

ACC



SHAPING THE FUTURE

ACC LIMITED
82nd ANNUAL REPORT 2017

Contents



01	Chairman's Message		Discussion & Analysis
02	Board of Directors	58	Annexures A-G to Board's Report
02	Executive Committee	84	Corporate Governance Report
04	At a Glance	119	Business Responsibility Report
05	Customer Solutions	133	Financial Analysis
08	Manufacturing	144	Ratio Analysis
09	Human Resources	146	Transition to Ind AS
10	Health & Safety	149	Auditor's Report
11	Sustainability	156	Balance Sheet
12	Reinventing Conservation	157	Statement of Profit and Loss
13	Corporate Social Responsibility	158	Cash Flow Statement
16	Our Network	160	Notes to Financial Statements
17	Finance and Performance Highlights	206	Consolidated Operating Results
19	Value Added Statement	207	Form AOC-1
23	Notice	209	Consolidated Financial Statements
35	Board's Report and Management	265	Extract of Financial Statements of Subsidiaries (<i>Additional Information</i>)

ANNUAL GENERAL MEETING

On Wednesday,
June 13, 2018, at 3:00 pm
at Birla Matushri Sabhagar
19, Sir Vithaldas Thackersey Marg,
Mumbai 400 020

REGISTERED OFFICE

Cement House, 121, Maharshi Karve Road
Mumbai 400 020

Website:

www.acclimited.com



Chairman's Message

Dear Shareholders,

At ACC, 2017 was a year of new momentum, focused cost discipline and an emphasis on performance — and the results are commendable.

The year came with major challenges — the post-demonetisation slowdown, teething troubles of GST migration, and rising input costs of fuel and power for the cement industry. However, economic growth picked up during the year with consumption-related indicators and industrial output improving in the latter half of the year.

Your company worked diligently to mitigate the headwinds of the year and has come out well ahead, setting a strong foundation to shape a great future in the years to come. Through concerted efforts, ACC improved its delivery on all important performance metrics — volume share, margins and market share. Our consolidated operating EBITDA grew by 29% from ₹ 1,478 crore to ₹ 1,912 crore.

I am even more proud of the fact that our success in business went hand in hand with our pursuit to conserve the environment and uplift communities. Committed to ensuring sustainable development aligned to our SD 2030 plan, your company has significantly reduced energy consumption, cut CO₂ emissions and improved water positivity.

The current year holds out exciting possibilities. The strong allocation towards infrastructure development made in the Union Budget 2018 augurs well for the cement industry. We believe that the Government's impetus in creating smart cities, new infrastructure and affordable housing will act as a stimulus for further growth.

However, we do hope the government reviews and lowers the GST rate of 28% on cement which is currently in the highest 'luxury goods' category whereas housing, and therefore cement, is the basic requirement to fulfil a person's fundamental right to live a life of dignity.

The building blocks that your company put in place during 2017 have set us up well for the next year. We have ambitious goals and bold plans for 2018, and are going after them with a sense of purpose and belief. I'd like to thank the ACC Parivaar, led by its management team, for their outstanding performance.

As always, I'd like to thank you, our shareholders, for your support and encouragement as we embrace new opportunities and new thinking that will help us scale greater heights as one of India's leading corporate houses.

Narotam Sekhsaria

Board of Directors



Mr Ashwin Dani

Mr Shailesh Haribhakti

Ms Falguni Nayar

Mr Neeraj Akhoury
Managing Director & Chief Executive Officer

Mr Jan Jenisch
Deputy Chairman

Mr V K Sharma

Executive Committee



Mr Procyon Mukherjee
Chief Procurement Officer

Mr Philip Mathew
Chief Manufacturing Officer

Mr Neeraj Akhoury
Managing Director & Chief Executive Officer

Mr Behram Sherdiwala
Chief People Officer

Mr Sunil Nayak
Chief Financial Officer



Mr Martin Kriegner

Mr Arunkumar R Gandhi

Mr Sushil Kumar Roongta

Mr N S Sekhsaria
Chairman

Mr Farrokh K Kavarana

Mr Christof Hässig

AUDIT COMMITTEE

Mr Arunkumar R Gandhi, *Chairman*
 Mr Martin Kriegner
 Mr Sushil Kumar Roongta
 Mr Ashwin Dani
 Mr Farrokh K Kavarana

