

Chairman's Message



Dear Shareholders,

I am very pleased to inform you about ACC's performance in 2018 – a year when your Company transformed many parts of its business to deliver a strong performance on many fronts – financially, socially and sustainably. For decades now, ACC has stood for excellence in the quality of its products and in the delivery of its financial performance. 2018 was no exception, with your Company delivering healthy volume and profit growth. ACC's consolidated operating EBITDA grew by 11% and Profit Before Tax grew by 21% YoY, on a normalised basis.

The rising costs of fuel, power, raw materials and rake availability continued to be of concern, as did the continuance of 28% rate of GST levied on cement. On the other hand, cement demand continued to be healthy, buoyed by strong economic growth. The cement sector grew by ~8.5% in 2018 versus ~6% in the previous year.

Against this backdrop, ACC managed to improve its performance metrics in volume and market share gains, backed by sharper customer focus, innovative products, customised solutions, operational improvements and tighter cost management. During the year, we launched ACC F2R SUPERFAST – a revolutionary cement with superior strength, superfine quality and superfast setting and ACC LeakBlock – a high performance waterproofing compound, marking ACC's foray into the category of construction chemicals. Our ready mix concrete business continues to grow exponentially.

In Union Budget 2019, the Government has committed to further augment the infrastructure sector - railways, roads, highways and irrigation projects. We believe that their efforts to increase investment across several sectors will have a favourable impact which will stimulate cement demand and boost economic growth.

To serve the growing demand for cement, we are investing in capacity expansion projects that will add 5.9 million tonnes of cement capacity through a greenfield integrated cement plant at Ametha in Madhya Pradesh, with a grinding unit in Uttar Pradesh and expansion of our Tikaria and Sindri plants over a period of three years. This investment will further strengthen our market footprint and contribute to the Company's future growth.

Going beyond the economic returns, at ACC, we believe that economic, social and environmental values are interlinked and are part of an interdependent ecosystem comprising Consumers, Shareholders, Employees, Government, Partners, the Environment and Society.

We are proud to present the Company's first Integrated Report that articulates our holistic approach in creating shared value for our investors, customers, employees and the community at large. The report highlights the concept and deployment of the Six Capitals: Financial, Manufactured, Intellectual, Human, Natural and Social & Relationship.

Aligned with our Sustainable Development 2030 Plan, we are reducing our dependence on conventional energy using solar power at our units beginning with Kudithini, Thondebhavi and Jamul and improving water positivity through extensive rainwater harvesting projects. I am very proud to inform you that your Company became the first cement company in India to publish an Environment Product Declaration (EPD) for its blended cement products manufactured across all its plants. In 2018, your Company's community development programmes touched the lives of almost half a million people in 185 villages across India.

I would like to thank our ACC *parivar* of employees, our channel partners, suppliers, and others, who worked tirelessly to deliver a strong performance in 2018.

I thank you dear shareholders for your confidence and trust. I look forward to your continued support so that together we can build a company that delivers excellence, time and again.

Narotam Sekhsaria