Highlights 2019

- **Net sales**: ₹15,343 Cr
- **Net profit**: ₹1,378 Cr
- **Average capacity utilisation**: ~84%
- **Waste-derived resources used**: 12.47 MT
- **Return on Capital Employed (RoCE)**: 18%
- **Cement sold**: 28.89 MT
- **Lives benefitted through CSR initiatives**: ~5,000,000
- **Best-in-class people productivity**: 4,965 t/FTE*

* t/FTE—Tonnes per full-time equivalent
ACC Limited (ACC) is a leading player in the Indian building materials space, with a pan-India operational and marketing presence. Synonymous with cement, we have established our reputation as a pioneer organisation that has consistently set new benchmarks with our innovative research and product development.

With our experience and expertise spanning over eight decades, we have actively contributed to India’s progress. Our success over the years can be attributed to our conscious efforts to maintain enduring goodwill among our stakeholders. We have achieved this with an unrelenting focus on customer centricity, ethical business practices and sustainable development.

In 2005, ACC became part of the Holcim Group of Switzerland. Subsequently, in 2015, Holcim and Lafarge came together in a merger to form LafargeHolcim – the global leader in building materials and solutions. Being a part of this large group has further fuelled our growth and the resultant technology sharing continues to help us stay ahead of the curve in the dynamic Indian market.

**Our vision**

To be one of the most respected companies in India; recognised for challenging conventions and delivering on our promises.

**Our purpose**

To be a driving force in creating a confident future for our people, our customers, our shareholders and our nation.
Our presence

Over the years, we have set up cement manufacturing and grinding units, and ready mix concrete plants across the length and breadth of India. Access to raw materials and serviceability of high-demand markets are the primary drivers of our location strategy.
Journey and milestones

Evolving with the times. Building the nation.

1936 saw the birth of ACC following the merger of 10 existing cement companies. Over the decades, we crossed many milestones, and our experience and expertise have helped us retain our leadership in India’s cement industry. Since inception, we have consistently set higher benchmarks in cement and concrete technology. Our brand continues to inspire confidence in the minds of our customers and stakeholder fraternity.

Here is a brief account of our evolution.

**1930s**
The Associated Cement Companies Limited is incorporated

**1940s**
- Sets up India’s first indigenous cement plant at Chaibasa
- Establishes the first community development centre near Bombay

**1950s**
- Establishes Bulk Cement Depot, Okhla and Technical Training Institute, Kymore
- Launches the rural welfare scheme

**1960s**
- Launches innovative products such as hydrophobic cement and oil well cement
- Sets up the Central Research Station at Thane
- Implements data processing, design management information and control systems
1970s
- Introduces India’s first energy-efficient pre-calcinator technology
- Bags plant management contract in Saudi Arabia
- Receives ASSOCHAM 1st National Award for outstanding performance in promoting rural and agricultural development

1980s
- Commissions India’s first 1 MTPA plant at Wadi
- Makes breakthrough in import substitution—develops special G oil well cement for ONGC
- Develops a new binder for sub-zero temperature for Indian expedition to Antarctica

1990s
- First to foray into the commercial manufacture of ready mix concrete in India
- Expands through incorporation, mergers and commissioning of new and captive plants
- Incorporates Bulk Cement Corporation of India, a Joint Venture (JV) with the Government of India

2000s
- Becomes a part of Ambuja Group and Holcim Group of Switzerland
- Commissions India’s largest 2.6 MTPA plant at Wadi, with the world’s largest kiln
- Inaugurates a grinding plant of 1.6 MTPA at Thondebhavi

2010s
- Achieves greenfield and brownfield expansion, and launches M-100 grade concrete for the construction of high-intensity towers
- Focuses more on sustainability—installs a Waste Heat Recovery System (WHRS) at Gagal
- Enters the Construction Chemicals segment with the waterproofing compound LeakBlock
- Sets up a plant to produce dry mix mortar
Products and services

Setting the trend. Raising the bar.

We have consistently set higher benchmarks since we began our journey. Quality, reliability and innovation continue to be the determinants of our brand reputation.

ACC is India’s most preferred brand in Portland cement and ready mix concrete, and has been used by generations to build structures ranging from houses to public infrastructure. We were the pioneer in introducing bulk cement for large cement customers. We constantly evolve and innovate to remain at the forefront of building technology. Our differentiated offerings are the result of our deep understanding of our customer needs. This approach makes our portfolio dynamic, spanning cement, construction chemicals, ready mix concrete and dry mix products.

CEMENT

Gold range

**ACC Concrete+ Xtra Strong**
Specially formulated cement with unique binding properties, designed to provide high strength; perfect for all concrete applications – foundations, columns, beams and roofs

**ACC F2R Superfast**
Cement with superior strength, superfine quality and super-fast setting formula that enables robust construction in a short time

**ACC Gold Water Shield**
Water-repellent cement with a unique water-resistant formula, which acts as a shield against water seepage

Silver range

**ACC Suraksha Power**
Results in the most dense and impermeable concrete characterised by high strength and superior resistance to corrosion

**ACC Suraksha Power+**
developed with engineered Particle Size Distributor (PSD) technology, its advanced formula enhances its superior quality

**ACC HPC LONG LIFE**
High-performance cement that forms strong bonds and makes dense concrete; it fights corrosion and resists cracks

**ACC Super Shaktimaan**
Scientifically designed to provide strength and protect from corrosion
Ready Mix Concrete

Our ready mix concrete offerings cater to a range of requirements from commercial supply to an individual house builder to large-scale projects that mandate onsite ready mix concrete plants. Ready mix concrete is a mixture of Portland or other cements/cementitious material, water and aggregates: sand, gravel, or crushed stone and chemical admixtures.

Latest Product Innovations to Ready Mix Concrete Value-Added Portfolio

We provide solutions for different applications, tailored to meet specific customer requirements.

**ACC Ultivacrete NX**  The highest commercial grade of concrete available in India; at M 140 grade, it finds specific use in high rise buildings, blast proof structures and bridges

**ACC Refraxcrete**  Withstands high temperatures up to 200-250 degrees Celsius and can be used in refractories, where pits are heated

**ACC Structlitecrete**  Has a density of 1,500 kg/cum to 1,900 kg/cum and finds exceptional utility in structural concrete, making it a good insulation material

**ACC Sustainocrete**  A unique sulphate-resistant concrete that finds increasing applications in onshore and coastal structural requirements

Construction Chemicals

The dry mix range consists of tailored products addressing specific consumer needs across the construction cycle.

**ACC Leak Block Cement Mix LB 202**  Integral waterproofing compound used in concrete and plaster; it increases the strength and durability of structures by increasing resistance to water penetration and chloride attack

**ACC Leak Block Cement Coat LB 303**  Advanced acrylic emulsion based waterproofing and bonding compound with excellent flexibility, waterproofing and bonding properties suitable for all wet areas

**ACC Leak Block Waterproof Plaster - LB 101**  Cementitious waterproof mortar suitable for internal and external plaster application; the unique formula consists of well-graded sand and special waterproofing and self-curing additives

**ACC Xtra Strong Tile Adhesive - XT 111**

**ACC Xtra Strong Tile on Tile Adhesive - XT 222**

**ACC Xtra Strong Exterior Tile Adhesive - XT 333**

Cement-based tile adhesive range for internal and external tile application
Summary of value creation

Creating value with resources. Growing the enterprise with relationships.

At ACC, we depend on various resources and relationships to conduct our business. Through the course of our business, we also impact these resources and relationships and strive to enhance value across all of them. Below, we define the various capitals pertaining to our business and summarise the value we have created in 2019.

<table>
<thead>
<tr>
<th>Value created/enhanced in 2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Financial capital</strong></td>
</tr>
<tr>
<td>We depend on various financial resources to conduct business, obtained from debt and equity financing, internal accruals and returns from investments. Our balance sheet is debt-free and this positively impacts our net profit.</td>
</tr>
<tr>
<td>₹9,689 Cr Economic value added</td>
</tr>
<tr>
<td>₹8,293 Cr Economic value distributed</td>
</tr>
<tr>
<td>₹1,396 Cr Economic value retained</td>
</tr>
<tr>
<td><strong>Manufactured capital</strong></td>
</tr>
<tr>
<td>Our manufactured capital comprises our countrywide network of integrated cement manufacturing and grinding units, ready mix plants, offices and other state-of-the-art movable and immovable infrastructure, including warehouses, machinery and vehicles.</td>
</tr>
<tr>
<td>2% Increase in cement sales volume</td>
</tr>
<tr>
<td>12% Increase in ready mix concrete sales volume</td>
</tr>
<tr>
<td>14% Reduction in cost of materials consumed per tonne</td>
</tr>
<tr>
<td><strong>Intellectual capital</strong></td>
</tr>
<tr>
<td>Our deep knowledge, experience and expertise in being the pioneers in the Indian cement industry, together with our proprietary brands and in-house technologies and processes, comprise our intellectual capital.</td>
</tr>
<tr>
<td>₹35 Cr Sales from Solutions and New Products category in 2019</td>
</tr>
</tbody>
</table>

Read more on our financial capital performance and outlook on page 24.

Read more on our manufactured capital performance and outlook on page 28.

Read more on our intellectual capital performance and outlook on page 32.
### Natural capital
We depend on various natural resources for our raw material requirements and their continued quality, availability and affordability is vital to our operations. Read more on our natural capital performance and outlook on page 36.

### Social and relationship capital
We have nurtured long-lasting relationships with our various stakeholder groups such as investors, customers, employees and communities. Their continued patronage and loyalty reinforces our confidence to operate responsibly and grow with everyone. Read more on our social and relationship capital performance and outlook on page 44.

<table>
<thead>
<tr>
<th>Value created/enhanced in 2019</th>
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</thead>
<tbody>
<tr>
<td>17.9% Reduction in specific SOx emissions</td>
</tr>
<tr>
<td>22.3% Reduction in specific NOx emissions</td>
</tr>
<tr>
<td>2.7% Reduction in specific dust emissions</td>
</tr>
<tr>
<td>7% Reduction in specific water consumption in cement operations</td>
</tr>
<tr>
<td>~5,00,000 Beneficiaries of CSR programmes</td>
</tr>
<tr>
<td>7,397 Skill building sessions for masons/contractors</td>
</tr>
<tr>
<td>280 Technical lectures conducted</td>
</tr>
<tr>
<td>32,000 Total instant mix proportioning/concrete testing services provided</td>
</tr>
<tr>
<td>97.6% Customer complaints resolved from those received</td>
</tr>
</tbody>
</table>

### Human capital
Our dynamic, diverse and dedicated employees come from various ethnic, social and economic backgrounds. Their collective skills and competencies are our greatest strength. Read more on our human capital performance and outlook on page 48.

<table>
<thead>
<tr>
<th>Performance indicators</th>
</tr>
</thead>
<tbody>
<tr>
<td>3,844 Performance reviews carried out</td>
</tr>
<tr>
<td>24% Reduction in LTIFR</td>
</tr>
<tr>
<td>₹11.58 Lakh Average annual compensation</td>
</tr>
<tr>
<td>750 Employees promoted</td>
</tr>
</tbody>
</table>
Dear Stakeholders,

It is my pleasure to invite you to read the second integrated report of ACC Limited. It captures the developments of an eventful year, our performance in multiple impact areas and our way forward. The theme of the report ‘Cemented by relationships. Growing with vision’ is a tribute to the trusted relationships we have fostered over our 83-year history and to the inclusive growth path we tread on.