**STAKEHOLDERS'
RELATIONSHIP COMMITTEE**

Mr Farrokh K Kavarana, *Chairman*
 Mr Shailesh Haribhakti
 Mr Arunkumar R Gandhi
 Mr Neeraj Akhoury

**NOMINATION &
REMUNERATION COMMITTEE**

Mr Ashwin Dani, *Chairman*
 Mr N S Sekhsaria
 Mr Martin Kriegner
 Mr Shailesh Haribhakti
 Mr Farrokh K Kavarana

**CORPORATE SOCIAL
RESPONSIBILITY COMMITTEE**

Mr Shailesh Haribhakti, *Chairman*
 Ms Falguni Nayar
 Mr Farrokh K Kavarana
 Mr Neeraj Akhoury

**RISK MANAGEMENT
COMMITTEE**

Mr Shailesh Haribhakti, *Chairman*
 Ms Falguni Nayar
 Mr Sushil Kumar Roongta
 Mr Neeraj Akhoury

COMPLIANCE COMMITTEE

Mr Farrokh K Kavarana, *Chairman*
 Mr Shailesh Haribhakti
 Mr Sushil Kumar Roongta
 Mr Neeraj Akhoury

CHIEF FINANCIAL OFFICER

Mr Sunil Nayak

**COMPANY SECRETARY &
HEAD COMPLIANCE**

Mr Ramaswami Kalidas

AUDITORS**STATUTORY AUDITOR**

Deloitte Haskins & Sells LLP

COST AUDITOR

D C Dave & Co.

SECRETARIAL AUDITOR

Pramod S Shah & Associates

BANKERS

State Bank of India
 Citibank NA
 HDFC Bank



At a Glance

At a Glance

ACC

India's leading cement brand



17
Cement plants



62 READY MIX
Concrete plants



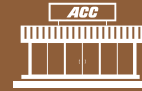
26.21 MILLION
TONNES
of cement sold



₹ 12,909
Crore net sales



7,422
Employees



10,000+
Dealers



4,82,000
People benefited from
CSR INITIATIVES



4,00,000
TONNES
of waste processed



19,259
Houses built through
GREEN BUILDING
CENTRES



Customer Solutions

Customer above all

Value-added services and solutions build strong connections

Anticipating customers' needs early and being able to serve them with differentiated products and solutions is a key pillar of ACC's commercial strategy. ACC creates deep-rooted engagements with end-use customers, and our initiatives to drive commercial excellence are shaping the future, with new concepts such as 'Construction Ka Doctor', a web sales platform, and the ACC Dream Home App.

'Construction Ka Doctor'

In rural areas, retail outlets function as information hubs, and ACC is successfully leveraging them to build a stronger connect with customers. ACC's Construction Ka Doctor is our popular engagement platform at dealer counters.

'Construction Ka Doctor'

2,000
assistance counters
across India



Knowledge-sharing platform
for consumers, masons,
contractors and communities

Web Sales

ACC's online sales platform delivers convenience to its channel partners. Dealers can track and update sales invoices, outstandings, etc 24x7. Going forward, a significant percentage of cement sales will be routed through this digital channel.



ACC Dream Home App

For dealers, masons,
engineers, architects

10,000+ downloads
on Google Playstore

Construction Ka Doctor: A helping hand

ACC's Individual Home Builder (IHB) solutions have redefined construction

Building one's own home can be a challenge. ACC's IHB solutions offer information and technical assistance to customers in terms of products and services — from giving advice on appointing architects, contractors and masons, to choosing the right home plan, budgeting and scheduling. Our engineers conduct site visits to educate home owners and masons, besides supervising critical stages like slab casting. Our innovative solutions have helped ACC become a trusted voice in the construction industry.

CASE STUDY

Khalid Siddique, a house-owner from Kushinagar, Uttar Pradesh, is among thousands of customers who have benefited from our IHB initiative. At Construction Ka Doctor, we guided Khalid throughout his home building process.



"The ACC Customer Service Officer advised me on using the right cement for my home. The company officials even personally came to inspect the work and ensured that everything was done perfectly. I am thankful to ACC."

— Khalid Siddique, Kushinagar





High performance cements and solutions

ACC is leading from the front and constantly pushing the boundaries by developing modern product and service solutions that score high on performance,

durability, strength and power. Our differentiated offerings are the result of our deep understanding of every consumer segment and tailoring our value propositions

to their needs. Innovation and premium brand positioning are at the core of our portfolio, that has been reshaping the way India builds.

