of operations.

- There are well formulated policies and procedures for all major activities. These procedures facilitate effective business operations with governance.
- Well-defined delegation of power with authority limits are in place for approving revenue as well as capex expenditure at level of organisational hierarchy. This enables ease of decision-making in day-to-day affairs as well as long-term and short-term business plans.
- Financial control is effectively managed through the Annual Budgeting process and its monitoring is conducted through monthly reviews for all operating and service functions.
- The Company has a state-of-the-art ERP system to record data for accounting, consolidation and management of information and connects to various locations for efficient exchange of information. It continues its efforts to align all its processes and controls with global best practices.
- The Company has a well-established online Compliance Management System in which technology is seamlessly integrated with laws. The system provides comprehensive covering across all laws applicable on the business and its compliance update at each of operating units through management dashboard.
- There is a well-established multidisciplinary Management Audit & Assurance Services (MA&AS) that consists of professionally qualified accountants, engineers and SAP experienced executives who carry out extensive audit throughout the year, across all functional areas and submit reports to Management

and the Audit Committee about the compliance with internal controls and efficiency and effectiveness of operations and key process risks.

- MA&AS follows Risk Based Annual Internal Audit Plan. The audit plan and its scope are reviewed and approved by the Audit Committee of the Board. The entire internal audit processes are web enabled and managed online by Audit Management System (AMS).
- Internal Audit is conducted in accordance with auditing standards to review design effectiveness of internal control system and procedures to manage risks, operation of monitoring control, compliance with relevant policies and procedure, and recommend improvement in processes and procedure.
- The Audit Committee of the Board regularly reviews the execution of Audit Plan, the adequacy and effectiveness of internal audit systems, and monitors the implementation of internal audit recommendations including those relating to strengthening of the Company's risk management policies and systems.
- In terms of governance, there are independent Committees in place for monitoring and governance over efficiency and effective internal controls:

1. Risk Management Committee:

Our Risk Management Framework provides a process of identifying, assessing, monitoring, reporting, and mitigating various risks at all levels at periodic intervals. Under the framework, the Company has constituted a Risk Management Committee to continuously monitor, report and mitigate various risks faced. The outcome of this monitoring is reported to the Audit Committee and to the Board on a quarterly basis.

2. Information Technology & Data Security Committee

Information technology & data security governance is an integral part of an overarching organisation - wide governance structure. The Company has a matured IT Governance process wherein the Governance Committee periodically reviews, recommends and monitors the Company's IT priorities, projects, major IT investments besides effectiveness of control established for data security.

3. Legal, Regulatory & Tax Committee

The Committee exercises oversight with respect to the structure, operation, and efficacy of the Company's compliance programme and to review compliance with applicable laws and regulations.



Corporate Social Responsibility (CSR) Initiatives

ACC has its CSR initiatives spread across 11 states in India and has been able to bring a significant change. At ACC, the goal has been clear – to transform lives and create a better world.

Water Governance and Management

Transformative yet sustainable pathway needs to be designed and implemented to reduce the vulnerabilities faced by the rural communities owing to climate change. Water and land management provides catalytic entry point to improve the quality of life in India's villages. Conserving and managing water and soil resources regenerates degraded landscapes and conserves biodiversity while enhancing crop production and expanding sustainable livelihood opportunities. This is enabled by promoting ecosystem-based integrated watershed development and facilitating effective water governance through water stewardship initiatives. Diverse types of soil and water conservation and treatment activities have been done in the project to capture the rain and make it beneficial for the farmers and community.



1

Construction and Repairing of
Check Dam (No.)

32

2

Excavation and De-Siltation of
Pond, Nala & River (No.)

59

3

Irrigation Channel
Constructed (Meter)

1,400

4

Rooftop Rainwater Harvesting
System (No.)

10

5

Drip and Irrigation System
(No.)

76

6

Construction of Recharge Pit
and Ditches (No.)