Reviewing an eventful year

2019 was a challenging year for the world. At a global level, we witnessed rising trade barriers, geopolitical tensions, climate-related disasters and subdued economic activity. Closer home, the issues in the Non-Banking Financial Services (NBFC) sector and consequent decline in credit growth contributed to stunted economic growth of 4.8% in 2019.

These developments had a bearing on the cement industry as well—its growth rate was arrested at 1.5-2%. Demand was listless during the first half of the year in anticipation of the national general elections and the latter half was plagued with an extended monsoon, low infrastructure capex and strapped liquidity.

However, there is fair reason to believe that most of these issues have bottomed out to pave the way for brighter prospects. Globally, there are early signs of stabilisation as US-China dynamics improve and global trade flow gets back on track. Accommodative monetary policy and resilient consumer spending have helped ease market sentiment.
While we are looking at a global growth rebound, in India, we are confident of robust growth in the medium to long term. Factors that are expected to contribute to this growth include the Union Budget and policies that support heavy social and industrial infrastructure. The government’s commitment of ₹ 1.02 Lakh Crore to the National Infrastructure Pipeline over the next five years is expected to significantly drive demand for cement in India.

**Taking stock of our performance and growth**

Even in a subdued economic environment, we continued to deliver and grow on the most important counts, through the year. In 2019, our net sales grew by 6% and profit after tax by 35% on a normalised basis. Our ready mix concrete business continued to grow strongly at 12% in volume terms. We also saw excellent growth of our premium range of cement products and ready mix concrete Value Added Products & Services (VAPS).

While ACC has continued to grow consistently, it is noteworthy that we achieved the above annual performance amidst liquidity constraints and slowdown in infrastructure projects. On this account, I laud the grit, perseverance and efforts of all members of the ACC family who made it happen.

Our major development projects – setting up a greenfield integrated cement plant at Ametha (Madhya Pradesh), expanding our grinding capacity in Tikaria (Uttar Pradesh), and setting up a cement grinding facility in Sindri (Jharkhand) – are well on track. The added manufacturing capacities will help us deepen our share in the eastern and central markets, where demand is expected to be buoyant in the coming years.

**Progressing sustainably**

ACC is an organisation that demonstrates outstanding performance across all three pillars of sustainability excellence—people, planet and profit—in letter and spirit. Our purpose is to create a confident future for everyone and we maintain that our success comes from the prosperity of those around us. Towards this effect, our Environmental, Social and Governance (ESG) performance continued to raise the bar in line with our 2030 Sustainable Development Plan.

On the environmental front, we are working towards being carbon-neutral, water-positive, plastic-negative and biodiversity-positive. On the input side, we are experimenting with newer materials and increasingly sourcing our energy requirements through renewable sources. Within our kilns, we are co-processing millions of tonnes of waste material, catalysed by our Geocycle brand.

In 2019, the Corporate Social Responsibility programmes delivered by ACC TRUST touched the lives of half a million people, spread over 215 villages of India. Our initiatives across livelihood, education, water sanitation and health continued to create measurable impact for communities around our areas of operations.

At ACC, we believe that investing in talent and nurturing our human capital is core to our success. Our people-first policies align employee safety, well-being and growth as critical priorities. We, therefore, have one of the highest employee retention rates in the industry.

As much as our employees, we are also sustained by a large ecosystem of suppliers, partners, vendors and distributors. It is our constant endeavour to establish mutually beneficial relationships with them and ensure that the relationship continues to be of mutual benefit.

I would like to thank all ACC employees led by Mr. Neeraj Akhoury for delivering another strong performance in 2019. Mr. Akhoury has recently stepped down from the position of Managing Director & CEO and moved to head Ambuja Cements Limited as its Managing Director & CEO. I would like to welcome Mr. Sridhar Balakrishnan who has been promoted to the role of Managing Director & CEO of ACC Limited from his earlier role of Chief Commercial Officer.

**Going forward**

As I look ahead, I can say with reasonable confidence that we are gearing up for a future of good growth. India’s young population, stable government and encouraging policy decisions are paving way for a tomorrow that guarantees progress on both the industrial and social fronts.

As ACC, we will continue to partner India’s growth to build a better future for everyone. In doing so, I solicit your continued cooperation.

Best regards,

Narotam Sekhsaria
Value creation model

Optimising inputs. Maximising outcomes.

INPUTS

**Financial capital (standalone)**
- Equity: ₹188 Crore
- Retained earnings: ₹7,697 Crore
- Net worth: ₹11,521 Crore
- Capital expenditure: ₹540 Crore

**Manufactured capital**
- Cement manufacturing units: 17
- Integrated plants: 11
- Grinding units: 6
- Ready mix concrete plants: 90
- Installed capacity for cement manufacturing: 33.05 MTPA
- Offices: 5
- R&D facilities: 1
- Warehouses: 400
- Captive power plants: 9
- Wind Farms: 3
- Solar power portfolio: 82 MW (operational and under implementation)

**Intellectual capital**
- Number of new products introduced: 12
- Total expenditure on R&D: ₹1.06 Crore

**Natural capital**
- Total water consumption in cement operations: 4.66 Million m³
- Total green energy consumed: 82.39 Million units
- Total waste co-processed: 4,51,286 tonnes
- Total expenditure on environment: ₹235.5 Crore

**Social and relationship capital**
- Channel partners: ~50,000
- Number of new dealers and retailers onboarded: 2,500
- CSR expenditure: ₹25.07 Crore
- Suppliers assessed on human rights compliance: 522

**Human capital**
- People employed on roll: 6,643
- People employed for > 10 years within ACC: 3,402
- Third-party service providers: 7,378

ACTIVITIES

**Inbound logistics**
- Mining
- Raw material preparation
- Drying and grinding of raw meal
- Clinkerisation and Storage
- Cement grinding and storage
- Packing and dispatch

**Outbound logistics**
- Sales and marketing
- After sales service

(Supported by)
- ENERGY MANAGEMENT
- EMISSIONS MANAGEMENT
- WASTE MANAGEMENT
- RESEARCH AND DEVELOPMENT
- PEOPLE MANAGEMENT
- FINANCE AND COST MANAGEMENT
- RISK MANAGEMENT

Cemented by relationships. Growing with vision.
Financial capital (standalone)

- Sales: ₹15,343 Crore
- EBITDA: ₹2,409 Crore
- PBT: ₹2,031 Crore
- PAT: ₹1,359 Crore
- RoCE: 18%
- Dividend: ₹14 per share
- Market capitalisation: ₹27,147 Crore

Manufactured capital

- Expansion of composite cement
- Average capacity utilisation of plants: ~84%
- New ready mix plants commissioned during the year: 15
- Average clinker factor reduction: 0.57%

Intellectual capital

- Sales from Solutions and New Products category in 2019: ₹35 Crore

Natural capital

- Reduction in specific SOx emissions: 17.9%
- Reduction in specific NOx emissions: 22.3%
- Reduction in specific dust emissions: 2.7%
- Reduction in specific water consumption in cement operations: 7%

Social and relationship capital

- Government projects partnered in 2019: 32
- Beneficiaries of CSR programmes: ~5,00,000

Human capital

- New joinees during the year: 627
- Male: 576  Female: 51
- Average employee cost: ₹266/tonne
- Number of employees trained: 3,643
- Number of POSH complaints: 4 received and resolved
- LTIFR: 0.34
- Employee retention rate: 89%

Cement production across grades and quality

27.87 MT

Ready mix concrete

3.53 Million m³

Absolute air emissions
- SOx: 1,789.75 tonnes
- NOx: 22,759.39 tonnes
- Dust: 471.9 tonnes

Waste generated
- Waste Oil: 81,949 litres
- Steel Scrap waste: 9,236 T

Integrated Report 2019
Operating landscape

An environment of opportunities. An ecosystem of potential.

We operate in an economy that is undergoing large-scale structural changes to uplift its aspirational population.

India is the world’s seventh-largest economy and a powerhouse of possibilities. It is empowered by a current size of $2.70 trillion, continued focus on infrastructure growth, encouraging monetary policy framework and a young aspirational population with high disposable income. These factors are expected to further spur the economy and give the core sector a new lease of life.

India’s cement industry is the second largest in the world, accounting for ~10% of global production. Cement is also part of the country’s eight core industries and contributes to the lead indicator of India’s industrial production. Over the past decade, cement has achieved a 9% CAGR in India and has outpaced the average GDP growth of 7%.

As India aspires to become a $5 trillion economy, cement demand is expected to rise significantly. In the Union Budget 2020, the Government of India has launched ₹102 Lakh Crore infra projects besides providing about ₹1.70 Lakh Crore for transport infrastructure and accelerating highways construction.

Strong government spending and a continued focus on areas such as affordable housing will help sustain strong cement demand.
Demand from housing and infrastructure development

New projects and extension of funds to existing projects have set a long-term roadmap for India’s infrastructure requirements. Demand will be driven by the government’s focus on ambitious projects as announced in the Union Budget 2020.

Metro projects: With ₹17,713.93 Crore allocation, there has been an increase of nearly 25% in the allocation to metro projects across the country.

Pradhan Mantri Gram Sadak Yojana (PMGSY-III) scheme: ₹6,853.26 Crore allocated.

Upgradation of railways and roadways: The government plans to upgrade 1,25,000 km of road length over the next five years.

Additional capacity installation

Rising infrastructure requirements of a developing economy would lead to increased cement demand for which an additional capacity of 18-20 million tonnes per annum (MTPA) will be added in FY20. Currently, 210 large cement plants together account for 410 million tonnes of installed capacity in the country, while 350 mini cement plants make up the rest.

Focusing on sustainability

The cement industry plays a crucial role in supporting India’s infrastructure creation. There is also growing concern about the sector’s environmental footprint. Therefore, a long-term sustainability roadmap assumes significance.

The aim of the Global Cement and Concrete Association (GCCA) is to help the industry achieve the UN SDGs. For this purpose, the GCCA is promoting sharing and adoption of best practices in safety, production, use of cement and concrete in the built environment and is fostering innovation in the cement and concrete manufacturing sectors.

The industry is collaborating on this critical agenda at various fora. These include the cement industry’s association with industrial bodies such as the Cement Manufacturers Association (CMA), Confederation of Indian Industries (CII), The Energy & Resource Institute (TERI), Federation of Indian Chambers of Commerce & Industry (FICCI), Bombay Chamber of Commerce (BCC), Indian Merchant Chambers (IMC), etc.

Allocation of dedicated coal mines

The government has allocated dedicated coal mines for the cement industry to power their energy needs from captive power plants. This helps cement manufacturers achieve better cost efficiencies during their operations and add to their margins.

Risks and threats

Our key risks, risk management framework and mitigation efforts have been comprehensively covered in our Board’s Report on page 86.
Stakeholder engagement

Engaging for growth. Empowering for progress.

