

ACC Limited  
Registered Office  
Cement House  
121, Maharshi Karve Road  
Mumbai 400 020, India

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June 13, 2018

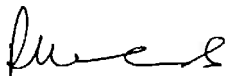
General Manager – Department of Corporate Services  
BSE Limited  
Pheroze Jeejeebhoy Towers  
Dalal Street  
Mumbai 400 001  
**Scrip Code: 500410**

Dear Sir

**Re.: Annual Report for the year ended 2017**  
-----

As required under Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, we are enclosing the Annual Report duly approved and adopted by the Members at their Annual General Meeting held today, as per the provisions of the Companies Act, 2013.

Yours faithfully,  
For ACC Limited



Ramaswami Kalidas  
Company Secretary & Head Compliance  
FCS-2440

**ACC**



# SHAPING THE FUTURE

ACC LIMITED  
82<sup>nd</sup> 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](http://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 CO<sub>2</sub> 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



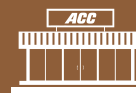
**26.21** MILLION  
TONNES  
of cement sold



**₹ 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







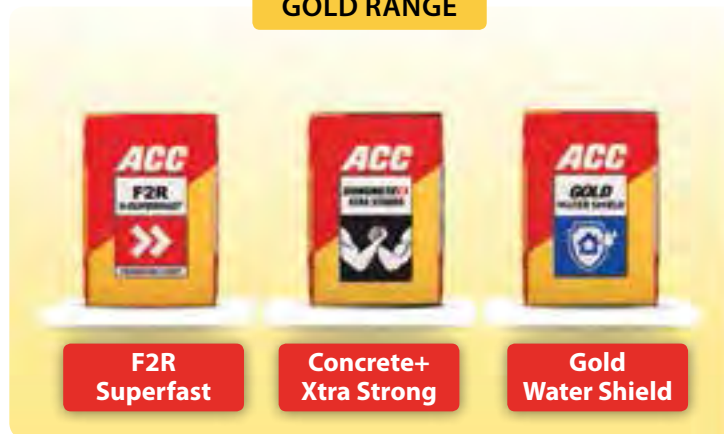
## High performance cements and solutions

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

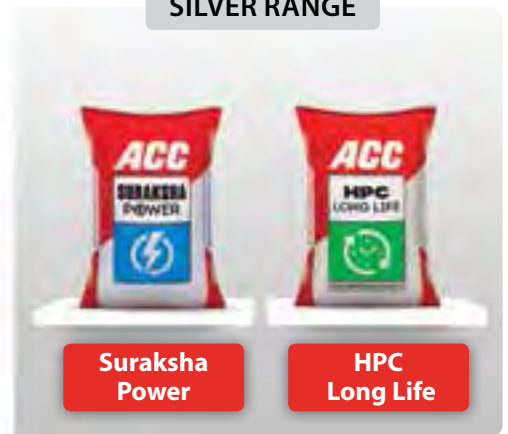
durability, strength and power. Our differentiated offerings are the result of our deep understanding of every consumer segment and tailoring our value propositions

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



### SILVER RANGE



## 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  
**20**km

in just  
**30** days

Paved  
**70** bus routes





# 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.



## Human Resources

# Nurturing our most valuable asset

People excellence forms a core pillar of ACC's success along with products and services

Human capital is ACC's biggest asset and people strategies form the core of our organisational strategy. This was validated in 2017, with ACC bagging the highest favourable score in the LH Global Pulse survey, which mapped employee feedback across group companies.



Building capability and developing leaders

ACC has an institutionalised culture to develop the capabilities of our employees, nurture their careers, and manage the performance of individuals and teams. This has helped ACC build a steady and reliable pipeline of leadership talent. Over 90% of top leadership roles in core functions such as manufacturing,

sales and logistics are occupied by our internal talent pool.

ACC's robust reward and recognition programme is a testament to our deep-rooted culture of celebrating employees and their contributions. ACC's

*Innovate to Excel* is a national-level initiative that encourages and rewards ideas that lead to improvement of products and processes.

2017 saw us taking further strides in our people processes with the implementation of Workday, a robust cloud-based HR information platform.

Workday provides line managers with employee information while allowing agility and ease of collaboration to HR managers.

ACC has consistently and continuously strived to create a diverse and more inclusive workforce. To support its gender diversity goals,



A glimpse from ACC employee reward and recognition celebration 'Halla Bol 2018'

ACC empowers young women with the requisite skills and qualifications to work in the cement industry. The three year Control Room Operator (CRO)-cum-Quality Analyst course at ACC Cement Technology Institute (ACTI) Jamul is a first-of-its-kind initiative curated by experts that trains women aspirants in technical and soft skills and also provides on-the-job training.



Fitter training at the Sumant Moolgaokar Technical Institute in Kymore



Health & Safety

## Safety first and foremost

**Health & Safety is at the core of our business, and zero-harm to all stakeholders is a continuous mission**

'Zero Harm' is a core objective for us and a key driver to build a safe and secure workplace for all our stakeholders. Our Health and Safety (H&S) Management Systems are benchmarked against global standards, and designed to continuously improve performance and actively manage risks in the business. In 2017, we focused on engagement at all levels.

A key initiative, the Health & Safety Improvement Plan has been designed to improve the areas of H&S Leadership & Accountability, capability of our people, the H&S Management Systems, Health, Road Safety and Electrical Safety. Through our 'More Boots on the Ground' initiative, launched in 2017, the senior leadership spends quality time at the plants and amidst the teams to encourage the culture of safety, and inculcate a sense of ownership.

### H&S Feedback App

Our new H&S Feedback App gives real time access to the feedback management system for Health & Safety training and events.



### Logistics Safety

Suraksha Chaupals were set up for truck drivers to provide facilities that went beyond rest areas and amenities at our parking yards. Launched in Tikaria in 2015, the initiative now covers all our plants. Concerted efforts focusing on people and processes are helping us build on our logistics safety benchmarks. To accelerate our automation efforts towards LafargeHolcim's sustainability aspiration of zero manual handling by 2030, custom-designed table conveyors were deployed for easier loading and unloading of cement bags at all our plants.

Our Star Warehouse Rating Programme (SWRP) was launched in September to cross-pollinate best practices, raise standards and provide high levels of customer service.







Sustainability

# Nurturing nature, building communities

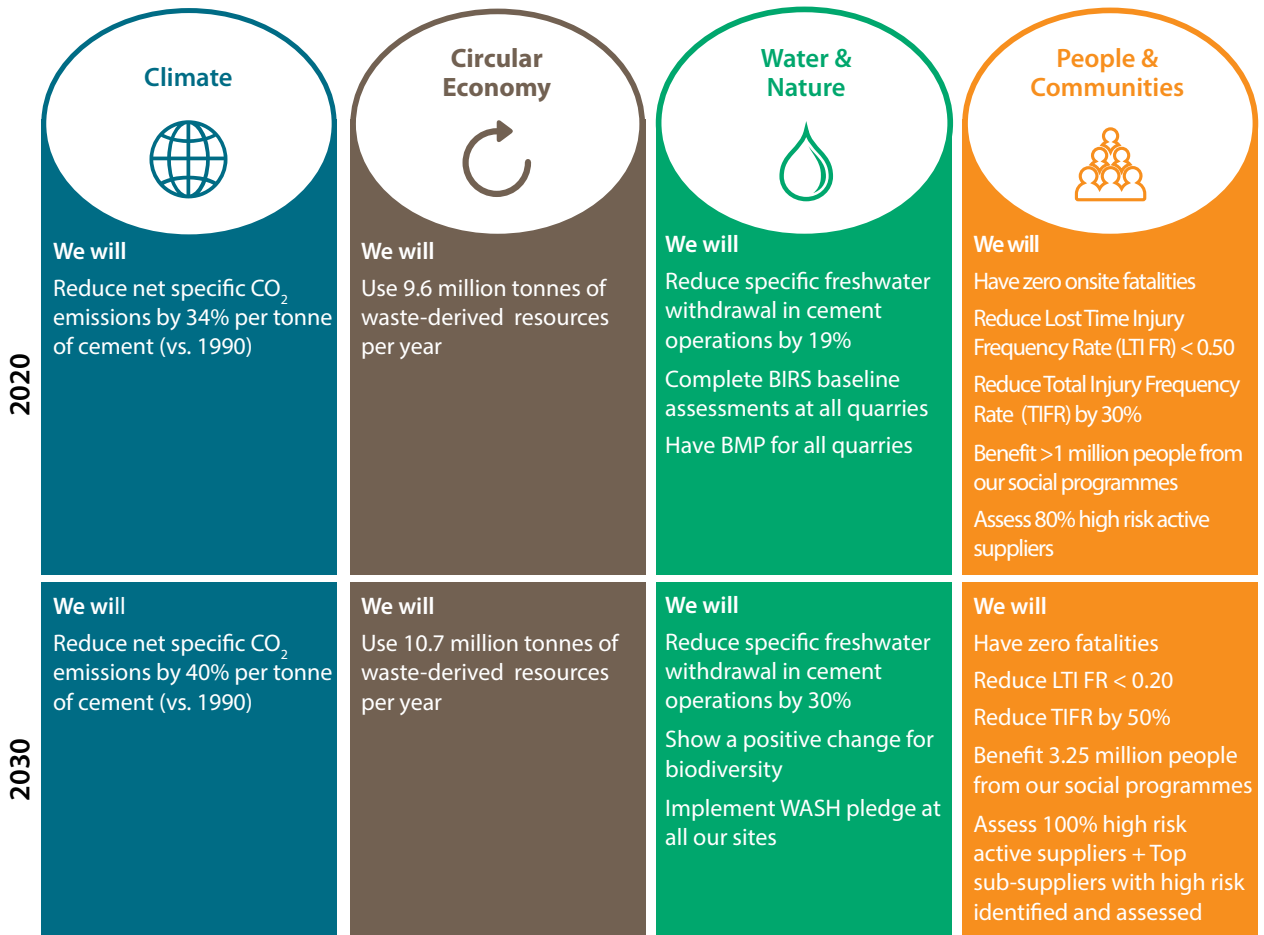
## ACC's SD 2030 plan on course across operations in line with UN Sustainable Development Goals

Sustainability is an integral part of our business strategy. As an industry leader, ACC is committed to ensuring a sustainable business. Climate, Circular Economy, Water & Nature and People & Communities — these are the four pillars of its sustainability focus, where ACC has made impactful contributions. Working consistently towards

achieving the 2020 goals set under each pillar, ACC has done robust work in 2017 to surpass its targets in each of the focus areas — reduced specific CO<sub>2</sub> emissions by 34% per tonne of cement, utilised ~10 million tonnes of waste-derived resources, conducted the BIRS (Biodiversity Indicator and Reporting System) assessment at its mines, reduced

specific fresh water withdrawal in cement operation by 15% and implementing the WASH (Water, Sanitation and Hygiene) pledge to ensure access to safe water, sanitation and hygiene at the workplace, besides touching nearly half a million lives through its Corporate Social Responsibility initiatives across the country.