17

7

Earthen Bund
(Meter)

2450

8

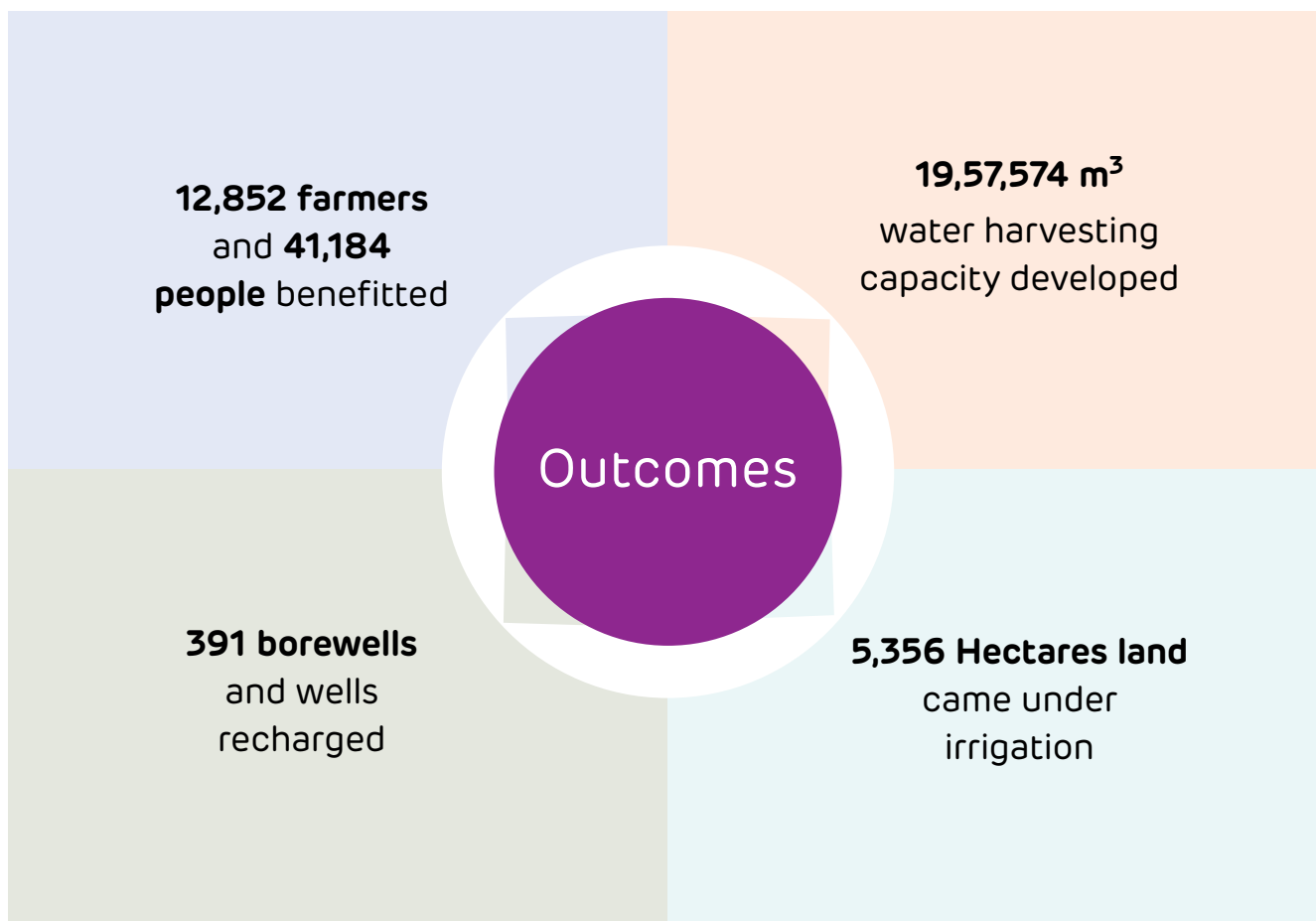
Boulder Bunds
(Meter)

432

9

Nala De-Siltation
(Meter)

4,221



Sustainable Livelihoods

Through our CSR initiatives, we are continuously working to minimise the economic vulnerability by promoting sustainable agriculture and encouraging farm and non-farm rural entrepreneurship. We also focus on youth employability under DISHA.