Since inception, the meaningful, trustworthy and transparent relationships we have fostered with our stakeholders have been the cornerstone of our growth over the years. We continue to be an inclusive organisation by actively engaging with our stakeholders, empathising with their concerns and adequately addressing their requirements.

**Stakeholder analysis**

We conduct periodic stakeholder analysis to identify relevant and important stakeholders of the organisation, map their interface and influence, and prioritise them. This year as well, we undertook an analysis of our engagement with various stakeholder groups.

We have mapped our stakeholders on a matrix, where Importance, Influence and Threat are on the X-axis and Engagement, Influence and Cooperation are on the Y-axis.

### Stakeholder groups

#### Employees

- Training and development
- Performance evaluation and recognition
- Sharing knowledge and best practices
- Fair practices and work-life balance
- Health and safety matters

**Mode of engagement**

- Town hall meetings and webcasts
- Intranet portal, Newsletter
- Cultural events
- Safety committees and toolbox talks
- Trainings and performance management system
- Reporting mechanisms

**Frequency**

- Regularly

#### Government/Regulators/Local authorities

- Compliance with laws and regulations
- Regular reporting

**Mode of engagement**

- Regular visits and applications
- Meetings, presentation, reports and networking in different forums organised by regulatory authorities
- Presentations from management

**Frequency**

- As and when required

#### Channel—Dealers and retailers

- Assured quality
- Support in sales promotion
- Regular supply and timely delivery
- Profitability and return on investment

**Mode of engagement**

- Sales calls
- Relationship building activities such as meets, events and engagements
- Net Promoter Score (NPS) surveys

**Frequency**

- Continuous contact visits
- Dealer meets and NPS surveys—Annual
## Stakeholder groups

<table>
<thead>
<tr>
<th>Stakeholder groups</th>
<th>Key concerns</th>
<th>Mode of engagement</th>
<th>Frequency</th>
</tr>
</thead>
</table>
| **Consumers (trade) — Individual home builders and contractor** | • Estimation of building cost  
• Assured quality  
• Selection of good cement  
• Process of good construction  
• Troubleshooting | • Calls/visits by customer service engineers  
• Consumer meets and exhibitions  
• Information on ACC products  
• Complaint & feedback mechanism  
• Advice on good construction practices | Regular customer visits; others based on needs and opportunities |
| **Consumers (institutional)** | • Assured quality  
• Consistency in product  
• Regular supply and timely delivery  
• One-window solution for all cement and concrete needs  
• Testing if needed | • One-to-one sales calls  
• Technical after sales service  
• Key account management system | High frequency and regular |
| **Communities** | • Livelihood opportunities and income generation  
• Quality education  
• Preventive health and sanitation  
• Community environment  
• Infrastructure development | • CSR interventions and volunteering  
• Volunteering initiatives  
• Community events and functions  
• Stakeholder engagement surveys  
• Community advisory panels meetings  
• Social audits | Programme-based and regular |
| **Investors** | • Information on Company’s performance  
• Company’s financial health, growth and performance  
• Dividend payments | • Annual General Meetings  
• Stakeholders’ Relationship Committee to addresses grievances of investors and shareholders  
• Email ID & toll-free number for investors | Quarterly/annually/ as and when required |
| **Vendors and suppliers** | • Registration as approved vendor  
• Product specifications  
• Pricing and terms of payment  
• Delivery period  
• Product failures and user complaints  
• Compliance | • By phone, VC, email or in person.  
• Suppliers meet  
• Capacity building on supplier code of conduct  
• Surveys | High frequency and continuous contact visits |
| **Waste generators** | • Awareness of safe and sustainable waste disposal methods  
• Awareness of co-processing  
• Delay in permit process  
• Handling and transporting waste  
• Assurance of waste disposal | • Regular visits, emails and telephonic conversations  
• Participation in various forums, release of case studies and articles in reputed publications  
• Customer events  
• Geocycle Week | Monthly or more frequent |
| **Trade associations and industrial bodies** | • Issues faced by the Company/industry  
• Need for policy intervention and changes as part of ease of doing business | • Sharing best practices and benchmarks  
• Participating in regional and national events/conclaves of industry bodies | As and when required and organised |
| **Media** | • Transparent disclosure and information sharing | • Press releases  
• Publishing articles and news  
• Meetings and interviews | As and when required |
Our initiatives are determined by several issues that are important to us and our stakeholders. To analyse matters that have significant bearing on our ability to create value, we undertook an extensive materiality assessment process in 2017. In 2018, we reviewed the previous assessment to gain new insights and record improvements and changes. The material issues thus identified were prioritised, reviewed and validated to be presented in the year’s sustainability report. Subsequently, we further aligned the material matters with the aspects identified by the Sustainability Development 2030 (SD 2030) Plan of our parent, LafargeHolcim.

Since this exercise, the organisation has not undergone any notable changes in its operations or relationships.

The matters identified as part of the above assessment and alignment have been mapped in the matrix alongside that plots them with stakeholder concerns and business priorities. Topic boundaries for each material topic are also mentioned with the matrix. While this report includes discussions on all such matters, issues identified as critical on both parameters will find a detailed note.

**Most critical material issues**

- Health and safety
- Economic performance
- Compliance to regulatory/statutory requirements
- Customer relationship management
- Energy
- Climate change and global warming
- Community development
- Corporate governance
- Risk management
- Circular economy
- Biodiversity
Materiality Matrix

<table>
<thead>
<tr>
<th>Stakeholder concerns</th>
<th>Business priorities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Internal</strong></td>
<td></td>
</tr>
<tr>
<td>8 Research and Product Innovation</td>
<td>5 Customer Relationship Management</td>
</tr>
<tr>
<td>10 Code of Conduct and Business Ethics</td>
<td>6 Corporate Governance</td>
</tr>
<tr>
<td>15 Energy</td>
<td>9 Sustainable Construction</td>
</tr>
<tr>
<td>21 Attraction/Development/ Talent Retention</td>
<td>11 Risk Management</td>
</tr>
<tr>
<td>22 Employee Training and Development</td>
<td>12 Climate Change and Global Warming</td>
</tr>
<tr>
<td>5 Internal and External</td>
<td>13 Circular Economy</td>
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<tr>
<td>1 Economic Performance</td>
<td>14 Biodiversity</td>
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<tr>
<td>2 Indirect Economic Impacts</td>
<td>16 Water Management</td>
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<tr>
<td>3 Land Acquisition for Mines and New Projects</td>
<td>17 Effluent and Waste Management</td>
</tr>
<tr>
<td>4 Supply Chain Management</td>
<td>18 Air Emissions</td>
</tr>
<tr>
<td>5 External</td>
<td>20 Employment and Labour Practices</td>
</tr>
<tr>
<td>7 Compliance to Regulatory/ Statutory Requirements</td>
<td>21 Transportation and Logistics</td>
</tr>
<tr>
<td>19 Health and Safety</td>
<td>23 Human Rights</td>
</tr>
<tr>
<td>25 Public Policy and Advocacy</td>
<td>26 Community Development</td>
</tr>
<tr>
<td>27 Grievance Mechanism</td>
<td></td>
</tr>
</tbody>
</table>
Strategy

A purpose-led strategy. A roadmap for the future.

At ACC, our core purpose is ‘to be a driving force in creating a confident future for our people, our customers, our shareholders and our nation.’ This purpose guides everything that we do and reflects in the way we create value.

Our future business trajectory is also developed around this purpose. Our broad strategic focus areas have been formulated by assessing our key material issues and drawing from our business imperatives of growth, sustainability and relationships.

As a future-focused business, we will continue to incorporate more aspects in our strategic framework as we move forward.
Our strategic framework

Purpose → Material issues → External environment → Business imperatives

Key initiatives and actions to drive strategy-led value → Strategic focus areas → Strategy drivers
Progressing on our strategic focus areas

### Expanding and upgrading capacities

**SFA1**

- Require higher production capacity in ACC’s key markets of Central & East India to prevent being sold out
- Available cash surplus to fund growth with no external borrowings or capital raise required
- Legacy manufacturing units that require technology upgrade

**Key strategic drivers**

- Health and safety
- Economic performance
- Customer relationship management
- Energy

**Critical material issues**

1. **Deploying development capex**
   - In December 2018, our Board approved three major projects, with a total outlay of ₹2,843 crore. These include greenfield and brownfield projects in Madhya Pradesh, Uttar Pradesh and Jharkhand.

2. **Engaging efficiency and maintenance capex**
   - We are upgrading our existing facilities with modern technology and new process methodology.

**How do we do it?**

- The expansion programme is well on track.
- In terms of efficiency capex, in 2019 we focused on upgrading infrastructure in our older manufacturing units to increase productivity per installed capacity and improve operating margins.
- We added 15 ready mix concrete plants during the year.

**Progress in 2019**

- Cement sold vs cement produced ratio
- Cement realisation
- Average capacity utilisation
- Cost of expansion per tonne of cement

**Key performance indicators**

The activation of new manufacturing capacities and existing capacity upgradation will help us service the high-growth markets of Central and Eastern India with higher volumes and better margins. We expect the new units to start contributing to our topline by the end of 2021 or early 2022.

**Outcome**

- Read our detailed coverage on our expansion programmes on page 28.

### Enhancing profitability

**SFA2**

- Improve operating margins with internal efficiencies and cost optimisation
- Vision to align operating margins with industry peers
- Better margins from premium products

**Key strategic drivers**

- Economic performance
- Energy

**Critical material issues**

- Programme ‘Parvat’
  - ‘Parvat’ is our flagship efficiency optimisation programme, designed to transform cost structure and improve delivered cost. Priorities include unlocking efficiencies in procurement and supply chain, and reducing distribution costs.

**Focus on premium products**

- Maintaining a sharp focus on growing the premium product segment to achieve better margins and serve as a new growth avenue.

- All employees at corporate, plants and sales units are engaged in driving the objectives of ‘Parvat’. Have made progress on clinker factor reduction, decrease in spares inventory and improvements were made in gypsum and coal mix.
- Investment in efficiency initiatives such as Waste Heat Recovery Plants (WHRPs).
- Premium products grew significantly in 2019, and our new Solutions & Products range in dry mix and construction chemicals are gaining traction.

**Progress in 2019**

- Average operating margin
- Cost of goods sold
- Growth of premium products
- Average operating margin from premium products

**Key performance indicators**

Programme ‘Parvat’ is expected to improve operating profit through a marked reduction in cost. Our new products & solutions portfolio is receiving an encouraging response, and we expect that they will contribute in great measure to ACC’s growth as a total building materials company.

**Outcome**

- Read our detailed coverage on cost efficiencies on page 24.
Reimagining our business proposition

- Evolving customer needs, new developments in construction and technology, and emergence of alternate building materials.
- With construction and building representing a significant share of carbon emissions, ACC is committed to increase its sustainability leadership.
- Low penetration of ready mix concrete; big growth opportunity
- Customer relationship management
- Climate change and global warming

Evolving from a ‘Cements company’ to a ‘Building materials company’

Become a solutions-based one-stop building materials company for the construction industry offering not only cement and concrete, but also mortars, construction chemicals and aggregates.

Innovate to offer specific value propositions for customers such as water repellent cement, high strength cement etc.