## ACC will generate one-third of its turnover from enhanced sustainability solutions



Note: Baseline year is 2015 unless stated otherwise



ACC Gagal awarded the Sustainability 4.0 Award by Frost & Sullivan & TERI, in the 'Challengers' category for Large Business.





Reinventing conservation

## Striving for a zero-waste future

ACC's innovative and sustainable solutions recycle waste, reduce air and soil pollution levels

LafargeHolcim, having expertise in waste management, is deploying cutting-edge technology to sustainably manage industrial, municipal and agricultural waste. The entire management of waste is done scientifically, using co-processing technology that ensures complete destruction of waste. Handling of waste through this technology ensures that no residue is left and the resource value of waste is recovered.

In 2017 alone, Geocycle sustainably managed more than 4,00,000 tonnes of waste from various sources by co-processing in cement kilns of ACC. This includes more than 3,10,000 tonnes of industrial waste and more than 31,000 tonnes of waste from municipal sources. In addition to this more than 51,000 tonnes of



### Geocycle's goal zero-waste future

Network of **9** co-processing  
and **3** specialised  
pre-processing facilities

agricultural residue were sustainably managed in ACC kilns. The model not only conserves land for other purposes but also reduces air and water pollution.

Geocycle also helps manage plastic and agricultural waste from local communities. It has co-processing facilities and dedicated pre-processing facilities across cement kilns of ACC and is working with 200 customers. Waste co-processing in cement kilns recovers energy and recycles material. This reduces our dependency on traditional fuels and raw materials.

## Green Building Centres

Our Green Building Centre (GBC) initiative is a holistic approach to sustainable rural development, which enables livelihoods and promotes affordable housing. The GBCs are based on the triple bottom-line approach of delivering

social, environmental and financial performance, in sync with our 2030 sustainable development goals.

The GBCs support local micro-entrepreneurs to make and distribute affordable cement-based home building components and pre-fabricated materials such as fly ash bricks, concrete blocks, tiles, pavers, roofing, walling, frames and sanitation units. Our goal is to promote sustainable construction through a business model that provides affordable and green building materials, with each GBC currently enabling 100 homes every month, generating 30 direct and 120 indirect jobs.

**53** GBCs in 2017  
(**38** active, **15** under  
implementation)

**19,259** affordable  
homes built through GBCs



Sample toilet built to specifications  
of Prime Minister's Swachh Bharat Scheme

Our aim is to facilitate the construction of one million affordable houses and toilets over the next 10 years. The GBCs represent ACC's construction expertise and demonstrate the company's support to sustainable rural enterprise.



## Corporate Social Responsibility

## Creating better lives, brighter futures

ACC works actively at grassroots to enhance local economies and give quality education to the needy

ACC is working steadfastly to improve the lives of people living in marginalised or economically backward communities, with programmes that encompass livelihoods, education, health & sanitation and women empowerment. In 2017, the company's community development programmes touched the lives of over 4,82,000 people in 202 villages across India. A recent report released by IIM-Udaipur on 'India's Top Companies for Sustainability and CSR 2017' ranked ACC among the top 10 in India.

### Disha

Our skilling initiative, Disha, supports rural youth in learning new employable skills and gaining opportunities for sustainable livelihoods. Disha conducts

programmes for a range of vocations. The CSR team identifies candidates for the training, who are then either placed in a job or encouraged to start their own ventures.

### Vidya Utkarsh


We provide needy students with a healthy and safe learning environment. Vidya Utkarsh has improved and positively impacted the lives of more than 23,968 students.

Besides running ACC's 15 own schools and enhancing the quality of education in 178 government-run schools, in 2017 we awarded scholarships to 1,009 meritorious students and helped 1,415 girls to get back to school through 50 'ACC Ki Laadli' centres.



## Awards

 Prestigious 'Golden Peacock Award for Corporate Social Responsibility' for 2017.

 Prestigious '2 Good' rating by Economic Times & KPMG for CSR performance, integrated processes and CSR expenditure over and above 2-4% of net profits for 2015-16.

 ISC-FICCI first-ever Sanitation award for 'Best Corporate Initiative in Sanitation'.

 ACC's Madukkarai Clean and Green CSR project — being replicated at Jamul, Kymore and Wadi — receives Chhattisgarh Chief Minister's memento for innovative solution for municipal waste.



2017

### DISHA

20,761

lives touched through alternate livelihood projects



### VIDYA UTKARSH

23,968

children benefited through education initiatives





## CASE STUDY

### Disha: Changing lives

**ACC helps reduce unemployment in rural areas through its skilling initiatives that help men and women become employable and find jobs or start micro-enterprises**

ACC's Disha initiative focuses on skilling and entrepreneurship development of underprivileged and unemployed rural youth who are provided training in home appliances servicing, automobile repair, welding, and more. Post training, they are offered suitable jobs or encouraged to start their own micro enterprises. Currently operational in 14 locations, the Disha initiative trained more than 3,745 youth in 2017. Women are

also trained to become self-reliant through micro enterprises at Disha centres.

#### Empowering Women to Take on New Frontiers

ACC inducted 56 women for training as Control Room Operator (CRO)-cum-Quality Analysts in September 2017. This first-of-its-kind initiative aims to train women with the required technical skills as well as soft

skills, enabling them to earn a sustainable livelihood. The 3-year-residential course at the ACC Cement Technology Institute (ACTI) in Jamul, is specially curated for women aspirants and imparts classroom as well as practical on-the-job training. Come 2020, all 56 girls will complete their course to become eligible for opportunities at ACC and other leading manufacturing companies.



"Thanks to ACC, today I can inspire young girls who have similar dreams." — Srisha Badholia, ACTI Trainee

### Driving his own business

31-year-old Mohammed Irfan Patel exemplifies the success of Disha. A decade ago, Patel had just completed a course at

the local ITI and had no job. "I saw some ACC posters about a driver training programme," he recollects. ACC Wadi helped him secure a driving license and trained him to drive, after which he began working for the company by driving around

guests visiting the plant. He started earning ₹ 1,500 a month, and slowly his wages doubled. In 2012, he decided to start his own driving school in Wadi, with support from Disha, Wadi. Today, Patel runs his own A-1 Motor Driving School. "My business has been successful. Over the last five years, ACC has sent around 100 students to my academy for training," says a thankful Patel, who earns about ₹ 25,000 a month now.



"I am grateful to ACC Disha for giving me the opportunity to make a living and to start my own enterprise."

— Mohammed Irfan Patel



## CASE STUDY

### Empowering the girl child through education

**ACC Ki Laadli initiative is transforming the lives of girls across five states in India and is a testament to our ethos of good corporate citizenship**

ACC is a firm believer in the indispensability of education for economic and political empowerment of socially and economically disadvantaged communities. The teaching of 3 R's to girls has the potential to not only uplift them but also improve the condition of the family. This conviction serves as the bedrock of ACC Ki Laadli, a flagship initiative, which has empowered over 1500 girls each year, since it was launched in 2013. The initiative endeavours to provide meaningful education to girls, especially those out of school and belonging to marginalised and deprived sections of the society, up to grade V. ACC has partnered

with IIMPACT, a nonprofit, to establish learning centres in Uttar Pradesh, Madhya Pradesh, Uttarakhand, Haryana, Bihar and Himachal Pradesh. ACC Ki Laadli now covers 50 villages across the six states. ACC's supply

chain partners have played a proactive role in the success of the initiative. ACC's dealers, retailers and CFAs contribute towards the project cost. Today, the initiative has grown into a movement and is expanding with each passing year.



### Empowering Sima to dream big

14-year-old Sima's story is a vindication of ACC's sustained efforts in transforming rural communities. Sima, a resident of Nanhupur Pada in Uttar Pradesh, lost her mother at an early age. Her father, a labourer, struggled to feed his family of five. With such a grim situation, her father was reluctant to send Sima to school. Sima would have ended up like other girls; however, a routine survey

under the ACC Ki Laadli initiative changed her destiny. Sustained efforts resulted in

Sima's father consenting to send her to the local IIMPACT centre. The happy sight of children and the innovative teaching methods, led to Sima becoming a regular. A quick learner, she can converse fluently in Hindi, read and speak elementary English, and rattle off tables up to 20. Education has transformed her and she is taking care of her home as well, says a family member.

"Sima is encouraging me to read and write, and also helps me with the records," says her father. The ACC Ki Laadli initiative is helping Sima to dream big.

**"ACC has given me a new dream in life and an opportunity to fulfil it."**

— Sima





Our Network

# Our Network

ACC Limited is India's foremost manufacturer of cement and ready mix concrete with 17 cement plants, 62 ready mix concrete plants, 1 bulk terminal, a vast distribution network of over 10,000 dealers and a countrywide spread of sales offices.



