

Cementing a sustainable future



This year, as we marked our 85th Founder's Day, we strengthened our commitment to building an even better ACC.



Dear Shareholders,

The year 2021 has been challenging for each one of us. The second wave of the COVID-19 pandemic had a significant impact on lives, livelihoods, and business. I would like to start by expressing my deepest appreciation to all, particularly all our front-line workers who have worked tirelessly to ensure the safety of our people and communities.

Indian businesses are slowly gaining steady momentum with increase in capital expenditure, capacity building, good real estate demand, government push for infrastructure spending and the recent launch of Gati Shakti scheme. Tier II and III cities have become front runners in driving demand across sectors. We are finally entering an era of inclusive, bottom-up transformation.

OUR COMMITMENT TO LANDMARK CLIMATE ACTION

Last year, we became the first company in the Indian construction sector to sign the 'Business Ambition for 1.5°C' commitment with 2030 intermediate targets approved by the Science Based Targets initiative (SBTi). ACC partnered with Carbon Disclosure Project (CDP) India's SBTi Incubator Programme to develop its science-based targets. ACC's SBTi approved targets are aligned with the reductions required to limit warming to well below 2°C. We have committed to reduce Scope 1 GHG emissions by 21.3% per tonne of cementitious material and Scope 2 GHG emissions by 48.4% per tonne of cementitious material by 2030, from a 2018 base year.

ACC has also taken several measures to reduce CO₂ emissions, such as reducing the clinker factor, improving Thermal Substitution Rate (TSR), reducing Thermal and Electrical Energy (TEE) intensity, implementing Waste Heat Recovery System (WHRS) and increasing the rate of renewable energy consumption by introducing new technologies.

We are committed to making a tangible difference in the areas of carbon footprint reduction, circular economy, protection of natural resources and welfare of our communities in India. With a clear focus on becoming the most sustainable company, ACC's commitment to the Net Zero road map is visible and on track.

CONSOLIDATING OUR GREEN EFFORTS

Our focus continues to remain on balancing emerging customer needs due to changing climate. Customers today are looking for construction solutions that manage the ambient conditions better. Home builders want added benefits that were traditionally not associated with construction materials. The government is also raising the bar for decarbonisation and 'green products', given India's ambitious target of reducing carbon intensity by less than 45% by 2030.

Last year, with the launch of our new low carbon range of concrete, ECOPact – the Green Concrete, we offer our customers the option to choose low CO₂ concrete. The innovative product range uses CO₂ reduced binders and is manufactured with optimised mix designs to reduce its carbon footprint. We pride ourselves at being innovators, by using the best of science to marry customer needs with environment-centricity. I am happy to share that these efforts have been recognised by CDP, and ACC has received 'A' rating on climate change for its sustainability efforts.

We have also taken the initiative to lead and share sustainability learnings with industry peers. We have been a part of the Cement Sustainability Initiative (CSI) in India, and are now also a part of the Global Cement and Concrete Association (GCCA). All our activities and reporting methodologies associated with initiatives in climate, water, circular economy, and biodiversity align with the GCCA charter, thereby ensuring continuity and uniformity across the sector.

DELIVERING PERFORMANCE IN A CHALLENGING YEAR

This has been a year of recovery and an indicator of the high growth that is waiting to be tapped. On an annualised basis, ACC's performance remained strong and our consolidated EBITDA increased by 27% on a year-on-year basis. This was led by a strong volume growth and focus on Parvat to improve efficiencies across the value chain. Our solutions and innovative 'Green Concrete' products have done excellent business, indicating how customer needs are transforming.

STRONG COMMUNITY RELATIONS FOR INCLUSIVE GROWTH

We continue to drive value creation with a focus on sustainability, innovation, and inclusivity. ACC Trust - our CSR arm continues to work in the areas of quality education, health, sanitation, women empowerment and HIV/AIDS that improve the quality of lives. This year, we have spent ₹35.95 Crore on community development efforts, benefiting more than 5 Lakh people, residing in more than 150 villages in the vicinity of our plants.

OUR FOUNDATION FOR A BETTER TOMORROW

This year, as we marked our 85th Founder's Day, we strengthened our commitment to build an even better Company. ACC has maintained its reputation of being a pioneering brand with a history of 'category-first' innovations that have gone on to set new benchmarks. Optimised and cleaner production methods, a vast range of innovative products, more mainstream use of various circular methods are all trends that will influence and steer our onward journey. This year, we have recommended a dividend of ₹58 per share for shareholders' approval, with a dividend payout ratio of 60%.

We remain indebted to our large family of stakeholders for their unstinting support during these troubled times. As always, their faith makes us stronger and ambitious to achieve more. We remain committed to make an even bigger difference by reimagining and improving our work, investing in our people and cementing a sustainable future.

Best regards,
Narotam Sekhsaria