Continue growing ready mix concrete rapidly. Innovative offerings such as ‘Supercrete’ deliver significantly higher strength than traditional concrete.

We are also driven by our commitments towards the environment and society, where our operations can have significant impact.

- We have launched a range of dry mix products such as tile adhesives, waterproofing chemicals as well as a pilot launch of aggregates.
- Increased the number of ready mix concrete plants from 75 to 90.
- Higher share of Value Added Services in ready mix concrete business.

We view Solutions & Products as a growth driver and expect to substantially increase our revenue in this segment over the coming years.

We are committed to providing solutions for evolving customer requirements, and will continue to build and improve our product portfolio to achieve the twin objectives of profitability and sustainability.

This will be reflected in the portfolio mix and the environmental impact we create, going forward.

Read our detailed coverage on innovation and new product launches on page 32.

Accelerating ESG (Environmental, Social and Governance) across our areas of operations

- A non-negotiable commitment to health and safety of people
- Current and emerging issues in business sustainability
- Perspective shift from linearity to circularity
- Responsibility and ambition to set industry benchmarks in sustainability performance
- Health and safety
- Energy
- Circular economy, climate change and global warming
- Community development
- Corporate governance
- Risk management
- Biodiversity

Aligning with the LH Group Sustainability Strategy

We have aligned our sustainability strategy with that of our parent LafargeHolcim, for both 2022 and 2030 milestones, focused primarily on four impact areas – Climate & Energy, Circular Economy, Environment and Community. We have measurable targets and ensure positive performance across impact areas.

Maintaining highest standards of corporate governance

Good governance is a standard operating practice for us. Our Board and Management periodically reviews our governance strategy and performance.

- Number of new products launched during the year
- Ready mix concrete share in the overall topline
- Ready mix concrete sales growth over the years
- Emissions reduction
- GHG intensity
- Renewable energy consumed
- Waste co-processed
- Thermal Substitution Rate (TSR)
- Freshwater vs recycled water consumed
- CSR spend, beneficiaries and impact

Read our detailed coverage on sustainability and ESG performance on pages 34-35, 58.

As building materials draw on natural resources, protecting our environment is a strategic priority. We are on-track to achieve our 2022 and 2030 SD targets, and have surpassed the targets on some parameters.

We believe that sustainability is a journey and not a destination and will continue to reduce our environmental footprint.

Read our detailed coverage on sustainability and ESG performance on pages 34-35.
Financial capital, which underpins our business, is transformed into other forms of capital to conduct our operations and create value that endures for the long term. Over the years, we have fostered a debt-free balance sheet that gives us confident headroom for growth and enables sustained profitability.

In 2019, we performed exceedingly well on most parameters. We streamlined our operations to achieve better efficiencies and moderate our operating costs.

~10%

Contribution of ready mix concrete to overall topline

as part of our ‘Parvat’ initiative. The benefits thus accrued have been deployed in relevant growth areas. We ended the year with a consolidated net profit of ₹1,378 Crore.

Recognition

2. ACC’s Annual Report for the year 2018 was named the first runner-up (second place) in the manufacturing sector in the best-presented annual report category at the South Asian Federation of Accountants (SAFA).
Performance highlights (standalone financials)

NET SALES, OPERATING EBITDA AND OPERATING EBITDA MARGIN

![Graph showing Net sales, Op. EBITDA, and Op. EBITDA margin (%)]

CEMENT SALES VOLUME & GROWTH

![Graph showing Sales volume and Growth (%)]

REVIEW DETAILS

PROFIT BEFORE TAX & PROFIT AFTER TAX

![Graph showing PBT and PAT]
Financial capital performance (contd.)

Performance highlights (standalone financials)

DIVIDEND PER SHARE, EARNINGS PER SHARE & DIVIDEND PAYOUT RATIO*

<table>
<thead>
<tr>
<th>Year</th>
<th>EPS per share</th>
<th>DPS per share</th>
<th>Dividend payout ratio (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>32</td>
<td>17</td>
<td>49</td>
</tr>
<tr>
<td>2016</td>
<td>34</td>
<td>27</td>
<td>53</td>
</tr>
<tr>
<td>2017</td>
<td>49</td>
<td>26</td>
<td>54*</td>
</tr>
<tr>
<td>2018</td>
<td>26</td>
<td>14</td>
<td>19</td>
</tr>
<tr>
<td>2019</td>
<td>32</td>
<td>17</td>
<td>49</td>
</tr>
</tbody>
</table>

*Dividend payout ratio is calculated without considering dividend distribution tax
#EPS is calculated excluding write-back of tax provision

MARKET CAPITALISATION AT YEAR END

<table>
<thead>
<tr>
<th>Year</th>
<th>Market capitalisation (₹ Crore)</th>
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<tbody>
<tr>
<td>2015</td>
<td>25,546</td>
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<tr>
<td>2018</td>
<td>28,320</td>
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<tr>
<td>2019</td>
<td>27,147</td>
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</table>

BOOK VALUE PER SHARE

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<thead>
<tr>
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<th>Book value per share (₹ per share)</th>
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</thead>
<tbody>
<tr>
<td>2015</td>
<td>450</td>
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<tr>
<td>2016</td>
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<td>2017</td>
<td>499</td>
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<tr>
<td>2018</td>
<td>561</td>
</tr>
<tr>
<td>2019</td>
<td>634</td>
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</table>

CONTRIBUTION TO EXCHEQUER

<table>
<thead>
<tr>
<th>Year</th>
<th>Contribution to Exchequer (₹ Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>3,913</td>
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<tr>
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<td>2018</td>
<td>14</td>
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<tr>
<td>2019</td>
<td>25</td>
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</table>

CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

<table>
<thead>
<tr>
<th>Year</th>
<th>CSR expenditure (₹ Crore)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>31</td>
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<tr>
<td>2016</td>
<td>22</td>
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<td>2017</td>
<td>22</td>
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<tr>
<td>2018</td>
<td>20</td>
</tr>
<tr>
<td>2019</td>
<td>25</td>
</tr>
</tbody>
</table>

NET FIXED ASSET & ASSET TURNOVER RATIO

<table>
<thead>
<tr>
<th>Year</th>
<th>Net fixed asset (₹ Crore)</th>
<th>Asset turnover ratio (times)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>7,656</td>
<td>1.5</td>
</tr>
<tr>
<td>2016</td>
<td>7,786</td>
<td>1.4</td>
</tr>
<tr>
<td>2017</td>
<td>7,503</td>
<td>1.7</td>
</tr>
<tr>
<td>2018</td>
<td>7,442</td>
<td>1.9</td>
</tr>
<tr>
<td>2019</td>
<td>7,427</td>
<td>2.1</td>
</tr>
</tbody>
</table>
Cost and profit as a percentage of revenue from operations

2019

Other income (311) (2%)
Depreciation 603 4%
Manufacturing and other costs 2,944 19%
Freight and forwarding expense 4,050 25%
Profit before tax 2,031, 13%

Cost of materials consumed 2,258 14%
Power and fuel 3,131 20%
Employee cost 864 6%

2018

Other income (139) (1%)
Depreciation 600 4%
Manufacturing and other costs 2,497 17%
Freight and forwarding expense 4,011 27%
Profit before tax 1,494, 10%

Cost of materials consumed 2,370 16%
Power and fuel 2,998 20%
Employee cost 881 6%

All figures are in ₹ Crore
Our 17 integrated cement plants and grinding units, as well as a growing portfolio of ready-mix plants make us one of the largest building materials players in India today. Our state-of-the-art R&D facilities, supply chain ecosystem, captive power plants and corporate and regional offices support our core assets in creating high-quality products, well-appreciated by our customers. Our manufacturing processes are further guided by our parent, which has led us to adopt globally relevant practices as standard.

**Development capex**
In order to ensure that we have ample capacity to cater to a rising demand scenario, we undertook three development capex projects in 2019. All these projects, listed below, are being funded through internal accruals.

1. Setting up of a greenfield integrated cement plant in Ametha, Madhya Pradesh with a clinker capacity of 3 MTPA and a cement capacity of 1 MTPA.
2. Setting up of 1.1 MTPA PSC/1.4 MTPA PCC grinding facility at the existing location of Sindri, Jharkhand.
3. Expansion of existing grinding unit in Tikaria, Uttar Pradesh with a 1.6 MTPA cement capacity and a third grinding unit in the state with a capacity of 2.2 MTPA.

**Efficiency capex**
At best-in-class utilisation levels, we need to be mindful to ensure consistent reliability of our manufacturing units. To achieve this purpose, we are also in the process of upgrading our existing manufacturing infrastructure to arrive at better production efficiencies and consequently, better profitability per tonne of cement. Towards this end, in 2019, we undertook projects to improve energy management, waste heat recovery, and raw material consumption. We also strategically reduced our spares inventory contributing to lean operations and reduced inventory carrying cost.

**Capacity expansion and capex projects**
To effectively manage our manufactured capital, we regularly undertake both capacity augmentation projects and engage efficiency capex initiatives.
Captive power generation units

Our units are powered by both conventional and non-conventional sources of energy. Our thermal energy needs are serviced by captive power plants in most of our units. Similarly, solar and wind farms are being used to substitute thermal energy wherever viable and the contribution of these green sources is set to increase in our energy mix. We also plan to increase the number of Waste Heat Recovery Plants (WHRPs) to capture lost energy and service our requirements. All the power generation units that we own and operate, form a core part of our manufactured capital.
Manufactured capital performance (contd.)

**Mining**

Mining is an integral part of our operations and helps us maintain our raw material security for the long term. At ACC, mining is underpinned by three guiding factors, which ensure that sustainable mining is practised at all times and places.

**Safety**

We are committed to running safe and responsible mining in all our quarries across India. We are conducting studies on fatigue-related risk of our operators as well as other safety aspects of quarries to check on areas of further improvement, and recommendations are accordingly being implemented. Notable initiatives like a separate road for mining and light vehicles along with proper illumination of the road are already implemented or under implementation.

**Mineral conservation**

We strive to reduce our ecological footprint by incorporating digital technology in our mining operations and optimising resource utilisation. All our limestone mining leases are adequately explored and computerised geological models have been prepared. Through robust annual planning, real time data monitoring and use of sensors in our quarries, we consumed more than 2 million tonnes of sub-grade material in 2019. Apart from this, we continuously monitor the need for augmentation of resources and generate value through further exploration.

**Compliance**

All our mines comply with various mining and environment-related acts, rules and regulations. We report and record environmental measurements through air monitoring, water monitoring, dust survey, noise survey, vibration, air blast and illumination survey in all our mines. The data generated is reviewed periodically and corrective measures are taken for continuous improvement.

We collaborate with government authorities and external experts to improve our blasting efficiency, fuel consumption and use of less polluting alternatives such as biodiesel. We also use non-conventional mining equipment to reduce the impact of blasting.

**Supply chain and logistics**

As part of our supply chain strategy, we are currently focusing on supplying loads to customers directly from our manufacturing units. This ensures timely delivery, leaner operations and reduced risks of pilferage and wastage. We have demonstrated this at our Damodar unit, where currently 100% of delivery is direct from plant. Similarly, we are also in the process of identifying and curtailing high-cost movements on a Total Cost of Ownership (TCO) basis.