**Corporate Office**  
Mumbai (Maharashtra)

## Cement Plants

### Andhra Pradesh

1. Vizag

### Chhattisgarh

2. Jamul

### Himachal Pradesh

3. Gagal I
4. Gagal II

### Jharkhand

5. Chaibasa
6. Sindri

### Karnataka

7. Kudithini
8. Thondebhavi
9. Wadi I
10. Wadi II

### Madhya Pradesh

11. Kymore

### Maharashtra

12. Chanda

### Odisha

13. Bargarh

### Rajasthan

14. Lakheri

### Tamil Nadu

15. Madukkarai

### Uttar Pradesh

16. Tikaria

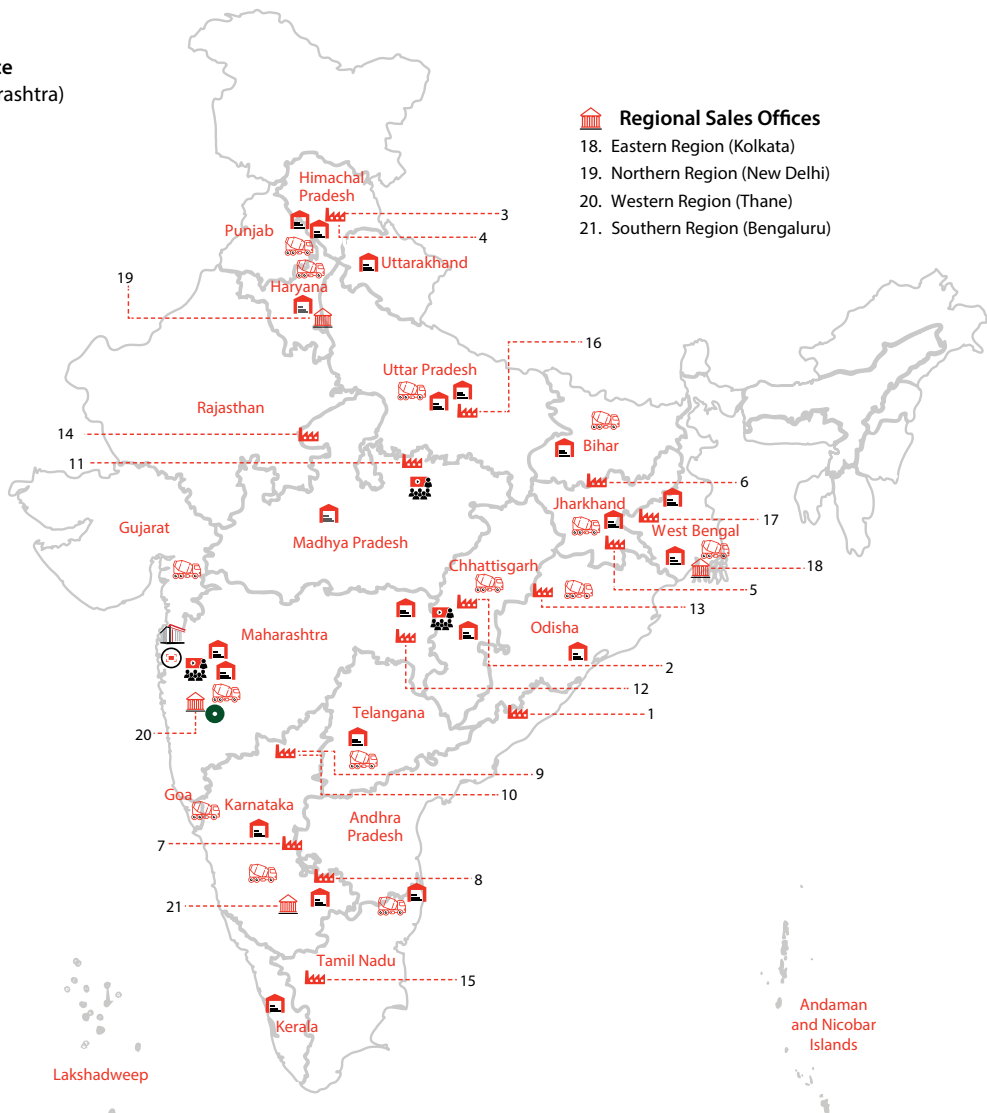
### West Bengal

17. Damodhar



## Regional Sales Offices

18. Eastern Region (Kolkata)
19. Northern Region (New Delhi)
20. Western Region (Thane)
21. Southern Region (Bengaluru)



TECHPORT, Thane, Maharashtra



Geocycle India, Thane, Maharashtra



## Training Centres

ACC ACL Leadership Academy, Thane  
ACC Cement Technology Institute, Jamul  
Sumant Moolgaokar Technical Institute, Kymore



Ready Mix Concrete (RMX) Plants



Sales Units

This map is of 31<sup>st</sup> December 2017. It is illustrative and not drawn to scale.



Finance

## Delivering value to shareholders

A healthy top-line and a robust bottom-line. Taking challenges like GST implementation and switchover to Indian Accounting Standards in its stride, our company turned in a solid performance quarter-on-quarter to cap the year with robust revenue growth.

### Internal Control Systems

The company calibrates its business processes and operations framework to continuously improve efficiencies. These include automated internal business workflow and controls.

There is a robust system of internal audit and automated control procedures to ensure discipline and compliance, backed by a robust Internal Audit framework.

### Corporate Governance

ACC's rich legacy of ethical governance, strong sense of values and business practices have earned the trust and goodwill of its investors and stakeholders. The objective is to assure the long term value, successful fulfilling of aspirations and interests of all stakeholders.



Net  
Sales

₹ 12,909  
Crore



Consolidated  
Profit after tax

₹ 925  
Crore



AAA rating  
by CRISIL



Consolidated  
Operating EBITDA

₹ 1,912  
Crore



ACC's annual report for 2016 was awarded the 'Certificate of Merit' in the 'Manufacturing Sector' category by the South Asian Federation of Accountants.

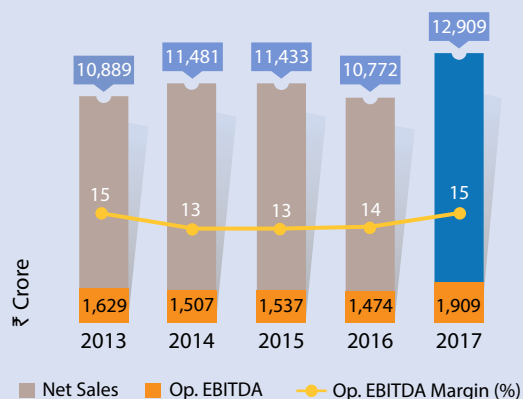


Performance Highlights

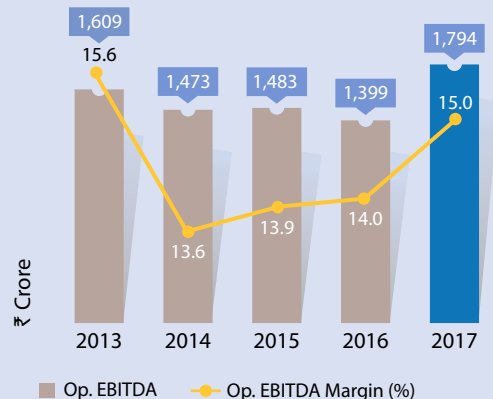
## Performance Highlights\*

(Standalone Financial)

Net Sales, Operating EBITDA & Operating EBITDA Margin



Cement Operating EBITDA & Operating EBITDA Margin



\*Figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP

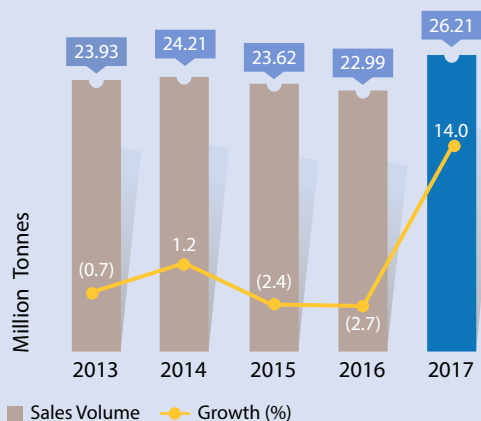




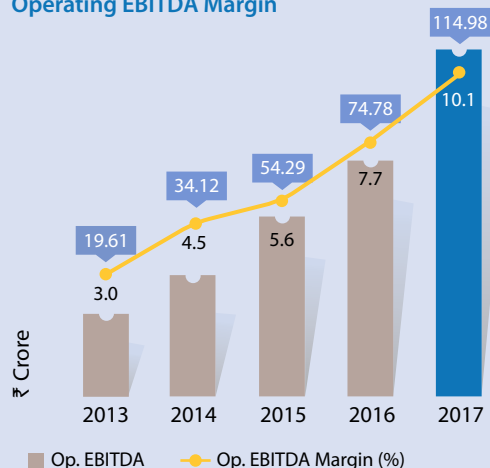
# Performance Highlights\*

(Standalone Financial)

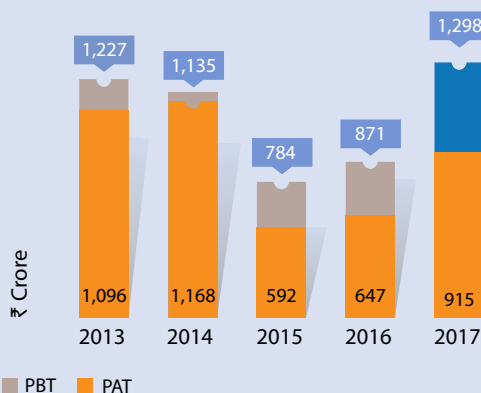
Cement Sales Volume & Growth



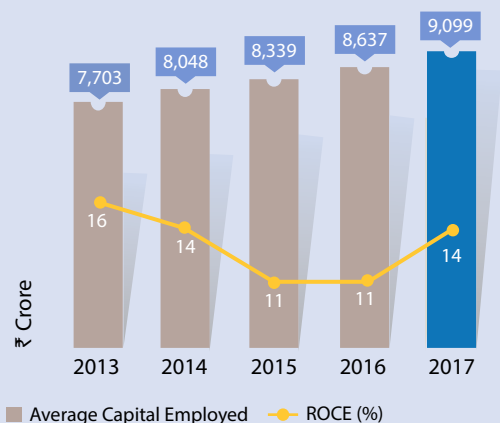
Ready Mix Concrete Operating EBITDA & Operating EBITDA Margin



Profit Before Tax & Profit After Tax



Average Capital Employed & Return On Capital Employed (ROCE)



\*Figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP

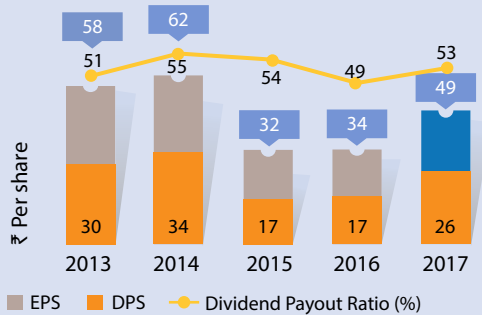


## Performance Highlights

# Performance Highlights\*

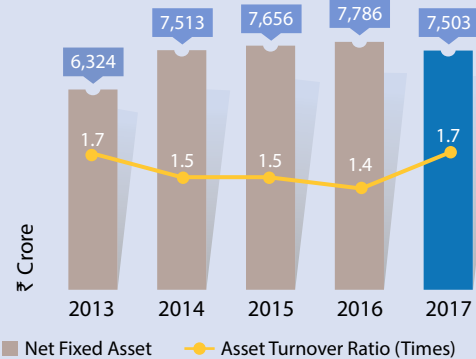
(Standalone Financial)