1. Youth Employability under DISHA

Focuses on eliminating unemployment among people in host communities. 10 trades were launched based on detailed analysis of market requirements. We successfully trained 1,942 trainees across 11 plant sites; 40% were successfully placed and around 4.5% are self-employed.



Details of Youth Employability Programme

Total Target	Total Enrolled Strength			Dropouts	Total Trained	Total Placed	
	Female	Male	Total			Wage	Self Employed
2,295	1,319	796	2,115	173	1,942	777	89



2. Micro Enterprise Development

We focused on livelihood training in collaboration with the State Rural Livelihood Mission and various agencies for the economic empowerment of Self-help Group (SHG) members. As a result, 85 group micro enterprises were developed. The SHGs took up diverse enterprises from stitching to baking and mushroom to sleeper manufacturing, etc. 828 members are involved in micro enterprise activities.

1,672
Women SHGs mentored

SHGs	1,672
SHG Members	18,016
Micro Enterprises	85
Members in Micro Enterprises	828
Average net income per annum/per enterprise (in ₹)	14,592



Beneficiaries under Sustainable Livelihood

SL	Activity Description	Direct Beneficiaries	Indirect Beneficiaries
1.	SHG Empowerment Initiative	2,341	11,577
2.	Livestock Development	2,964	9,515
3.	Digital and Financial Literacy Programme	656	-
4.	DISHA Youth Employability Training Program	1,942	7,768
5.	Agriculture Base Intervention	9,866	22,348
Total		17,769	51,208



3. Social Inclusion

To serve communities across India, we focus on interventions that directly impact the marginal. The theme 'social inclusion' focuses on education, health, sanitation, drinking water, malnutrition, digital literacy, infrastructure facilities, household linkage with social security schemes, among others.



Beneficiaries under Sustainable Livelihood

SL	Activity Description	Total	Direct Beneficiaries	Indirect Beneficiaries
1.	Schools Repaired	406	26,513	42,834
2.	Anganwadis Renovated	187	12,549	52,392
3.	Special Health Camps/Medical Camps	813	57,360	-
4.	Observation of National Day Celebration	128	11,590	-
5.	R.O. Units Installed and Repaired	11	7,797	4,924
6.	Digital Literacy Programmes	191	5,078	20,312
7.	Household Linkage-Social Security Scheme	276	12,270	31,619
8.	CC Road Construction and Repair (in metres)	8,769	19,174	41,340
9.	Vidyasaarathi Scholarships	371	371	1,484
Total		17,769	1,52,702	1,94,905

Health and Safety (H&S)

As a leading cement manufacturer with highly evolved practices, we leverage our Safety management system to bring together various functions and skill sets to achieve our safety goals. Our commitment to safety is driven by our corporate values and governance enablers. The Health & Safety management system is built on the strong foundation of our H&S standards, policy, and robust value system. Our Health, Safety Improvement Plan (HSIP) is the governing tool to drive the safety initiatives and programmes. The HSIP plan reinforces leadership role in Health & Safety and has led to the implementation of specific measures to improve our H&S performance.

Our senior leadership has ensured that all the necessary measures are in place to control incidents at site. The 'Boots on Ground' mobile application is one such initiative which has helped us in improving the visibility of leadership at site and thereby reducing

incidents. With effective implementation of our HSIP and other safety initiatives, we were able to achieve a 26.5% reduction in the Lost Time Injury Frequency Rate.

26.5%

reduction in LTIFR

Our robust EHS (Environment, Health & Safety) governance system ensures periodic review and oversight on our performance against targets and ensures diligent implementation of the H&S principles across the manufacturing units. Cross company audits, Intra-company audits and self-assessments audits are conducted as per the scheduled plan for each of our manufacturing plants. We have a well-defined audit protocol which elaborately covers our standards



and systems to verify the governance mechanism at our sites.