It is our constant endeavour to arrest cost leakages, product damages and multiple handling. With concerted efforts, we have brought down clinker dead weight in some plants to zero, from an average of 6% earlier. As we improve our operations, we wish to develop win-win propositions for our channel partners as well and accelerate mutual benefits through initiatives like increasing the number of trips per truck.

We are also calibrating our focus towards the home market to optimise our load-distance for delivery and in the process, reduce our carbon footprint. In addition, we are planning for direct dispatch by shifting to smaller deliveries, to ensure leaner distribution and achieve better margins.
Digital initiatives in supply chain

- In the past, our Dealer Connect App has proved to be an effective tool in engaging better with our channel partners. Building on its success, we are planning to revamp the app with newer features and to further increase its adoption among stakeholders.

- In order to reduce lead times and provide better service to our customers, we have established an Automated Order Allocation Engine, where orders can be booked using a digital tool and collected within a stipulated time.

- To drive efficiency and adopt data-led management, we have bolstered our business intelligence systems with advanced supply analytics. As we experiment with more sustainable and cost-efficient materials, our logistics strategy will also be naturally aligned to optimise the new mix.

  For example, we are considering gypsum as a new raw material and are looking forward to sourcing the same locally. Similarly, red mud, a waste product from the aluminium production industry, can be considered as raw material in the production of cement clinkers. This will also have a bearing on our logistics priorities, going forward.
As thought leaders, we continue to lead the industry in terms of innovation across ideas, products, practices and processes. We celebrate excellence and pave the road for others to follow.

In 2019, we inaugurated a new Centre at ACC Thane to enable us to achieve the company’s long term vision and stay ahead in the construction ecosystem, offering a broad range of high quality building materials and solutions.

We launched new products and explored newer avenues of growth as a building materials company. This included pre-cast materials, construction chemicals, dry mix products, waterproofing chemicals, concrete bricks etc.

These products have been introduced through a systematic process involving trials across lab, pilot, field and production stages. They are also benchmarked against the latest product technology across the world.

**Embracing digital technology**

Our achievements in the digital space have vindicated our ability to foresee major industry shifts and act with speed. During the year, we introduced mobile applications for our sales & customer service teams, contractors, engineers and dealers, which helped us connect with customers better, achieve better control and optimise costs.

For customers, our dedicated call centre serves as a reliable platform for information and for resolving concerns.

In 2019, we undertook a slew of initiatives to bolster our digital footprint, which included the introduction and revamp of applications for multiple stakeholders and interventions spanning functions and verticals.
As we enter the new decade in 2020, we are working towards launching new innovations in the market such as floor systems, wall systems and roof systems. Simultaneously, we are also improving the existing portfolio by actively listening to our customers and experimenting with newer formulations to maintain our superior product performance. While 2019 was a year of introduction and establishment of a significant number of digital initiatives, 2020 is expected to witness large-scale adoption of the same.

**Outlook**

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**Dealer Connect App:**
After onboarding a large number of our dealers onto the digital ecosystem, we are now including our retailer network as well into the app. Our channel partners can place and track orders, confirm deliveries and download monthly ledgers.

**‘Atoot Bandhan’ App** engages our contractor community, establishes and nurtures strong relationships with them, and drives the adoption of our services.

**Concrete Club App** connects professionals such as architects and engineers with Brand ACC and our portfolio.

**Service Connect App** and Sales Connect App help track as well as assist our technical and sales teams on ground and on sites.

**Other interventions**
We introduced our Sales & Marketing teams to new age technologies such as Artificial Intelligence (AI) and Machine Learning (ML) to bolster our lead generation and overall business effectiveness.

In manufacturing, we are upgrading all our plants and deploying Technical Information System (TIS) to deliver better decision-making and performance across the plant.

We are also investing in supply chain and logistics, especially in network optimisation and in increasing direct despatches.

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**Recognition**
1. ACC was named the Most Preferred Brand in Cement at the National Real Estate Leadership Congress and Awards.
2. ACC Ready mix Concrete conferred GreenPro certification by CII.

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**‘Karein Kuch Kamaal’**
ACC, as a brand, has always earned equity and trust in the market. Our brand philosophy is to inspire people to do extraordinary things and celebrate excellence. In a complete departure from advertising campaigns that most often centre on the functional benefits of cement, we turned the view on its head with a refreshing new campaign ‘Karein Kuch Kamaal’ in 2019. The campaign communicates how our technologically superior products and service offerings are making the home-building process a joyous affair.

During the year, ACC extended the ‘Karein Kuch Kamaal’ philosophy to celebrating and sharing inspirational stories of excellence in people, ideas, and occasions.
Sustainable development 2030 plan

We are committed to generating a third of our turnover from enhanced sustainability solutions. We constantly optimise our value chain towards practices that progressively draw lesser natural resources and create lesser footprint. We also play the role of a model corporate citizen, where the communities around our plants and units trust us with responsible operations and as contributors to their development.

Our sustainability strategy is led by our Sustainable Development (SD) 2030 Plan, developed in 2016, and aligned with the earlier SD 2030 Plan of our parent LafargeHolcim. This strategy focuses on four broad pillars, where we strive to create positive impact. However, we are happy to report that we have already surpassed most of the targets of 2020 in 2019 itself.

On the next page is a snapshot of our 2019 performance against 2020 targets. Moreover, we are now presenting the revised sustainability strategy—SD 2030 plan, which appears in the MDA section of report.

Four pillars of our sustainability strategy

Climate
Reduction of net specific CO₂ emissions

Circular economy
Enhanced utilisation of waste-derived resources

Water and nature
Creating a positive impact on Water and Nature

People and communities
Creation of shared value
Our performance against the targets of previous SD 2030 plan

<table>
<thead>
<tr>
<th>Climate</th>
<th>Circular economy</th>
<th>Water and nature</th>
<th>People and communities</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance 2019</strong></td>
<td><strong>Target 2020</strong></td>
<td><strong>Target 2030</strong></td>
<td></td>
</tr>
<tr>
<td>Reduced net specific CO₂ emissions by 38% per tonne of cement (vs. 1990)</td>
<td>We will use 12.47 million tons of waste-derived resources</td>
<td>Reduced specific freshwater withdrawal in cement operations by 31% (vs. 2015)</td>
<td>Half a million people benefitted from our social programmes</td>
</tr>
<tr>
<td><strong>We will reduce net specific CO₂ emissions by 34% per tonne of cement (vs. 1990)</strong></td>
<td>We will use 9.6 million tonnes of waste-derived resources per year</td>
<td>We will reduce specific freshwater withdrawal in cement operations by 19%</td>
<td>To benefit &gt;1 million people through our social programmes</td>
</tr>
<tr>
<td><strong>We will reduce net specific CO₂ emissions by 40% per tonne of cement (vs. 1990)</strong></td>
<td>We will use 10.7 million tonnes of waste-derived resources per year</td>
<td>We will reduce specific freshwater withdrawal in cement operations by 30%. Show a positive change for biodiversity. Implement WASH pledge at all our sites</td>
<td>We will have zero fatalities. Reduce LTIFR &lt;0.20. Reduce TIFR by 50%. Benefit 3.25 million people from our social programmes. Assess 100% high risk active suppliers. Top sub-suppliers with high risk identified and assessed</td>
</tr>
</tbody>
</table>

SDGs linked:

- 1: No poverty
- 2: Zero hunger
- 3: Good health and wellbeing
- 4: Quality education
- 5: Gender equality
- 6: Clean water and sanitation
- 7: Affordable and clean energy
- 8: Decent work and economic growth
- 9: Industry innovation and infrastructure
- 10: Reduced inequalities
- 11: Sustainable cities and communities
- 12: Responsible consumption and production
- 13: Climate action
- 14: Life below water
- 15: Life on land
- 16: Peace and justice
- 17: Partnerships for the goals
Natural capital performance

Our business depends significantly on the resources we draw from our environment. Our operations have an environmental footprint that we regularly evaluate and make every effort to reduce.

We have dedicated three out of four priority areas in our Sustainable Development Plan 2030 to natural capital preservation and minimisation of negative impact. These include Climate, Circular Economy as well as Water and Nature.

1. Climate change

Cement production is energy intensive in nature with inherent process CO₂ emissions, contributing to ~7% of global cement emissions. The fast approaching 2°C irreversible temperature increase scenario will throw huge challenges and opportunities before the industry with stringent environment regulations, change in precipitation patterns leading to severe drought/floods, disruption of supply chain, and demand for new products to meet the extreme weather conditions, among others.

We are taking mitigation measures by engaging various CO₂ emission intensity reduction levers. These include clinker factor reduction, energy efficiency improvement, use of alternative fuels and raw materials, Waste Heat Recovery Systems (WHRS), renewable energy and adoption of new technologies.

We are addressing climate change-associated risks to society at large through a range of climate resilient products and services. We are addressing health and safety, water security and biodiversity in community areas apart from those around our operations.

Over the years, we have been successful in progressively reducing our emissions through concentrated efforts. As part of our revised SD 2030 commitment, we are working towards the reduction of specific CO₂ emissions to 400 kg/t of cement by 2030.

Producing building materials such as cement consumes high levels of energy and hence, uninterrupted energy supply is a pre-requisite for us to run our operations smoothly. To achieve this, we have installed captive power plants in most of our integrated plants and in one grinding unit.

We are also tackling fuel and energy security issues by adopting more renewable energy measures, using alternative fuels and exploring low carbon logistics.

To optimise our energy mix and achieve cost efficiencies, we ensure maximum use of linkage coal, judicious procurement of market coal through e-auctions and imports, better fuel mix, higher use of cheaper coal and use of alternative fuels. This directly correlates to better thermal efficiencies and improvement in electrical energy efficiency.

We service a part of our power

505 kg CO₂/t of cement

ACC maintains one of the lowest specific CO₂ emissions/t of cement in the world
consumption through Open Access (OA) power from comparatively cheaper sources. We also set off our costs using WHRS at Gagal plant and plan to add more such systems shortly.

In terms of renewable and green energy, we have multiple wind farms with a combined capacity of 19 MW at different units situated in Rajasthan, Tamil Nadu and Maharashtra. Last year, we set up a 5.35 MW solar photovoltaic plant at our cement plant in Jamul, Chhattisgarh, which will generate ~8.0 million units of solar energy per year.

ACC is an active member of the Indian Chapter of the Global Cement and Concrete Association (GCCA) and a signatory to the Low Carbon Technology Roadmap for the Indian cement industry, a voluntary commitment by CSI member companies with time bound targets for reduction of carbon emissions by the year 2050. We also support the use of carbon pricing to incentivise the acceptance of innovative low-carbon solutions. We have maintained our status in Band B of the Carbon Disclosure Project. We will improve our disclosures in future reporting cycles in line with the recommendations of Task Force on Climate related Financial Disclosure (TCFD) as well.

~75,800 tonnes

Expected annual CO₂ savings from renewable energy consumed
Natural capital performance (contd.)