## Dividend Per Share, Earning Per Share and Dividend Payout Ratio\*

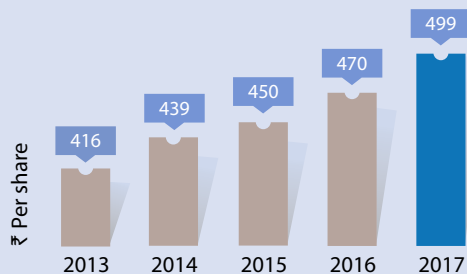


\*Dividend payout ratio is calculated without considering dividend distribution tax

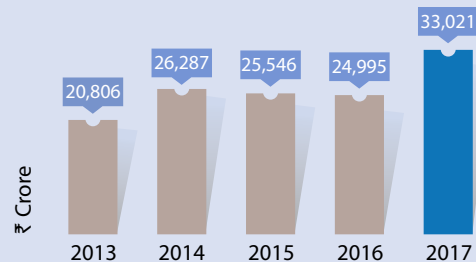
## Net Fixed Assets & Asset Turnover Ratio



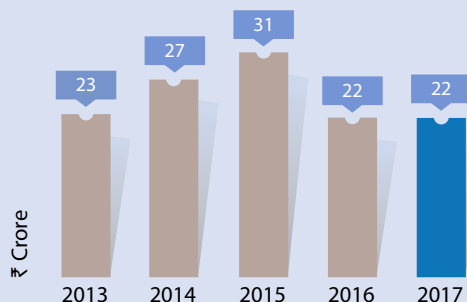
## Book Value Per Share



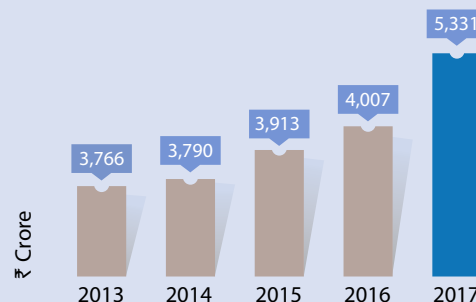
## Market Capitalisation at Year End



## Corporate Social Responsibility Expenditure



## Contribution to Exchequer

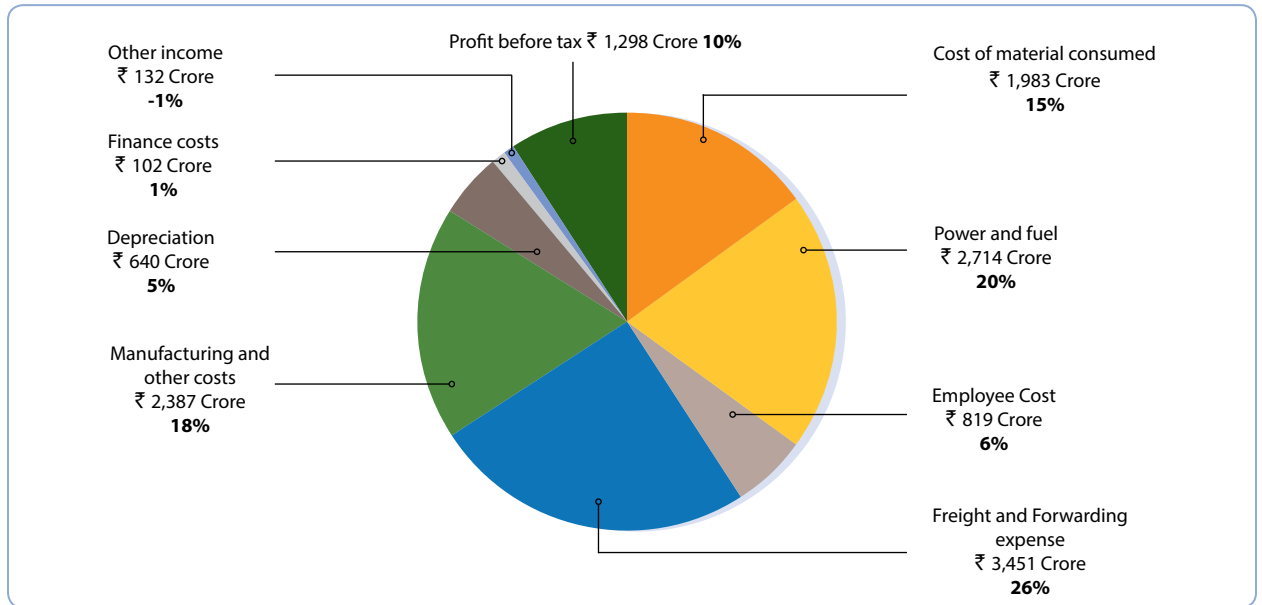


\*Figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP

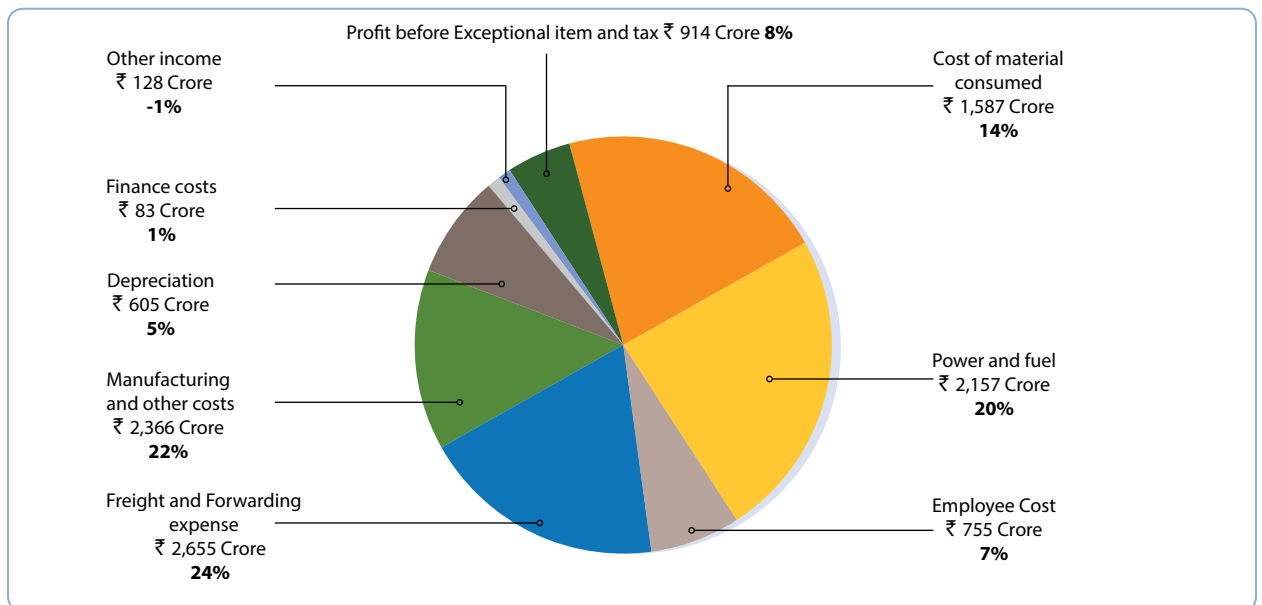


# Cost & Profit as a Percentage of Revenue from Operations (Net)

2017



2016





## STANDALONE FINANCIAL HIGHLIGHTS

Particulars	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Cement Production (Million Tonne)	26.56	23.18	23.84	24.24	23.86	24.12	23.46	21.14	21.37	20.84
Cement Sales (Million Tonne)	26.21	22.99	23.62	24.21	23.93	24.11	23.73	21.29	21.50	21.01
Capacity utilisation	79%	73%	77%	78%	78%	79%	81%	77%	91%	93%
<b>INCOME STATEMENT - ₹ Crore</b>										
Net Sales	12,909	10,772	11,433	11,481	10,889	11,130	9,430	7,710	7,967	7,126
Operating EBITDA	1,909	1,474	1,537	1,507	1,629	2,196	1,921	1,812	2,644	1,899
Profit before exceptional item and tax	1,298	914	937	1,135	1,227	1,787	1,540	1,461	2,294	1,688
Profit before Tax	1,298	871	784	1,135	1,227	1,451	1,540	1,461	2,294	1,737
Profit after Tax	915	647	592	1,168	1,096	1,061	1,325	1,120	1,607	1,213
<b>BALANCE SHEET - ₹ Crore</b>										
Net Worth	9,365	8,832	8,443	8,236	7,825	7,383	7,192	6,469	6,016	4,928
Long-term borrowings	-	-	-	-	35	163	511	524	567	482
Net Fixed Assets (Including CWIP)	7,503	7,786	7,656	7,513	6,324	6,175	6,573	6,548	6,113	4,717
Cash and cash equivalents	2,527	1,778	1,389	1,686	2,621	3,137	2,932	2,388	1,876	1,438
Current Assets	5,339	3,726	3,609	3,485	3,476	3,098	3,691	2,751	2,458	3,116
Current Liabilities	4,923	4,110	3,893	3,900	3,726	3,863	3,768	3,746	3,114	2,766
Capital Employed	9,365	8,832	8,443	8,236	7,860	7,546	7,703	6,993	6,583	5,410
<b>SIGNIFICANT RATIOS</b>										
Operating EBITDA margin	15%	14%	13%	13%	15%	20%	20%	24%	33%	27%
Average Return on Capital Employed	14%	11%	11%	14%	16%	24%	22%	22%	39%	35%
Return on Net Worth	10%	7%	7%	14%	14%	14%	18%	17%	27%	25%
Current Ratio (Times)	1.08	0.91	0.93	0.89	0.93	0.80	0.98	0.73	0.72	1.00
Debt Equity Ratio (Times)	-	-	-	-	0.004	0.02	0.07	0.08	0.09	0.10
Price Earning Ratio (Times)	36.08	38.39	43.07	22.56	18.91	25.15	16.29	18.04	10.23	7.39
Net worth per Share (₹)	499	470	450	439	416	393	385	345	320	263
Dividend per share (₹)	26	17	17	34	30	30	28	30.50	23	20
Basic Earnings per Share (₹)	48.75	34.46	31.51	62.23	58.36	56.52	70.59	59.66	85.60	64.63
Cash Earnings per Share (₹)	82.84	66.69	74.40	91.93	88.93	104.15	95.90	80.57	103.83	80.31
<b>CASH FLOWS - ₹ Crore</b>										
Net cash provided by / (used in)										
Operating activities	1,556	1,381	1,461	1,332	1,056	1,577	1,571	1,935	2,397	1,708
Investing activities	(385)	(539)	(948)	(1,437)	(858)	(311)	(258)	(812)	(1,505)	(1,170)
Financing activities	(422)	(420)	(681)	(837)	(834)	(1,066)	(768)	(621)	(455)	(297)

Financial figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP.