Our EHS training programs are organised through both in-house and external platforms. We conduct structured H&S induction programme for new employees in manufacturing, sales, and logistics functions to inform them about H&S rules and policies and inculcate safe behaviour. Such centralised programmes are conducted at corporate level by H&S

and HR teams. In addition, each plant conducts its own H&S induction for new employees, visitors, and contractors. We also conduct an induction programme for senior leadership through Corporate H&S Team. Safe practices are monitored through different tools such as Boots on Ground (BoG), Visible Personnel Commitment (VPC) and hazard reporting. The Critical Control Management programme was launched to address the eight critical elements called Priority Unwanted Events (PUE) in our operation.

Recognition on Safety

NSCI Award, 2022

The NSCI awards were awarded under the Group 'D' Manufacturing Sector (Engineering, Cement, Steel, etc.) in recognition for good performance in OHS during the year 2019-2021.

Thondebhavi Cement manufacturing Unit won the prestigious NSCI Safety Award 'Suraksha Purashkar', 2022.

Jamul Cement Works won the prestigious NSCI Safety Award 'Prashancha patra', 2022.

Tikaria Cement Works won the prestigious NSCI Safety Award-2022 'Certificate of Appreciation'.



Human Resources

As we integrate into the Adani Group's culture, we remain steadfast in our mission to attract and retain top talent, promote a culture of continuous learning and development, encourage high performance, maintain positive industrial relations, and ensure a safe and inclusive workplace. Our employees are our most valuable assets, and we are proud to showcase our human resource initiatives in this new chapter.

Focused on Learning and Development

We understand the importance of investing in employees' growth and development to ensure their success. We have implemented several initiatives to promote a culture of continuous learning. We have expanded our training programmes, including leadership development, technical training, and cross-functional collaboration.

Our mentoring programme has helped our employees build relationships and receive valuable guidance from experienced leaders. We also encourage our employees to pursue external certifications and educational opportunities to enhance their skills and knowledge.

High Performance

Promoting high performance and excellence in all aspects of our business is essential during the integration process. We are committed to aligning our goals and objectives with those of the Adani Group to ensure a seamless integration process. Our performance management system is designed to provide regular feedback, goal setting, and performance evaluation, enabling our employees to develop and achieve their full potential in the new organisation.

We are also leveraging digital tools to facilitate performance management, such as online goal setting and progress tracking. We have also implemented a rewards and recognition programme to acknowledge outstanding performance and incentivise our employees to continue striving for excellence. By recognising and rewarding high performers, we foster a culture of excellence.





Industrial Relations

Maintaining positive industrial relations is crucial during the integration process, and we have established several initiatives to ensure a harmonious and productive workplace. We are committed to maintaining an open-door policy, encouraging dialogue, and feedback from our employees, including those from the Adani Group. Our grievance redressal mechanism ensures that any concerns or complaints are resolved in a fair and timely manner. We also engage with our employees through various employee forums and committees to ensure that their voices are heard. By engaging with our employees and addressing their concerns, we foster engagement and create a culture of collaboration and inclusivity.

Diversity and Inclusion

Through our commitment to diversity and inclusion, we have been able to build a more engaged and productive workforce, while also improving our ability to attract and retain top talent from a wide range of backgrounds. As we integrate with Adani Group, we remain committed to promoting diversity and inclusion throughout our organisation. By continuing to leverage data to inform our diversity and inclusion

initiatives, we are confident about building a stronger, more inclusive workforce that reflects the diversity of the communities in which we operate. We believe that this will help us achieve our business objectives by fostering innovation, creativity, and collaboration, while also improving our ability to serve our diverse customer base.