2. Circular economy

Our company has become a leading player in making circular economy a reality. By co-processing waste for energy in kilns and by recovering fractional material value from waste, the cement industry helps reduce the quantum of waste sent to landfill, the consumption of fossil fuel and the extraction of fresh minerals. The high temperature of ~1,400 degrees maintained in the kilns can eliminate waste of most types of processes, and the presence of lime content creates an ideal environment to neutralise majority of pollutants.

Our parent LafargeHolcim believes everything in the built environment is recyclable. At a Group level, we have arrived at a three-point agenda to build a circular economy. This translates to ground-level actions at various levels in our value chain that transform waste, create livelihood opportunities and solve waste management challenges.

Our interventions in waste management can be classified under three broad stages of our value chain:

1. Sourcing stage
   - Judicious consumption of limestone with a mix of additives that enable the use of lower grade limestone.
   - Substantial percentage of clinker is substituted with industrial waste products such as slag from steel plants and fly ash from thermal power plants. Consequently, this reduces our consumption of fresh limestone, which is non-renewable in nature, during the manufacture of clinker.

2. Production stage

Geocycle, a LafargeHolcim Group brand, provides sustainable waste management solutions to Indian industries, municipalities and the agriculture sector by co-processing waste in ACC’s cement kilns. Geocycle processes waste materials of various kinds to be used as kiln fuel, thereby offsetting the need for fossil fuel to an increasing extent.

ACC has set up co-processing facilities at its network of cement plants. Additionally, we have three state-of-the-art pre-processing facilities, with a combined capacity of 0.5 MTPA, allowing us scalable, safe and sustainable capabilities to manage waste.

Case study

Meaningful strides towards a ‘zero plastic’ future

At ACC, we are partnering India’s drive for a ‘zero plastic’ future for all. The Government of Himachal Pradesh (HP) sought the support of Geocycle India for the disposal of municipal waste in three districts. The challenge was to manage the work with precision, on budget and within the stipulated timeline.

An MoU was signed with ACC Gagal to co-process the Sorted Combustible Fraction (SCF) collected from 14 different Urban Local Bodies (ULBs) in the Bilaspur, Mandi and Kullu districts. Our support was critical in helping the Government ensure its commitment towards its ‘Zero Plastic’ initiative.

The result was a resounding success in terms of waste segregation and disposal to achieve a clean and green Himachal Pradesh.

We co-processed 200+ tonnes of plastic waste collected from 14 different municipal corporations in Himachal in 2019, and this is just the beginning.
Impactful waste management

In 2019 alone, India generated close to 72 million tonnes of Municipal Solid Waste (MSW). However, it is even more alarming that this is set to increase by 5% every year.

The reason for this menace is quite evident. Our country is still grappling with ineffective waste management systems ranging from almost non-existent collection systems to unsafe and unsustainable disposal in open waste dumps.

About 80% of municipal waste generated is uncontrolled, dumped and openly burnt. Cognisant of the rising concern, managing MSW is now a key focus area for the government.

Goa takes the lead

The state government of Goa expressed interest in partnering with private bodies to address its waste management issue. This was done to bolster the state's overall cleanliness drive, opportunities for tourism and in turn, its economy.

The role of Geocycle

Geocycle India held deliberations with the government as well as the private parties collaborating on the remediation efforts. Geocycle provided a sustainable model for cleaning up the landfill waste without any future liability for the state government.

With its capabilities to manage RDF (Refuse Derived Fuel), Geocycle successfully pre- and co-processed approximately 5000 tonnes of SCF at ACC’s Wadi plant, winning the trust of authorities and municipalities.

Apart from the waste-from-dump remediation, the RDF from fresh MSW generated at Goa is also co-processed at Wadi. Till date, Geocycle has co-processed over 30,000 tonnes of SCF/RDF from Goa.

The Goa landfill remediation site is now being visited by city officials from all over India and showcases capabilities of a successful partnership between Geocycle and municipalities regarding landfill remediation. The municipalities of Bengaluru, Chennai, Mumbai, Nagpur, Visakhapatnam and many others have also initiated such projects.

Key benefits

1. For the Government: Keeping Goa clean and green, increased revenue from tourism, zero future liability and conservation of natural resources.

2. For the public: Cleaner environment directly translated to better public health and hygiene standards. It has a positive bearing on people’s standard of living as well.

3. Geocycle: Recognition from the Government as a sustainable and reliable partner for waste management services. It also creates a rewarding window of opportunity for the short, medium and long term.
Natural capital performance (contd.)

3. Managing waste and effluents

A. Waste water
We maintain a stringent ‘zero discharge’ motto, which mandates that no ACC plant or location will discharge any process effluent in nearby water bodies or elsewhere. Any waste water generated during our processes or power plants are treated using Effluent Treatment Plants (ETPs). Sewage from residential townships is treated in Sewage Treatment Plants (STPs).

Treated waste water is deployed in dust suppression and green belt development. Domestic waste water not amenable for recycling or treatment is sent to soak-pits located within the plant boundaries.

B. Solid waste
The cement manufacturing process does not generate any process waste. However, we have wastes such as used oil, grease and metallic scrap from the maintenance and housekeeping activities of our plants. To manage and treat these, we use a 4R approach of Reduce, Reuse, Recover and Recycle. All hazardous waste, to the extent permissible, is sent for co-processing. The remaining is sold to authorised third parties for final disposal. We do not transport hazardous waste categorised under the Basel Convention. In the unlikely event of a spill, our spill management system minimises the impact. There were no instances of any significant spill in 2019.

C. Plastic waste
ACC is gearing up to implement the new Plastic Waste Management Rules 2016, which brings in extended producers’ responsibility to ensure a collect-back system of plastic waste, apart from ensuring other compliances. According to the Rules, the cement industry has been challenged to establish a collection system for cement packing bags and the plan for collection is to be submitted to the State Pollution Control Boards (SPCBs) while applying for Consent to Operate. While we are still exploring the mechanism to collect back our packaging plastic waste, we compensate by co-processing plastic waste, generated by municipalities, industries and urban local bodies and contribute to the government’s ‘Swachhata Hi Seva’ Mission.

In 2019, we co-processed 90,953 tonnes of plastic waste/RDF in our kilns.

Case study

Cleanliness in action
Waste can sometimes provide the raw material for an inspiring story. Here is one such a story from ACC Chaibasa unit.

The challenge was to collect waste from every district of Jharkhand and process it in the our cement kiln. In October 2019, ACC Chaibasa proactively undertook this large-scale exercise with confidence, determined to complete the project within the agreed timeline.

The project was commissioned under the aegis of the Jharkhand State Pollution Board and the banner of Swachhata Hi Seva Mission, and executed in consultation with the views and perspectives of all stakeholders.

The outcome exceeded the expectations of all stakeholders; the initiative was acclaimed by the media and showcased as a unique and inspiring feat by the Chaibasa unit.
Case study

Responsible usage: Green Building Centres

ACC advocates responsible usage of its products in construction. We are inspired by the LafargeHolcim Foundation for Sustainable Construction in its bid to promote and encourage sustainable construction in the country.

For example, our Green Building Centres (GBC) initiative is a key programme that contributes to sustainable construction. Through GBCs, we support local micro-entrepreneurs and small businesses to make and market affordable cement-based home building components and prefabricated materials. By 2019, we had 93 operational Green Building Centres.

3. Water and nature

Water

Today, sustainable access to freshwater is an imminent challenge, not only for industries, but for a large part of the global population. Hence, careful usage and minimal wastage of freshwater has become the need of the hour.

At ACC, we have resolved to achieve Zero Discharge of water in all our operations with sustained efforts like stringent discipline in water consumption, recycling and reuse of water. Several plants are already self-sufficient in meeting their water requirements, bringing us closer to our goal of becoming water positive. Our initiatives include process optimisation and upgradation to water efficient technologies; installation of Sewage Treatment Plants (STP), Effluent Treatment Plants (ETP), and Zero Liquid Discharge (ZLD) systems, rain water harvesting, installation of water metering and monitoring systems. We ensure that our withdrawal of water does not impact any water body. We also convert our used mines to harvest rainwater and use it for the benefit of everyone, thereby reducing the need for fresh underground water withdrawal.

We have also endorsed the World Business Council for Sustainable Development’s (WBCSD) water, sanitation and hygiene (WASH) pledge. We are actively contributing to the cause of WASH through our various initiatives, helping achieve the global goals charted by the United Nations.

Working towards our target of reducing our specific freshwater consumption, this year, we have reduced usage by 31% in cement operations, compared to our baseline of 2015.

SURFACE WATER CONSUMPTION

<table>
<thead>
<tr>
<th></th>
<th>Million m³</th>
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</thead>
<tbody>
<tr>
<td>FY17</td>
<td>2.1</td>
</tr>
<tr>
<td>FY18</td>
<td>2.3</td>
</tr>
<tr>
<td>FY19</td>
<td>2.0</td>
</tr>
</tbody>
</table>

In numbers

- **79,341 MT** of Fly ash
- **1,71,905 MT** Natural soil conserved
- **12,099 MT** CO₂ avoided during the year
- **36,816** Affordable houses constructed till date

**GREEN BUILDING CENTRES**

<table>
<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
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</thead>
<tbody>
<tr>
<td>#57</td>
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<td></td>
<td></td>
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<tr>
<td>#108</td>
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<tr>
<td>#206</td>
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</table>
Natural capital performance (contd.)

Biodiversity
Mining is considered an activity that can potentially displace flora and fauna and erode the topsoil. Since we mine limestone for our raw material needs, we are exceedingly careful to practise sustainable mining to minimise any impact that we create.

All our plants and mines work in accordance with comprehensive mining plans approved by regulatory authorities. Exhausted mines are rehabilitated in a manner designed to protect the local biodiversity as per approved quarry rehabilitation plans.

As of 2019, with 17 mining sites, total disturbed area was 1607 hectares (Ha) while rehabilitated area was 789 Ha. Among all sites, three are relatively biodiversity-sensitive, wherein 10 species fall under ‘Schedule I’ category, for which we have an approved Wildlife Conservation Plan (WCP). These 10 species include one critically endangered, two endangered, two vulnerable, one near-threatened and four of least-concern categories as per the categorisation of the International Union for Conservation of Nature (IUCN) Red List. The WCP is implemented in consultation with the forest department, Chief Wildlife Warden and local authorities. Other biodiversity issues, if any, are addressed through the Biodiversity Management Plan or Quarry Rehabilitation Plans at these locations.

In 2019, we planted ~1 Lakh trees on our sites, primarily comprising local species. We enhanced our efforts for conserving biodiversity through our B Buzz programme implementation.

Emissions
Other than carbon emissions, the cement manufacturing process emits dust, sulphur oxides (SOx) and nitrogen oxides (NOx). We have installed state-of-the-art systems to monitor every source of emission and to control them, in line with the latest emission regulations. At the transport stage, we ensure that dust emissions are minimised by covering them adequately before deploying them.