**Notes:**

1. Cash and cash equivalents includes Cash and bank balances, investment in short term deposits and mutual funds
2. Current maturities of Long-Term Borrowings have been included in Borrowings and excluded from current liabilities
3. Operating EBITDA: Profit from operations before other income, finance cost and Depreciation and amortization expense
4. Average Return on Capital Employed: EBIT/ Average Capital Employed  
(Capital Employed: Net worth + Long-term borrowings + Current maturities of Long-Term borrowings)  
(EBIT: Profit before exceptional items and tax + interest on Long-term borrowings)
5. Return on Net worth: Profit after Tax / Net Worth
6. Debts Equity Ratio: (Long-term borrowings + Current maturities of Long-Term borrowings) / Shareholders' funds
7. Price Earning Ratio: Market Price per share / Basic Earnings per share
8. Net worth per share: Net Worth / Number of Equity Shares
9. Current Assets : Total assets - Fixed assets - Investments
10. Current Liability: Current liability excluding Short-term borrowings + Long-term provisions

**STATEMENT OF DIRECT ECONOMIC VALUE GENERATED AND DISTRIBUTED**

	2017 ₹ Crore	2016 ₹ Crore
<b>WEALTH GENERATED</b>		
Gross Income*	18,867	14,453
Operating costs	(11,289)	(8,554)
	7,578	5,899
<b>WEALTH DISTRIBUTION</b>		
As remuneration including retirement benefits to Employees	819	755
Contribution to Government as taxes and other levies	5,331	4,008
As dividend to Shareholders	319	319
Community investments	22	22
Finance Cost	102	83
Retained with the Business	985	712

\*Inclusive of sales tax / value added tax (VAT) / goods and service tax (GST)



## VALUE ADDED STATEMENT

(₹ in Crore)

	2017	2016	2015	2014	2013
<b>Equity</b>	9,365	8,832	8,443	8,236	7,825
Long-term Debts	-	-	-	-	35
Capital employed	9,365	8,832	8,443	8,236	7,860
Average Capital Employed	9,099	8,637	8,339	8,048	7,703
<b>Value added</b>					
Net operating profit after taxes *	915	690	692	1,168	1,096
Add: interest on Long-term borrowings, after tax	-	-	-	1	4
Net operating profit after taxes (NOPAT)	915	690	692	1,169	1,100
Cost of Capital	1,106	973	1,074	1,038	1,017
<b>Value added</b>	<b>(191)</b>	<b>(283)</b>	<b>(382)</b>	<b>131</b>	<b>83</b>
NOPAT / Average Capital employed (%)	10.06	7.99	8.30	14.53	14.28
Weighted Average Cost of Capital (%)	12.16	11.26	12.88	12.90	13.20
<b>Value added / Average Capital Employed (%)</b>	<b>(2.10)</b>	<b>(3.28)</b>	<b>(4.58)</b>	<b>1.63</b>	<b>1.08</b>
<b>Enterprise Value</b>					
Market Capitalisation (As at December, 31)	33,021	24,995	25,546	26,287	20,806
Add: Long-term Debts	-	-	-	-	35
Less: Cash and Cash Equivalents	2,527	1,778	1,389	1,686	2,621
<b>EV (Enterprise Value)</b>	<b>30,494</b>	<b>23,218</b>	<b>24,157</b>	<b>24,601</b>	<b>18,220</b>
<b>EV / Year End Capital Employed (Times)</b>	<b>3.26</b>	<b>2.63</b>	<b>2.86</b>	<b>2.99</b>	<b>2.32</b>

\* Net Operating profit is excluding exceptional item and tax impact on the same.

Financial figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP.



## HORIZONTAL ANALYSIS OF STANDALONE BALANCE SHEET

Particulars	2017	2017 Vs 16 (%)	2016	2016 Vs 15 (%)	2015	2015 Vs 14 (%)	2014	2014 Vs 13 (%)	2013
₹ Crore									
<b>ASSETS</b>									
<b>Non-current assets</b>									
Fixed assets	7,503	(3.63)	7,786	1.70	7,656	1.90	7,513	18.80	6,324
Non-current investments	230	(10.85)	258	(6.18)	275	(5.50)	291	64.41	177
Non-current - loans and other financial assets	216	16.76	185	(15.53)	219	1.39	216	6.40	203
Non-Current Tax Assets (Net)	295	(2.96)	304	(0.33)	305	30.90	233	106.19	113
Other non-current assets	1,027	22.99	835	(17.73)	1,015	32.33	767	(10.71)	859
	9,271	(1.04)	9,368	(1.08)	9,470	4.99	9,020	17.51	7,676
<b>Current assets</b>									
Inventories	1,404	14.71	1,224	2.94	1,189	(5.33)	1,256	12.04	1,121
Financial Assets									
Investments	-	-	-	(100.00)	4	-	-	-	-
Trade receivables	668	24.63	536	10.74	484	17.76	411	3.53	397
Cash and cash equivalents	2,527	42.05	1,779	31.19	1,356	(12.85)	1,556	(37.74)	2,499
Bank balances other than Cash and Cash Equivalents	169	1.20	167	406.06	33	(74.42)	129	5.74	122
loans	41	41.38	29	45.00	20	33.33	15	(66.67)	45
Other financial assets	9	80.00	5	(37.50)	8	33.33	6	(25.00)	8
Other current assets (including assets held for sale)	800	140.96	332	19.86	277	(0.36)	278	23.01	226
	5,618	37.97	4,072	20.80	3,371	(7.67)	3,651	(17.36)	4,418
<b>TOTAL</b>	<b>14,889</b>	<b>10.78</b>	<b>13,440</b>	<b>4.66</b>	<b>12,841</b>	<b>1.34</b>	<b>12,671</b>	<b>4.77</b>	<b>12,094</b>
<b>EQUITY AND LIABILITIES</b>									
<b>Equity</b>									
Equity Share capital	188	-	188	-	188	-	188	-	188
Other Equity	9,177	6.17	8,644	4.71	8,255	2.57	8,048	5.38	7,637
	9,365	6.03	8,832	4.61	8,443	2.51	8,236	5.25	7,825
<b>Liability</b>									
<b>Non-current liabilities</b>									
Provisions	142	0.71	141	17.50	120	3.45	116	9.43	106
Deferred tax liabilities (Net)	541	21.03	447	(4.69)	469	(12.50)	536	5.72	507
	683	16.16	588	(0.17)	589	(9.66)	652	6.36	613
<b>Current liabilities</b>									
Financial Liability									
Borrowing	59	18.00	50	42.86	35	-	-	-	-
Trade payables	1,810	43.99	1,257	43.82	874	16.53	750	17.37	639
Other financial liabilities	719	(13.48)	831	1.84	816	10.31	787	1.08	658
Other current liabilities	1,734	22.89	1,411	(2.29)	1,444	10.31	1,309	1.08	1,295
Provisions	51	(1.92)	52	(71.89)	185	(66.67)	555	6.32	522
Current Tax Liabilities (Net)	468	11.69	419	(7.91)	455	19.11	382	(29.52)	542
	4,841	20.42	4,020	5.54	3,809	0.69	3,783	3.47	3,656
<b>TOTAL</b>	<b>14,889</b>	<b>10.78</b>	<b>13,440</b>	<b>4.66</b>	<b>12,841</b>	<b>1.34</b>	<b>12,671</b>	<b>4.77</b>	<b>12,094</b>

Financial figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP.

## VERTICAL ANALYSIS OF STANDALONE BALANCE SHEET

Particulars	2017	(%)	2016	(%)	2015	(%)	2014	(%)	2013	₹ Crore
<b>ASSETS</b>										
<b>Non-current assets</b>										
Fixed assets	7,503	50.39	7,786	57.93	7,656	59.62	7,513	59.30	6,324	52.30
Non-current investments	230	1.54	258	1.92	275	2.14	291	2.30	177	1.46
Non-current - loans	216	1.45	185	1.38	219	1.71	216	1.70	203	1.68
Non-Current Tax Assets (Net)	295	1.98	304	2.26	305	2.38	233	1.84	113	0.93
Other non-current assets	1,027	6.90	835	6.21	1,015	7.90	767	6.05	859	7.10
	9,271	62.27	9,368	69.70	9,470	73.75	9,020	71.19	7,676	63.47
<b>Current assets</b>										
Inventories	1,404	9.42	1,224	9.10	1,189	9.25	1,256	9.91	1,121	9.27
Financial Assets	-	-	-	-	4	0.03	-	-	-	-
Investments	668	4.49	536	3.99	484	3.77	411	3.24	397	3.28
Trade receivables	2,527	16.97	1,779	13.24	1,356	10.56	1,556	12.28	2,499	20.66
Cash and cash equivalents	169	1.14	167	1.24	33	0.26	129	1.02	122	1.01
Bank balances other than Cash and Cash Equivalents	41	0.28	29	0.22	20	0.16	15	0.12	45	0.37
loans	9	0.06	5	0.04	8	0.06	6	0.05	8	0.07
Other financial assets	800	5.37	332	2.47	277	2.16	278	2.19	226	1.87
Other current assets (including assets held for sale)	5,618	37.73	4,072	30.30	3,371	26.25	3,651	28.81	4,418	36.53
	14,889	100.00	13,440	100.00	12,841	100.00	12,671	100.00	12,094	100.00
<b>TOTAL</b>										
<b>EQUITY AND LIABILITIES</b>										
<b>Equity</b>										
Equity Share capital	188	1.26	188	1.40	188	1.46	188	1.48	188	1.55
Other Equity	9,177	61.64	8,644	64.31	8,255	64.29	8,048	63.52	7,637	63.15
	9,365	62.90	8,832	65.71	8,443	65.75	8,236	65.00	7,825	64.70
<b>Liability</b>										
<b>Non-current liabilities</b>										
Provisions	142	0.95	141	1.05	120	0.93	116	0.92	106	0.88
Deferred tax liabilities (Net)	541	3.63	447	3.33	469	3.66	536	4.23	507	4.19
	683	4.58	588	4.38	589	4.59	652	5.15	613	5.07
<b>Current liabilities</b>										
Financial Liabilities										
Borrowing	59	0.40	50	0.37	35	0.27	-	-	-	-
Trade payables	1,810	12.16	1,257	9.35	874	6.81	750	5.92	639	5.28
Other financial liabilities	719	4.83	831	6.18	816	6.35	787	6.21	658	5.44
Other current liabilities	1,734	11.65	1,411	10.50	1,444	11.25	1,309	10.33	1,295	10.71
Provisions	51	0.34	52	0.39	185	1.44	555	4.38	522	4.32
Current Tax Liabilities (Net)	468	3.14	419	3.12	455	3.54	382	3.01	542	4.48
	4,841	32.52	4,020	29.91	3,809	29.66	3,783	29.85	3,656	30.23
	14,889	100.00	13,440	100.00	12,841	100.00	12,671	100.00	12,094	100.00
<b>TOTAL</b>										

Financial figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP.

## HORIZONTAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

Particulars	2017	2017 Vs 16 (%)	2016	2016 Vs 15 (%)	2015	2015 Vs 14 (%)	2014	2014 Vs 13 (%)	2013
<b>Revenue from operations (net)</b>	<b>13,263</b>	<b>20.63</b>	<b>10,994</b>	<b>(6.81)</b>	<b>11,797</b>	<b>0.50</b>	<b>11,738</b>	<b>5.27</b>	<b>11,150</b>
Other Income	131	2.58	128	7.85	119	(55.60)	268	(6.29)	286
<b>Total Income</b>	<b>13,394</b>	<b>20.43</b>	<b>11,122</b>	<b>(6.66)</b>	<b>11,916</b>	<b>(0.75)</b>	<b>12,006</b>	<b>4.98</b>	<b>11,436</b>
Cost of materials consumed	1,983	24.90	1,587	(8.78)	1,740	(2.68)	1,788	11.12	1,609
Purchase of traded goods	1	(66.83)	2	(97.67)	108	(44.33)	194	20.50	161
Changes in inventories	(15)	(187.70)	17	-	-	(100.00)	(11.00)	(257.14)	7
Employee benefits expense	819	8.53	755	(2.00)	770	3.08	747	13.01	661
Power and fuel	2,714	25.84	2,157	(9.90)	2,394	(1.97)	2,442	2.78	2,376
Freight and Forwarding expense	3,451	30.00	2,655	(2.51)	2,723	4.81	2,598	12.52	2,309
Finance costs	102	23.81	83	23.33	67	(19.28)	83	(27.19)	114
Depreciation and amortization expense	640	5.78	605	(7.18)	652	16.85	558	(2.79)	574
Other expenses	2,401	2.28	2,347	(7.04)	2,525	2.14	2,472	3.09	2,398
<b>Total expenses</b>	<b>12,096</b>	<b>18.49</b>	<b>10,208</b>	<b>(7.02)</b>	<b>10,979</b>	<b>0.99</b>	<b>10,871</b>	<b>6.48</b>	<b>10,209</b>
Exceptional items	-	(100.00)	43	(72.02)	153	-	-	-	-
<b>Profit before tax</b>	<b>1,298</b>	<b>48.99</b>	<b>871</b>	<b>11.16</b>	<b>784</b>	<b>(30.93)</b>	<b>1,135</b>	<b>(7.50)</b>	<b>1,227</b>
Tax expenses	383	70.62	224	16.89	192	(681.82)	(33)	(125.19)	131
<b>Profit for the year</b>	<b>915</b>	<b>41.48</b>	<b>647</b>	<b>9.30</b>	<b>592</b>	<b>(49.32)</b>	<b>1,168</b>	<b>6.57</b>	<b>1,096</b>

## VERTICAL ANALYSIS OF STATEMENT OF PROFIT AND LOSS

Particulars	2017	2017 (%)	2016	2016 (%)	2015	2015 (%)	2014	2014 (%)	2013	2013 (%)
<b>Revenue from operations (net)</b>	<b>13,263</b>	<b>100.00</b>	<b>10,994</b>	<b>100.00</b>	<b>11,797</b>	<b>100.00</b>	<b>11,738</b>	<b>100.00</b>	<b>11,150</b>	<b>100.00</b>
Other Income	131	0.99	128	1.17	119	1.01	268	2.28	286	2.57
<b>Total Income</b>	<b>13,394</b>	<b>100.99</b>	<b>11,122</b>	<b>101.17</b>	<b>11,916</b>	<b>101.01</b>	<b>12,006</b>	<b>102.28</b>	<b>11,436</b>	<b>102.57</b>
Cost of material consumed	1,983	14.95	1,587	14.44	1,740	14.75	1,788	15.23	1,609	14.43
Purchase of traded goods	1	0.01	2.52	0.02	108	0.92	194	1.65	161	1.44
Changes in inventories	(15)	(0.11)	16.99	0.15	-	-	(11.00)	(0.09)	7	0.06
Employee benefits expense	819	6.17	755	6.86	770	6.53	747	6.36	661	5.93
Power and fuel	2,714	20.47	2,157	19.62	2,394	20.29	2,442	20.80	2,376	21.31
Freight and Forwarding expense	3,451	26.02	2,655	24.15	2,723	23.08	2,598	22.13	2,309	20.71
Finance costs	102	0.77	83	0.75	67	0.57	83	0.71	114	1.02
Depreciation and amortization expense	640	4.82	605	5.51	652	5.53	558	4.75	574	5.15
Other expenses	2,401	18.10	2,347	21.35	2,525	21.39	2,472	21.07	2,398	21.51
<b>Total expenses</b>	<b>12,096</b>	<b>91.20</b>	<b>10,208</b>	<b>92.85</b>	<b>10,979</b>	<b>93.06</b>	<b>10,871</b>	<b>92.61</b>	<b>10,209</b>	<b>91.56</b>
Exceptional items	-	-	43	0.39	153	1.30	-	-	-	-
<b>Profit before tax</b>	<b>1,298</b>	<b>9.79</b>	<b>871</b>	<b>7.93</b>	<b>784</b>	<b>6.65</b>	<b>1,135</b>	<b>9.67</b>	<b>1,227</b>	<b>11.01</b>
Tax expenses	383	2.89	224	2.04	192	1.63	(33)	(0.28)	131	1.17
<b>Profit for the year</b>	<b>915</b>	<b>6.90</b>	<b>647</b>	<b>5.88</b>	<b>592</b>	<b>5.02</b>	<b>1,168</b>	<b>9.95</b>	<b>1,096</b>	<b>9.84</b>

Financial figures for 2017 and 2016 are as per Ind AS and remaining figures are as per Previous GAAP.



## NOTICE

**NOTICE IS HEREBY GIVEN THAT THE EIGHTY SECOND ANNUAL GENERAL MEETING OF ACC LIMITED** (CIN:L26940MH1936PLC002515) will be held at Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020 on **Wednesday, June 13, 2018** at **3.00 p.m.** to transact the following business:

### ORDINARY BUSINESS

1. To consider and adopt:
  - a. the Audited Standalone Financial Statement of the Company for the Financial Year ended December 31, 2017, together with the Reports of the Board of Directors and the Auditors thereon; and
  - b. the Audited Consolidated Financial Statement of the Company for the Financial Year ended December 31, 2017, together with the Report of the Auditors thereon.
2. To confirm the payment of Interim Dividend and to declare Final Dividend on equity shares for the Financial Year ended December 31, 2017.
3. To appoint a Director in place of Mr Vijay Kumar Sharma, (Director Identification Number 02449088), a Non Executive/Non Independent Director, who retires by rotation and being eligible, offers himself for re-appointment.
4. To ratify the appointment of M/s Deloitte Haskins & Sells LLP as Statutory Auditors:

To consider, and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Sections 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the appointment of M/s Deloitte Haskins and Sells LLP, Chartered Accountants (ICAI Firm Registration Number-117366W/W-100018), who have been appointed as the Statutory Auditors of the Company to hold office for a term of five consecutive years from the conclusion of the 81<sup>st</sup> Annual General Meeting till the conclusion of the 86<sup>th</sup> Annual General Meeting of the Company, and who have confirmed their eligibility for continuing with their appointment as Statutory Auditors of the Company, be and is hereby ratified.”

### SPECIAL BUSINESS

#### 5. Appointment of Mr Jan Jenisch as Non Executive/Non Independent Director

To consider, and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 152 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force) and the applicable Regulations under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, Mr Jan Jenisch (Director Identification Number 07957196), who was appointed by the Board of Directors, as an Additional Director with effect from October 17, 2017 pursuant to Section 161 of the Act and the Articles of Association of the Company, who holds office up to the date of this Annual General Meeting, being eligible, offers himself for appointment and in respect of whom the Company has received a notice in writing under Section 160 of the Act, from a Member proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company in the category of a Non-Executive/ Non Independent Director liable to retire by rotation.”

#### 6. Ratification of Remuneration to Cost Auditor

To consider, and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**“RESOLVED THAT** pursuant to Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), the remuneration payable to M/s. D C Dave & Co., Cost Accountants (Firm Registration No. 000611), appointed by the Board of Directors as Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending December 31, 2018, amounting to ₹11.00 lakhs (Rupees Eleven Lakhs only) plus applicable taxes and reimbursement of out-of-pocket expenses incurred in connection with the aforesaid audit, be and is hereby ratified.”

**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee thereof) be and is hereby authorized to do all acts and take all steps as may be considered necessary, proper or expedient to give effect to this Resolution."

7. **Renewal of "Technology and Knowhow Agreement" with Holcim Technology Ltd., a Related Party**

To consider, and, if thought fit, to pass the following Resolution as an Ordinary Resolution:

**"RESOLVED THAT** pursuant to Section 188 and other applicable provisions, if any, of the Companies Act, 2013, and the relevant Rules thereunder (including any statutory modifications or re-enactments thereof, for the time being in force), approval of the Members of the Company be and is hereby accorded to the Company for renewal of the "Technology and Knowhow Agreement" ("TKH Agreement") with Holcim Technology Ltd. on the terms and conditions set out therein including, without limitation, the "Technology and Knowhow Fees" ("TKH Fees") payable to Holcim Technology Ltd. for a period of 3 (three) financial years commencing with effect from January 1, 2018 and up to December 31, 2020 at lower of the following rates:

- a) 1% (One Percent) of the Net Sales of the Company for each financial year; or
- b) such rate as may be determined by the Competent Authorities of India and Switzerland under the Bilateral Advance Pricing Agreement (BAPA) under which applications have been filed by the Company and Holcim Technology Ltd., to confirm the arm's length rate for payment of TKH Fees under the TKH Agreement, which applications are still pending with the concerned authorities.

**RESOLVED FURTHER THAT** for the purpose of giving effect to this Resolution, the Board of Directors be and is hereby authorized to finalize and execute TKH Agreement and all other documents and writings as it may deem fit, to amend or modify the TKH Agreement (save and except the rate of TKH Fees), to settle any question,

difficulty or doubt that may arise with regard to the said TKH Agreement and to do all such acts, deeds and things as it may, in its absolute discretion deem necessary, proper or desirable in the best interest of the Company without being required to seek any further consent or approval of the Members of the Company to the intent that the Members shall be deemed to have given their approval thereto by the authority of this Resolution.