GOLD RANGE



**F2R
Superfast**



**Concrete+
Xtra Strong**



**Gold
Water Shield**

SILVER RANGE



**Suraksha
Power**



**HPC
Long Life**

Speedcrete revives roads in just 24 hours

Road repair is a time-consuming job. However, ACC helped repair over 20km of Chennai's arterial roads in record-breaking time — a testimony to its industry-leading engineering expertise and experience! Maintaining asphalt roads during

the monsoons was a tough challenge for the Chennai Municipal Corporation. That's where ACC's specialised expertise in composite road pavement solutions helped. ACC's Ultra-Thin White Topping 24, known as ACC Speedcrete, is a unique solution that sets rapidly and allows

resurfacing of roads in record time of just 24 hours. The repaired roads were open for traffic within a day and ACC's innovative concrete solutions ensured that Chennai's citizens were able to enjoy the luxury of smooth new roads with minimum disturbance.



Speedcrete sets the pace on Chennai roads

Constructed
20km

in just
30 days

Paved
70 bus routes





Customer Solutions

Imprinting India's landmark infrastructure

From the Bhakra Nangal Dam in 1960 to the Sainj Hydro Power Project in Himachal Pradesh, ACC has helped build numerous landmark projects.

World record in concrete pumping

Circa 2017, ACC supported building of the Sainj Hydroelectric Power Project in Kullu, Himachal Pradesh. This mammoth operation was carried out under tough conditions, supplying cement on tight schedules and supporting the mix design. Engineering expertise and seamless teamwork led to pumping of ACC concrete to a world record distance of 2.43km.



Tough cement for tough conditions

The Qazigund-Banihal high-altitude twin tunnel in Jammu & Kashmir sculpts an 8.5km path through the mighty Himalayas. ACC helped develop the most appropriate mixes. The mountainous terrain proved to be a major challenge to cement being delivered by rail and road over 700km from Gagal Works. This marvel of human endeavour and engineering that stands on the tough and resilient shoulders of ACC cement, will transform lives of people in the valley, giving all-weather connectivity and shrinking travel by 70km.



Participation in India's longest single-pillar elevated Viaduct

India's longest elevated six-lane single pillar road bridge is backed by ACC's consistent quality delivered on time. This 10.3km elevated road will ease commute in the NCR region.





Manufacturing

Cementing a bright future

ACC's manufacturing excellence has made a significant and visible impact

Manufacturing is the mainstay of our ambition to shape the future and at ACC, we set the benchmark in quality and productivity, adopting global best practices in our quest for excellence.

We have increased our manufacturing capacity through expansions at our Jamul and Sindri plants, adding 2.79 mtpa to our clinker units and 2.45 mtpa at our grinding units. With a capacity of 33.41 million tonnes, ACC is one of India's largest cement manufacturers.

Our Dream Run programme for Manufacturing Excellence identified new potential and redefined

the benchmarks of systems and processes to achieve and sustain results.

Sustainable Development

ACC is committed to sustainable development, with some of our manufacturing units having the lowest carbon footprint in the industry. Our robust quarry rehabilitation, water management, and 'greening' initiatives ensure that the company actively promotes the use of alternative fuels and resources and offers effective solutions for waste management through co-processing of wastes in cement kilns. We are strengthening our infrastructure with new pre-processing facilities at

Madukkarai, Tamil Nadu and Wadi, Karnataka, to increase the company's waste processing capacity, with the support of Geocycle.

Preventive Maintenance

Our state-of-the-art preventive maintenance systems, such as real-time remote monitoring of vibration and torque data, Mechanical Kiln Measurement tool (MKM) and Total Lubrication Management (TLM) provide us with timely insights into equipment condition. These systems help us achieve better plant reliability and higher productivity. Our Variable Voltage Frequency Drive for energy management helps in reducing energy consumption and additional costs.



ACC's 'Swachhata Laher' and 'Suraksha Laher' programmes spread awareness on cleanliness and safety.



The Cement Industrial Performance Report's global ranking of LafargeHolcim's 137 integrated cement plants around the world rated Gagal 2 as the best performing integrated cement plant, while Gagal 1 came in a close second and Lakheri was ranked 14th worldwide.



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