Harvested Rainwater Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Million m³</th>
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</thead>
<tbody>
<tr>
<td>FY17</td>
<td>2.22</td>
</tr>
<tr>
<td>FY18</td>
<td>2.28</td>
</tr>
<tr>
<td>FY19</td>
<td>2.46</td>
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</tbody>
</table>

Ground Water Consumption

<table>
<thead>
<tr>
<th>Year</th>
<th>Million m³</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>0.26</td>
</tr>
<tr>
<td>FY18</td>
<td>0.27</td>
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<tr>
<td>FY19</td>
<td>0.22</td>
</tr>
</tbody>
</table>

Dust Emissions

<table>
<thead>
<tr>
<th>Year</th>
<th>g/t of cement</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY17</td>
<td>25.41</td>
</tr>
<tr>
<td>FY18</td>
<td>17.40</td>
</tr>
<tr>
<td>FY19</td>
<td>16.93</td>
</tr>
</tbody>
</table>
For NOx, we have instated various primary and secondary control measures such as Selective Non Catalytic Reduction (SNCR) systems that have helped us progressively reduce our NOx emissions.

**NOx EMISSIONS**

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<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
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<tbody>
<tr>
<td>1,289.25</td>
<td>1,319.30</td>
<td>816.56</td>
<td></td>
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</table>

The Company’s SOx emissions are within specified regulatory limits. We also have adopted secondary measures such as installation of limestone feeding systems at multiple locations to control SOx emissions from Captive Power Plants (CPPs). We do not emit significant levels of Persistent Organic Pollutants (POP), Volatile Organic Compounds (VOC), Hazardous Air Pollutants (HAP) or Ozone Depleting Substances (ODS) into the environment.

**SOx EMISSIONS**

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<thead>
<tr>
<th></th>
<th>FY17</th>
<th>FY18</th>
<th>FY19</th>
</tr>
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<tbody>
<tr>
<td>88.93</td>
<td>78.20</td>
<td>64.21</td>
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</table>

**Recognition**

1. ACC achieved the highest recognition of ‘Outstanding Accomplishment’, under Corporate Excellence category at the CII-ITC Sustainability Awards 2019.
2. Winner in the Large Enterprises category at the first FICCI Indian Circular Economy Awards 2019.
3. Winner of CII’s Climate Action Programme (CAP) 2.0 Resilient Award in the Energy, Mining & Heavy Manufacturing Sector.
4. 9th Earth Care Awards Winner in GHG Mitigation in Large Enterprises category by the JSW Foundation and The Times of India.
5. ACC Gagal won 1st prize for ‘Excellence in Promotion of Environment Conservation & Sustainable Development’ at the Himachal Pradesh Environment Leadership Award 2019.
6. ACC Jamul and ACC Bargarh were recognised as an ‘Energy Efficient Unit’ by CII at the National Award for Excellence in Energy Management 2019.
Social and relationship capital performance

At ACC, we are committed to creating larger societal value. We believe that the communities residing around our operations are our key stakeholders and we have a firm commitment towards their empowerment and holistic development. We began contributing to community development in the pre-independence era and continue to empower host communities around our operations.

Through ACC TRUST, the CSR arm of the Company, we actively assist these communities in identifying, prioritising and meeting their developmental aspirations. Across sites, we have created fora such as the Community Advisory Panel (CAP)—a platform for the community—the local stakeholders, NGOs and other opinion groups. These fora encourage the communities to come together to implement projects, thereby becoming self-reliant. They also provide a platform for them to present their views, review the progress of community projects, obtain timely feedback from other stakeholders and ensure appropriate delivery of the planned initiatives.

During 2019, we undertook several social development initiatives to support our host communities as well as assist those affected by disasters in various parts of India. The initiatives focused largely on our key impact areas—DISHA (Sustainable Livelihood), VIDYA UTKARSH (Quality Education) and WASH (Water, Sanitation & Hygiene).

Planning and implementation

- Need assessment studies
- CAP Feedback and Social Audit Feedback
- Design CSR programmes aligned to the Companies Act, 2013 and UN SDGs
- Integrated community development and capacity building interventions
- Project implementation with the support of CAP
- Outcome and impact evaluation through Social Audit process
**Our CSR footprint in 2019**

During the year, our community development projects touched half a million people, residing in 215 villages in the vicinity of our plants. We undertook major interventions and projects to provide Sustainable Livelihoods, Quality Education and WASH. We were also able to provide assistance to the victims of the Bihar floods and the Odisha cyclone in 2019.

<table>
<thead>
<tr>
<th>VIDYA UTKARSH (Quality Education)</th>
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<tbody>
<tr>
<td>42,662 lives impacted</td>
<td></td>
</tr>
<tr>
<td>202 schools supported for quality education</td>
<td></td>
</tr>
<tr>
<td>55 government schools equipped with e-learning systems</td>
<td></td>
</tr>
<tr>
<td>67 schools supported with a library set-up</td>
<td></td>
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<tr>
<td>Education of 1,380 girls supported through ACC Ki Laadli</td>
<td></td>
</tr>
<tr>
<td>2 Mobile Digital Education Labs and 2 Containerised Digital Education Labs introduced under World on Wheels project</td>
<td></td>
</tr>
<tr>
<td>3,219 children under six years supported through Anganwadis</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>DISHA (Livelihood)</th>
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<tbody>
<tr>
<td>41,079 lives impacted</td>
<td></td>
</tr>
<tr>
<td>2076 agri-entrepreneurs created</td>
<td></td>
</tr>
<tr>
<td>5 Farmers Producers Organisations (FPOs) made operational</td>
<td></td>
</tr>
<tr>
<td>14,399 women empowered through Self Help Groups (SHGs)</td>
<td></td>
</tr>
<tr>
<td>₹3.54 Crore savings mobilised through SHGs</td>
<td></td>
</tr>
<tr>
<td>₹4.79 Crore loans leveraged for SHGs</td>
<td></td>
</tr>
<tr>
<td>7 SHG Federations registered</td>
<td></td>
</tr>
</tbody>
</table>
Social and relationship capital performance (contd.)

WASH (Water, Sanitation, Hygiene)
- 214,489 lives impacted
- 31 villages supported for achieving Open Defecation Free (ODF) status
- 61,929 people covered through safe drinking water projects
- Helped 5,699 people combat HIV/AIDS through ART/STI Centres
- 51,920 people reached through health camps
- 99,195 people impacted through solid waste management projects
- Sanitation facilities provided in 182 government schools

Disaster Mitigation
- Assistance to 6,776 families in 6 districts of 2 states
- An entire gram panchayat rehabilitated after Cyclone Fani in Odisha
- 7 km motorable road paved in Odisha
- Recognised by Govt. of Odisha and Xavier University, Bhubaneswar
- Relief operations in 5 districts of flood-hit Bihar
We regularly engage with suppliers and contractors and ensure that we have sustainability as a core consideration in our procurement practices. Group policies and principles are followed to enlist suppliers and contractors. For new contracts, Avetta certified (green) suppliers are preferred. During the year, four suppliers were visited and evaluated on multiple parameters, including sustainability. Further, an online training for 200 vendors on the Avetta tool was conducted to build their capacity on sustainability aspects.

**Case study**

**Digital is the new normal**

*India is rapidly transforming into a digital society and we are determined to help prepare India’s youth for an exciting future ahead.*

With a view to prepare the youth for the digital age, ACC TRUST, in partnership with Hewlett Packard conceptualised the ‘World on Wheels’ initiative. To bring digital literacy to communities around its various plant locations, they reimagined and repurposed a bus to serve as a mobile learning unit, complete with workstations, remote connectivity and trainers on board. The bus travels from one location to another, to take technology and digital literacy to the remotest corners of the country. The initiative introduces students to computers and their application, benefiting more than 400 children and assisting the students’ school curriculum digitally.

**Case study**

**Brand new innings with BCCI**

ACC cherishes its rich and inspiring cricketing tradition when legends such as Ramakant Desai, Polly Umrigar, Sunil Gavaskar and Ajit Wadekar were ACC employees.

To further strengthen the association with cricket, we are partnering with The Board of Control for Cricket in India (BCCI) to celebrate the sport and its timeless fascination. We have signed up with BCCI as an ‘Official Partner’ for four years from 2019 to 2023.

This partnership has unveiled multiple branding opportunities for ACC. We will be celebrating moments of excellence in cricket by conferring Kamaal Ka Moment awards to deserving cricketers. The batsman, bowler or fielder crafting that ‘rare moment of excellence’ will receive a specially designed trophy in the post-match presentation ceremony.

Just as ACC is a household brand when it comes to trust and excellence in the realm of cement and building materials, the ACC Kamaal Ka Moment award is a coveted honour for maestros of the game.

Cricket is a high-impact, high-visibility territory for millions of people in India; and this association with BCCI will help ACC connect more deeply with consumers as it extends into new categories and products.

**Recognition**

1. ACC received the ‘2 Good’ rating at the Economic Times 2Good4Good CSR ratings programme for 2019.

2. ACC Gyan Setu programme to promote quality education received the Gold CSR Excellence Award for the Best Education/Scholarship Programme at ACEF Asian Leaders Forum & Awards 2019.

3. ACC Drona was the second-runner up in the Sports category at the CSR Journal Excellence Awards.
Human capital performance

At ACC, we make more than cement and concrete. We build people and careers. Our relationships-led way of working reflects in our commitment to our people and we strive to make ACC a workplace where employees are motivated and empowered to drive positive change.

Creating a future-ready workforce remains our top priority. Fostering a best-in-class working environment; providing ample learning opportunities; infusing young blood; motivating and nurturing mature talent will continue to be the levers that create a bright future for us.

627
New employees joined in 2019

~8%
% of women among new hires in 2019

48 Cemented by relationships. Growing with vision
Building for the future

Sustainable and profitable growth can only be achieved by an organisation that focuses on performance culture and where employees are engaged and empowered to be the best they can be. We continuously reinforce accountability and ownership to encourage our people to be equal partners in every step of our transformation journey.

To ensure that the organisation and its people meet their aspirations, we have world class people practices such as a technology-led talent review and succession planning process and ‘People for Tomorrow’. These have enabled us to develop leaders for our business ambitions and chart a growth path for teams and individuals.

Key initiatives:

1. To ensure continuous development and ease of access to all employees we have taken a digital learning route through our learning application ‘SAIL’. This application empowers employees to learn anywhere and anytime at their convenience.

2. Young Chartered Accountants (CAs) from across India were inducted into our company. These campus recruits have brought new energy and enthusiasm, to drive fresh ideas in the company. Over half of these new CA recruits are women and this is in line with our objective of fostering a gender diverse workplace.

3. We have hired a group of young female CCR operators who are being trained at plants across ACC.

4. We have signed a long term wage settlement with the ACC unions representing Shop Floor Associates across all plants. ACC has introduced the new Integrated Incentive Scheme (IIS) and Safety Improvement Incentive Scheme (SIIS) aligned with our key business challenges, which lead to improvement in safety and business performance across plants.
Human capital performance (contd.)

**Human rights**

At ACC, our human rights philosophy applies to all our stakeholders and we have mandatory systems in place to ensure its compliance at all levels.

**Awareness**

Our Code of Conduct document and human resources policies have inbuilt provisions for human rights. Regular trainings are conducted to familiarise the employees with these. In 2019, no instances of human rights violations by way of incidence of child labour, forced or compulsory labour etc. were recorded across the company. Our procurement policy also does not permit business to be conducted with any vendors or service providers known to engage in such practices. No violations were reported in 2019. Induction and orientation of the company’s own and outsourced security staff, includes training in human rights aspects as laid down in the Code.