**RESOLVED FURTHER THAT** the Board of Directors be and is hereby authorized to delegate all or any of the powers herein conferred to any Committee of Directors or to the Managing Director and Chief Executive Officer (MD&CEO) of the Company as it may consider appropriate in order to give effect to this Resolution."

**Notes:**

- a. The relevant Explanatory Statement, pursuant to Section 102 of the Companies Act, 2013, in respect of the business under Item Nos. 5, 6 and 7 of the accompanying Notice is annexed hereto.
- b. A statement giving additional details of the Directors seeking appointment/re-appointment as set out at Item Nos. 3 and 5 is annexed herewith as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- c. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER OF THE COMPANY.**  
  
In order that the appointment of a proxy is effective, the instrument appointing a proxy must be received at the Registered Office of the Company not later than forty-eight hours before the commencement of the meeting **i.e. by 3.00 p.m. on June 11, 2018.**
- d. A person can act as a proxy on behalf of Members not exceeding fifty in number and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting



rights. A Member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as a proxy and such person shall not act as proxy for any other Member. The holder of proxy shall prove his identity at the time of attending the meeting.

- e. Corporate members intending to send their authorized representatives to attend the Meeting pursuant to Section 113 of the Companies Act, 2013 are requested to send to the Company, a certified copy of the relevant Board Resolution together with the specimen signature(s) of their representative(s) who are authorized to attend and vote on their behalf at the Meeting.
- f. Members, Proxies and Authorized Representatives are requested to bring to the Meeting, the attendance slips enclosed herewith, duly completed and signed mentioning therein details of their DPID and Client ID/Folio No.
- g. In case of joint holders attending the Meeting, the joint holder who is highest in the order of names will be entitled to vote at the Meeting.
- h. Relevant documents referred to in the accompanying Notice and in the Explanatory Statement are open for inspection by the Members at the Company's Registered Office on all working days, during the office hours except Saturdays, Sundays and all public holidays upto the date of the Meeting.
- i. The Register of Members and Share Transfer Books of the Company shall remain closed from May 21, 2018 to May 25, 2018, both days inclusive, for payment of final dividend, if declared, at the Meeting.
- j. If a dividend is declared at the Annual General Meeting, the payment of such dividend shall be made to those Members of the Company whose names appear in the Register of Members of the Company on May 25, 2018. The dividend in respect of shares held in dematerialized form in the Depository System will be paid to the beneficial owners of shares as on May 19, 2018, as per the list provided by the Depositories for this purpose. The dividend will be payable on and from June 15, 2018.

- k. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in the securities market. Members holding shares in electronic form are, accordingly, requested to submit their PAN to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN to the Company.

- l. Pursuant to the provisions of Sections 124 and 125 of the Companies Act, 2013 which have come into force from September 7, 2016, the Company has transferred, on due dates, the unclaimed final dividend for the financial year ended December 31, 2009 and interim dividend for the financial year ended December 31, 2010, to the Investor Education and Protection Fund (IEPF) established by the Central Government.

Further, in terms of Section 124(6) of the Companies Act, 2013 read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto and notifications issued by the Ministry of Corporate Affairs from time to time, the Company has transferred during the year, the required number of shares in respect of which dividends have remained unclaimed for a period of seven consecutive years or more to the IEPF Account.

Pursuant to the provisions of Investor Education and Protection Fund (Accounting, Audit, Transfer and Refund) Rules, 2016, the Company has placed on its website **[www.acclimited.com](http://www.acclimited.com)**, the information on dividends which remain with the Company as unclaimed as on March 29, 2017 i.e. the date of the last Annual General Meeting. The information is also available on the website of the Ministry of Corporate Affairs (**[www.mca.gov.in](http://www.mca.gov.in)**).

- m. Members holding shares in their single name are advised to make a nomination in respect of their shareholding in the Company. Members holding shares in physical form should file their nomination with the Company whilst those Members holding shares in demat mode should file their nomination with their Depository Participant. The nomination form can be downloaded from the Company's website **[www.acclimited.com](http://www.acclimited.com)**



## **General Information on voting through electronic means/Ballot:**

- i. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 as amended from time to time and sub clause (1) & (2) of Clause 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is pleased to offer e-Voting facilities to its Members in respect of the business to be transacted at the 82<sup>nd</sup> Annual General Meeting. The Company has engaged the services of National Securities Depository Limited (NSDL) as authorized agency to provide the e-Voting facility. It is clarified that it is not mandatory for a Member to vote using remote e-Voting facility. In order to facilitate those Members, who do not wish to use the remote e-Voting facility, the Company is enclosing a Ballot Form. Resolutions passed by Members through remote e-Voting or ballot forms are deemed to have been passed as if they have been passed at the Annual General Meeting (AGM) of the Company.
- ii. The facility for e-Voting shall also be made available at the venue of the AGM for those Members who have not cast their votes earlier.
- iii. The Members who have cast their votes by remote e-Voting or by Ballot Form prior to the AGM may also attend the Meeting but they shall not be entitled to cast their vote again.
- iv. Mr Pramod S Shah, Managing Partner or in his absence Mr Saurabh Shah, Corporate Advisor of M/s Pramod S Shah & Associates, Practicing Company Secretaries, have been appointed as the Scrutinizer for overseeing the physical voting and remote e-Voting process in a fair and transparent manner.
- v. The Scrutinizer shall submit his report to the Chairman. The results declared along with the report of the Scrutinizer will be placed on the website of the Company **www.acclimited.com** and on the website of NSDL **www.evoting.nsdl.com** within two days of passing the resolutions at the AGM. The results will also be uploaded on the BSE Listing Portal and on the NSE-NEAPS Portal.
- vi. Subject to receipt of requisite number of votes, the Resolutions shall be deemed to be passed

on the date of the Annual General Meeting i.e. June 13, 2018.

### **Procedure for e-Voting as prescribed by NSDL:**

#### **For Members whose e-mail addresses are registered with the Company/Depositories:**

Open the e-mail received from NSDL and follow instructions mentioned therein to cast your vote.

#### **For Members whose e-mail addresses are not registered with the Company/Depositories:**

Members will receive a Ballot Form along with the Annual Report. They have two options:

- i. To opt for voting by Physical Ballot: Those Members who choose to cast their vote by a physical ballot or who do not have access to e-Voting facility, should fill in the Ballot form and post it to the Company at the address mentioned in the Business Reply Envelope OR
- ii. To opt for remote e-voting: Follow the steps mentioned herein below, to cast your votes.

#### **How to vote electronically using NSDL e-Voting system?**

The way to vote electronically on NSDL e-Voting system consists of "Two Steps" which are mentioned below:

Step 1 : Log-in to NSDL e-Voting system at <https://www.evoting.nsdl.com/>

Step 2 : Cast your vote electronically on NSDL e-Voting system.

#### **Step 1: How to Log-in to NSDL e-Voting website?**

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <https://www.evoting.nsdl.com/> either on a Personal Computer or on a mobile.
2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under "Shareholders" section.
3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

Alternatively, if you are registered for NSDL e-services i.e. IDEAS, you can log-in at <https://eservices.nsdl.com/> with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.



4. Your User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	Your User ID
a) For Members who hold shares in demat account with NSDL.	8 Character DP ID followed by 8 Digit Client ID  For example if your DP ID is IN300*** and Client ID is 12***** then your user ID is IN300***12*****.
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID  For example if your Beneficiary ID is 1 2 * * * * * then your user ID is 12*****.
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company  For example, if folio number is A00005 and EVEN is 108341 then user ID is 108341A00005

5. Your password details are given below:

- If you are already registered for e-Voting, then you can use your existing password to log-in and cast your vote.
- If you are using NSDL e-Voting system for the first time, you will need to retrieve the "initial password" which was communicated to you. Once you retrieve your "initial password" you need to enter the "initial password" and the system will force you to change your password.
- How to retrieve your "initial password"?
  - If your email ID is registered in your demat account or with the Company, your "initial password" is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last

8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your "User ID" and your "initial password".

- If your email ID is not registered, your "initial password" is communicated to you through post at your registered address.
- If you are unable to retrieve or have not received the "Initial password" or have forgotten your password:
    - Click on "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL), option is available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - Click on "Physical User Reset Password?" (If you are holding shares in physical mode), option is available on [www.evoting.nsdl.com](http://www.evoting.nsdl.com).
    - If you are still unable to get the password by the aforesaid two options, you can send a request at [evoting@nsdl.co.in](mailto:evoting@nsdl.co.in) mentioning your demat account number/folio number, PAN, name and registered address.

- After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.
- Now, you will have to click on "Login" button.
- After you click on the "Login" button, Home page of e-Voting will open.

**Details on Step 2 are given below:**

**How to cast your vote electronically on NSDL e-Voting system?**

- After successful log-in at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.
- After clicking on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.
- Select "EVEN" of the Company.
- Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.
6. Upon confirmation, the message "Vote cast successfully" will be displayed.
7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.
8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

#### **General Guidelines for shareholders**

1. Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/Authority letter etc. with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to "pss.scrutinizer@acclimited.com" with a copy marked to evoting@nsdl.co.in.
2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.
3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

Members may also send their queries relating to e-Voting to Ms Pallavi Mhatre of NSDL, at E-mail id: evoting@nsdl.co.in or call Toll free No.: 1800-222-990 / Tel. No.: 022-2499 4545.

#### **Additional Information:**

- i. The Members are requested to update their mobile numbers and e-mail ID's in the user profile details

of the folio, which may be used by the Company for sending future communication(s) to them.

- ii. Any person, who acquires shares of the Company and becomes a Member of the Company after despatch of the Notice and holding shares as of the cut-off date i.e. Wednesday, June 6, 2018, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if the Member is already registered with NSDL for remote e-voting, then he/she can use his/her existing User-ID and Password for casting the vote.