Prevention of Sexual Harassment of Women at the Workplace

Creating a safe and inclusive workplace is essential during the integration process. We have implemented a comprehensive Prevention of Sexual Harassment (POSH) policy that provides a safe and confidential reporting mechanism for any incidents of harassment. We conduct regular training and awareness programmes to educate our employees on the importance of maintaining a harassment-free workplace. We are also collaborating with the Adani Group to understand its approach to POSH and aligning our policies and procedures to ensure a consistent and effective approach across the organisation. By creating a safe and inclusive workplace, we foster a culture of trust and respect.



Business Risks and Opportunities



Risks and Areas of Concern

ACC has a comprehensive framework for risk management covering Strategic, Operational, Compliance, Financial and Sustainability-related risks through the Business Risk Management (BRM) process. To bring in the best practices, our Risk Management Policy has been formally framed to identify and assess the key risk areas, monitor, and report compliance and effectiveness of the policy and procedure in line with the regulatory requirements.

A Risk Management Committee under the chairmanship of Mr. Ameet Desai, Independent Director, has been constituted to oversee our risk management process.

The BRM exercise supports management in strategic decision-making. Therefore, it is an integral part of the management reporting cycle. We have laid down a well-defined risk management mechanism covering analysis, risk exposure, potential impact and risk mitigation. Potential risks are identified on a 3X3 matrix (High, Medium, and Low) of severity and probability. The overall risk exposure is assessed from both top-down and bottom-up, which is then consolidated/calibrated to get a bird's eye view.

Based on a detailed review and considering the current and future circumstances which may arise due to change in Management, the risks have



been broadly classified into phases due to their uniqueness considering:

- Transition Phase Risks
- High Growth Phase Risks

Transition Phase Risks

Change Management

ACC is now part of the Adani Group, which is a leading integrated business conglomerate. With change in Management, there comes changes in policies and practices, which needs to be implemented and aligned and all this comes with moderate risk, which may disrupt business, operations, and people temporarily.

The risk of change management was addressed with utmost care and expertise by the organisation and thus, had minimal impact on the business and operations.

IT and Cyber Security

Today, nearly every aspect of our life revolves around information technology and cyber security. Thus, protecting vital information in the cyber world is not only our responsibility, but also a necessity to secure our business and operations, more so with our ongoing transition to the Adani Group. As we move towards digitisation and automation, we will further explore and exploit cyber tools and utilities, especially from a growth perspective.

Effective cyber security requires protecting both our hardware and software from misuse, interference, loss, unauthorised access, modification and disclosure, and we as a concerned and proactive organisation have taken all effective measures to design our control mechanism and ensure that we are cyber secured.

High Growth Phase Risks

Regulatory Changes

As a responsive company, we are aware that changes in regulations are essential for the growth and protection of the environment and nature. Non-compliance to these regulations can lead to serious reputational and financial consequences while compliance too comes at a cost – cost for innovation, alternatives, transformation, upgradation, etc.

The Company is taking up various projects across its operations to comply with the new environmental regulations related to Dust, SO_x and NO_x emissions.

Risk of Natural Resources

The cement Industry is highly energy intensive and is largely dependent on natural resources like limestone, coal, minerals, etc. To ensure that there is no disruption

in business and operations, there is a need to ensure continuous supply of these materials at optimum cost and quality. However, due to reserve depletion and procurement issues, this is becoming a challenge for industry. For continuous operation, there is need to secure limestone with minimum ~50 years of reserves. Volatility in coal prices is also an area of concern.

To mitigate the risk, we need to invest in developing products that emit less CO₂. We are exploring ways to reduce emissions by enhancing the share of green power.

Energy Security

Energy security largely depends on the availability and cost. Risks associated with energy costs account for a significant part of our production cost. Cement production, in particular, requires a high level of energy consumption, especially for the kilning and grinding processes. The principal elements of these energy costs are fuel expenses and electricity expenses (which include costs for coal, petroleum coke, natural gas, and alternative fuels such as biomass).

Our operations are therefore expected to be significantly affected by volatile energy prices, which may fluctuate due to market forces and other factors, including changes in the regulatory regime. We seek to protect ourselves against the risk of energy price fluctuations by diversifying fuel sources including the use of alternative fuels.