**Policies regarding discrimination and sexual harassment**

We comply with the requirements of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder. It applies to all women working at ACC, irrespective of the kind of association and the policies have been publicised widely among them. Redressal of complaints relating to sexual harassment is overseen by an internal committee of four management staff, including three women, headed by a very senior woman executive who is part of the Executive Committee of ACC. In 2019, there were no cases of sexual discrimination; four cases of sexual harassment were reported and all have been resolved.

**Freedom of Association and Collective Bargaining**

We maintain a healthy association with our employees, a large percentage of whom belong to different trade unions and employee associations. They are covered by a collective bargaining agreement which includes notice period and provisions for consultation and negotiation. No complaints were recorded during 2019 in this regard. We also signed a wage settlement with unions operating in our different cement manufacturing units on 20th May 2019 which will remain in operation till 31st March 2022.

**Rights of indigenous peoples**

The organisation respects local government regulations on provisions of the rights of indigenous people and there were no violations in this respect.
Learning and development

We believe that learning is a continuous journey and that everyone should have access to learning resources. To this end, we have set up the ACC-Ambuja Leadership Academy (AALA) to make learning an everyday employee experience. Apart from classroom learning, AALA has explored multiple engagement modes with employees to accelerate their learning curve across topics.

Case study

Advanced digital learning to stay ahead

We operate in an era in which knowledge is the critical differentiator that separates the good from the great. As the leader in the cement sector in India, ACC has always been at the apex of the knowledge curve. We believe that to sustain industry leadership in the long term, it is essential to cultivate thought leadership; and the best way to do that for digital citizens of New India is to introduce an innovative digital learning platform.

During the year, we rolled out our interactive digital platform called ‘SAIL’ (Super Assisted Intelligent Learning), a noteworthy initiative to encourage and enlighten our human assets. It enables our people to learn anywhere and anytime at their convenience and acts like an OTT platform for learning modules. It is a unique universe, where our people can learn, share, create, curate and coach on the go, and the best part is that they ‘own’ the entire learning process.

SAIL has been made seamlessly accessible through our website as well as the mobile app, for all employees. The rich content library comprises ~7000 learning objects from the public web, alongside Shareable Content Object Reference Model (SCORM) learning which addresses various aspects of behavioural, sales and marketing competencies.

The knowledge marathon at ACC continues unabated, helping our people to embrace tomorrow with courage and confidence.

1,200
Minimum monthly unique logins in SAIL with an average session length of 45 minutes.

Key benefits derived from SAIL

- **Increased exposure to learning and usage**: 5000+ hours of content consumed over a six-month time period
- **Competency based learning feeds**: Manages around 50+ competencies and inbuilt intelligent learning index for each of the competencies
- **User engagement increases**: 70% of learners have crossed 50th percentile
- **Reduced time in course completion of compliance courses**

Apart from resources from AALA, we have collaborated with globally recognised and Ivy League business schools to achieve specific learning outcomes for our senior leadership.
Human capital performance (contd.)

Health and safety (H&S)
At ACC, safety is our core value and we accord maximum priority to the wellbeing of our people. To this end, we have calibrated our interventions in Health & Safety to create a safe living and working environment for everyone. These interventions span multiple levels and areas and are designed to encourage safe behaviour, increase best practice and nurture a safety culture.

Key initiatives in Health and Safety:
- **Formation of Apex Committee**, chaired by the MD & CEO and each pillar headed by a member of the company’s Executive Committee.
- **Health & Safety Improvement Plan (HSIP) 2019** identifies seven health and safety focus objectives with senior management taking clear ownership of each of them. Senior management make a Visible Personal Commitment (VPC) to increase their visibility and interaction on the shop floor to discuss safety issues with employees.
- ‘**More Boots on the Ground**’ is our initiative to give stringent focus to ground level realities and increase management interaction with our employees. Management conducts regular workplace conversations and inspections to instil a better safety culture. We have digitized the process as well, enabling employees to record their Boots on Ground (BOG) via QR codes placed on site.
- In 2019, all cement and ready mix concrete sites were audited for Health and Safety Management System (HSMS) to provide external assurance on the implementation and effectiveness of the system and processes on site through a group defined protocol.
- **Process Safety Management (PSM) programme** includes identifying gaps in areas like coal mill and conventional fuel; mining operations, hot meal handling, electrical safety, and so on. Currently we have a compliance level of 79% and are accelerating our rate of implementation.
- Global Health and Safety Days were celebrated from 6th-18th May 2019 with the Minimum Safe Behaviors (MSB) theme.
- ‘**Suraksha Laher—2019**’ campaign created awareness on safe work practices and behaviours such as awareness training on working in confined spaces, among others.
- Review of critical jobs was piloted in 2019, rolled out across all plants and monitored daily.

### Recognition
ACC RMX Poonamallee was awarded the Sarva Shrestha Suraksha Puraskar Golden Trophy by the National Safety Council of India (NSCI).

### Fatalities

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<tr>
<th></th>
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<th>2018</th>
<th>2019</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
<td>0</td>
<td>4</td>
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### Loss Time Injury (LTI)

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<thead>
<tr>
<th></th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
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<td>27</td>
<td>21</td>
<td>15</td>
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### Loss Time Injury Frequency Rate (LTIFR)

<table>
<thead>
<tr>
<th></th>
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<th>2018</th>
<th>2019</th>
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<tbody>
<tr>
<td></td>
<td>0.56</td>
<td>0.45</td>
<td>0.34</td>
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</table>
**Case study**

**Safety is a constant priority**

We have set up Driver Management Centres (DMCs) to act as nodal points to monitor driving patterns through an ‘In Vehicle Monitoring System’ (IVMS) and provide need-based counselling to drivers, basis the information received from our Transport Analytics Centre (TAC).

The installation of IVMS in the trucks was accelerated during the year to bring more vehicles within the ambit of TAC monitoring and counselling. We more than achieved our 2019 target of IVMS installation in 90% of controlled population and 20% kms by in-cab qualified drivers.

A Fatigue Management Campaign was launched across all plants to drive home the benefits of periodic rest to drivers. Over 60% of drivers have been trained covering 20% of the kms in 2019, and the emphasis will be to increase it to 50% in 2020.

Innovating and implementing safety measures, after all, is a journey, not a destination.

**Health**

Providing a healthy workplace and effective emergency medical response were priorities during the year. Two thousand employees are registered with our lifestyle management programme which monitors health risk factors and provides counselling. A hearing conservation programme, “Protect your Ears” was launched for employees in plants. Our emergency medical response (EMR) is being strengthened this year with regular EMR drills being conducted.

**Road Safety**

Employees regularly travel the length and breadth of the country which exposes them to risks on the road. Our endeavour is to minimise the impact on employees through continuous education, awareness sessions and digital interventions on road safety.

Logistics form a key part of our operations and road safety is an important material aspect for us.

We continue to avowedly follow our road safety journey according to the ‘Roadmap 2020’. Adequate on-road safety measures help us avoid many unfortunate mishaps and translates into the saving of precious lives.

Towards this end, we have established Driver Management Centres (DMC) at each plant to provide valuable support for driver training and counselling. Multiple activities from Defensive Driver Induction (DDI), Defensive Driving Course (DDC), in-cab assessment, in-camera counselling, blind spots training, Journey Risk Management (JRM) briefing and tool box talks are delivered through these centres. The DMCs also serve as areas for drivers to rest and relax and cater to all their basic needs.

This is a journey of ‘Ambition 0’ to prevent anyone getting hurt in the course of our operations.

**Recognition**


2. Indian Oil - Times Network certificate of commendation as “Best Technology Adopter of the Year” in road logistics.

**Number of trucks monitored using IVMS**

7700

**Number of drivers underwent LH-approved in-cab training and assessment programme**

5200

**YoY reduction in the number of road accidents within ACC premises**

38%
Governance

Leadership with insight. Governance with foresight.

Over the years, we have been steered by leaders who have ensured that the Company stayed on its path of progress while adhering to best-in-class governance. They have accorded maximum prominence to inclusive and purpose-driven growth, which has translated into ACC becoming a trusted name across generations. We work with a two-fold leadership level system, with the Board and its committees at the apex level and the management at the operational level. Our current Board consists of eminent members who bring diverse experience in various fields. All our Directors are well qualified, experienced and are renowned leaders from multiple fields such as manufacturing, finance, infrastructure, taxation, governance, mines and metallurgy, mergers and acquisitions, technology and so on. They ensure that the matters presented before them are scrutinised well through the right questions and processes. Further, the dedicated committees, along with their chairs, deep dive into their domain and conduct healthy discussions to arrive at a consensus regarding high-level decisions. The performance of the Board is annually evaluated using a transparent process.

Our core principles of governance

Strategic oversight

Reinforcing a risk culture

Accountability

Compliance with laws and regulations

Corporate social responsibility
Executive Committee

Standing from left to right

Mr. Rajiv Choubey
Chief Legal Officer and
Company Secretary

Mr. Pralhad Mujumdar
Chief Executive Officer,
ACC Concrete & B2B Business

Mr. Neeraj Akhoury
Managing Director &
Chief Executive Officer
upto February 20, 2020

Mr. Procyn Mukherjee
Chief Procurement Officer

Mr. Kiran Patil
Chief Manufacturing Officer

Mr. Sridhar Balakrishnan
Managing Director &
Chief Executive Officer
w.e.f. February 21, 2020
Chief Commercial Officer
upto February 20, 2020

Mr. Suresh Rathi
Chief Supply Chain Officer

Mr. Ashish Prasad
Chief Marketing Officer and
Head - New Products & Services.

Ms. Rajani Kesari
Chief Financial Officer

Mr. Bhogendra Mishra
Head of Human Resources

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Governance (contd.)

Board of Directors

- Standing from left to right
  - Mr. D. Sundaram
    Non-Executive and Independent Director
  - Mr. Sridhar Balakrishnan
    Managing Director and CEO w.e.f. February 21, 2020
  - Mr. Martin Kriegner
    Non-Executive and Non-Independent Director
  - Mr. Jan Jenisch
    Non-Executive and Non-Independent Director

- Sitting from left to right
  - Mr. Neeraj Akhoury
    Managing Director and CEO up to February 20, 2020
    Additional Director (Non-Executive and Non-Independent Director) w.e.f. February 21, 2020
  - Mr. N. S. Sekhsaria
    Chairman
    Non-Executive and Non-Independent Director
Standing from left to right

Mr. Christof Hassig  
Non-Executive and Non-Independent Director

Mr. S. K. Roongta  
Non-Executive and Independent Director

Mr. Shailesh Haribhakti  
Non-Executive and Independent Director

Mr. Sunil Mehta  
Non-Executive and Independent Director

Mr. Vinayak Chatterjee  
Non-Executive and Independent Director

Sitting from left to right

Ms. Falguni Nayar  
Non-Executive and Independent Director

Mr. Vijay Kumar Sharma  
Non-Executive and Non-Independent Director

The detailed profile of the Directors and their Committees are dealt in the Report on Corporate Governance, which forms part of the Annual Report.