#### **Other Instructions:**

- i. The voting rights of Members shall be in proportion to their shares in the paid up equity share capital of the Company as on the cut-off date i.e. Wednesday, June 6, 2018.
- ii. Only those Members whose names are recorded in the Register of Members of the Company or in the Register of Beneficial Owners maintained by the Depositories as on the cut-off date shall be entitled to vote. If a person was a Member on the date of the Book Closure (Monday, May 21, 2018 to Friday, May 25, 2018, both days inclusive) but has ceased to be a Member on the cut-off date i.e. Wednesday, June 6, 2018, he/she will not be entitled to vote. Such person should treat this Notice for information purposes only.
- iii. The e-Voting period commences on Saturday, June 9, 2018 (9.00 a.m. IST) and ends on Tuesday, June 12, 2018 (5.00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form as on Wednesday, June 6, 2018, may cast their votes by remote e-Voting. The remote e-Voting module will be disabled by NSDL for voting thereafter.
- iv. Members who opt to cast their vote by physical Ballot may send the duly completed Ballot Form (enclosed with the Annual Report) to the Scrutinizer in the enclosed postage pre-paid self addressed envelope. Ballot Forms deposited in person or sent by post or courier at the expense of the Member will also be accepted.

Members have the option to request for duplicate copy of the Ballot Form by sending an e-mail to sujata.chitre@acclimited.com by mentioning their Folio No./DP ID and Client ID No.



**Members may kindly note that the duly completed Ballot Forms should reach the Scrutinizer not later than Friday, June 8, 2018 (5.00 p.m. IST).**

Ballot Forms received after this date will be treated as invalid.

- v. A Member can opt for only one mode of voting i.e. either through e-Voting or by Ballot. If a Member casts vote by both modes, then voting done through e-Voting shall prevail and Ballot shall be treated as invalid.
- vi. The Scrutinizer shall, within a period not exceeding three working days from the conclusion of the e-Voting period, unblock the votes in the presence of at least two witnesses not in the employment of the Company and make a Report of the votes

cast in favour or against, if any, forthwith to the Chairman or such person authorised by him in this behalf.

By Order of the Board of Directors,  
For ACC Limited

Ramaswami Kalidas  
Company Secretary & Head Compliance  
FCS - 2440

Mumbai  
April 18, 2018

Registered Office:  
Cement House  
121, Maharshi Karve Road  
Mumbai 400 020

## EXPLANATORY STATEMENT IN RESPECT OF ITEMS OF SPECIAL BUSINESS

The following Explanatory Statements, as required under Section 102 of the Companies Act, 2013, set out all material facts relating to the business under Item Nos. 5, 6 and 7 of the accompanying Notice dated April 18, 2018.

**Item No. 5:** The Board of Directors on the recommendation of the Nomination & Remuneration Committee appointed Mr Jan Jenisch as an Additional Director of the Company with effect from October 17, 2017 in the category of a Non-Executive/ Non Independent Director. In accordance with Section 161(1) of the Companies Act, 2013, Mr Jensich holds office up to the date of the Annual General Meeting and is eligible for appointment as a Director of the Company and is liable to retire by rotation. The Company has received a notice under Section 160 of the Companies Act, 2013 from a Member signifying its intention to propose the candidature of Mr Jan Jenisch as a Director of the Company. The above Notice is available for inspection by the Members of the Company at the Registered Office during office hours on all working days except Saturdays, Sundays and public holidays upto the date of the Annual General Meeting.

Mr Jenisch is a German National and has joined LafargeHolcim Ltd. as Chief Executive Officer on September 1, 2017. Prior to his joining LafargeHolcim, Mr Jenisch has served with Sika AG since 1996 in various management functions and countries. He was appointed to the Management Board of Sika in 2004 as Head of the Industry Division and served as President Asia Pacific from 2007 to 2012. Mr Jenisch was the Chief Executive Officer of Sika AG from 2012. Under his leadership, Sika expanded into new markets and set new standards of performance in sales and profitability. Mr Jenisch graduated from the University of Fribourg, Switzerland and holds an MBA degree.

The Board of Directors commend the Ordinary Resolution set out at Item No. 5 of the accompanying Notice for approval of the Members.

None of the Directors or Key Managerial Personnel of the Company and their relatives except Mr Jan Jenisch, are in any way concerned or interested financially or otherwise in the Resolution.

**Item No. 6:** The Company is required to have its cost records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment of Messrs. D C Dave & Co., Cost Accountants, (Firm Registration Number 000611), as Cost Auditors for conducting the cost audit of the Company, for the Financial Year

ending December 31, 2018 at a remuneration of ₹11.00 lakhs plus payment of applicable taxes and reimbursement of out-of-pocket expenses incurred by the Cost Auditors in connection with the aforesaid audit.

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, Members of the Company are required to ratify the remuneration to be paid to the Cost Auditors.

Accordingly, consent of the Members is sought by passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the Financial Year ending December 31, 2018.

The Board of Directors commend the Ordinary Resolution set out at Item No. 6 of the accompanying Notice for approval of the Members.

None of the Directors, Key Management Personnel of the Company and their relatives, are in any way concerned or interested financially or otherwise in the Resolution.

### Item No. 7:

#### BACKGROUND

1. Since the Year 2009, the Company has been regularly drawing upon various types of technical expertise and services from Holcim Ltd. (now LafargeHolcim Ltd., or LH). Some examples of these have been in:
  - a) improving manufacturing processes and productivity;
  - b) optimising sales and distribution;
  - c) increasing the use of alternate fuels;
  - d) optimising the raw materials mix across various plants;
  - e) putting in place superior Organizational Health and Safety (OH&S) features;
  - f) improving business outcomes through the secondment of senior personnel with key technical and subject-matter expertise;
  - g) creating platforms, pathways and processes for increasing sustainability; and
  - h) providing technical assistance to operate aging Plants as well as de-bottlenecking and other efficiency improvement projects.

Historically, these services were rendered by Holcim Ltd. on a case-to-case basis to its group companies.

2. From January 1, 2013, Holcim Ltd. — through Holcim Technology Ltd. ("Holcim Technology") — decided to formalize these technology transfer services across all its group companies.



3. Accordingly, with effect from January 1, 2013, Holcim Ltd. globally implemented an Industrial Franchise Fee model, commonly referred to as the Technology and Knowhow Agreement ("TKH Agreement"), in terms of which an annual fee (i.e. "TKH Fees") is to be paid to Holcim Technology by the operating group companies for the supply of valuable intellectual property, technology knowhow, end-to-end solutions and related managerial support.
4. Recognising the operational and commercial value of such technology knowhow and intellectual property being supplied by Holcim Ltd., the Board of Directors of the Company had unanimously agreed to enter into the TKH Agreement with Holcim Technology.
5. At the time of finalising the TKH Agreement, Holcim Technology had proposed an annual TKH fees amounting to 2% of net sales of the Company. The Board of Directors of the Company, however, proposed a lower fee of 1% (one percent) of net sales, which Holcim Technology agreed to.
6. Thus, according to this TKH Agreement with Holcim Technology, the Company agreed to pay Holcim Technology, annual TKH fees of 1% (one per cent) of net sales for an agreed list of technical and managerial services, use of intellectual property and end-to-end solutions. The TKH Agreement was valid for a period of five years with effect from January 1, 2013, whereas the TKH Fees was approved @ 1% (one percent) of the net sales of the Company for each financial year for the first two years which was thereafter retained for the remaining period of three financial years i.e. until December 31, 2017.
7. At that time, there was no requirement for the TKH Agreement to be placed before the Members of the Company for their approval under the then prevailing laws in force. However, as a measure of good corporate governance, the Board recommended that the TKH Agreement be referred to its Members for their consent. This was done by way of an Ordinary Resolution, which was passed by the Members of the Company through a postal ballot which was completed on February 19, 2013.
8. With this approval of the Members, the Company has been paying the TKH Fees to Holcim Technology at the rate of 1% (one percent) of its Net Sales until December 31, 2017, the date of expiration of the five year period of the TKH Agreement.

## THE MATTER AT HAND

9. With effect from July 2015, Holcim Ltd. and Lafarge S.A. merged to form LafargeHolcim Ltd. ("LafargeHolcim"). LafargeHolcim is a world leader in building materials and a major player in cement, aggregates and concrete businesses.
10. LafargeHolcim's business concepts, which are made available to the Company under the TKH Agreement, mainly encompass:
  - a) manufacturing excellence, which has helped in optimizing production and improving plant efficiency;
  - b) improvements in commercial and marketing processes to create world class route to market capabilities;
  - c) access to training and development of human capital expertise and modules in order to attract and retain the best talent;
  - d) commitment and capability building to protect the ecology and conserve natural resources;
  - e) Geocycle, a notable area of support which has given strength to the Company to use alternate fuel and resources through waste management solutions and best practices of re-use, recycling and co-processing;
  - f) commitment to provide safe working conditions and to achieve "Zero Harm and No Fatalities" in the plants — which require constant training and leadership building;
  - g) building and sharing expertise through its knowledge management functions and innovations;
  - h) sharing knowledge and expertise to assist the Company throughout the entire process of supplier selection;
  - i) providing best practices and business models from global experience to launch new businesses in India including aggregates and manufactured sand, waterproofing chemical, digitally enabled processes for operations and customer acquisition and retention and affiliated retail inter alia; and
  - j) assisting with knowhow and strategic and technical modelling to create investment opportunities and build new facilities for expansion and growth.

Going forward, the Company will be receiving Technology and Knowhow from LafargeHolcim also for aggregates and construction materials as well.



11. Thus, Holcim Ltd., and subsequently LafargeHolcim, has provided world class technologies and practices on a continuous basis under the TKH Agreement. These have helped your Company to derive substantial benefits — a fact that is recognised by your Board of Directors. The technical and commercial benefits that have accrued to the Company in the last five years under the TKH Agreement have been also corroborated by independent third party experts.

#### **BAPA AND OTHER RELEVANT CONSIDERATIONS**

12. The Company and Holcim Technology Ltd. have together filed applications under the Bilateral Advance Pricing Agreement (“BAPA”) with the competent authorities of India and Switzerland to confirm the arm’s length nature of TKH fees paid under the TKH Agreement. Indian tax authorities have visited the Company’s plant facilities twice to assess the extent to which benefits have accrued to the Company under the TKH Agreement. Discussions between the two Competent Authorities on the BAPA Application are at an advanced stage, and a decision in this regard is expected shortly.
13. In case the arm’s length rate of TKH Fees as decided pursuant to the BAPA application is less than 1% (one per cent) of net sales of the Company for each financial year, the TKH fees payable under the renewed TKH Agreement will stand reduced accordingly for the full tenure of the Agreement.
14. A certain portion of the TKH fees paid by the Company to Holcim Technology under the TKH Agreement for the period 2013 to 2017 has been disallowed by the Income Tax Authorities under the Transfer Pricing Rules. The Company has appealed against the assessments with the relevant appellate authorities, and the appeals are pending as on date. The Company is confident of succeeding in the above appeals.

#### **PROPOSAL BEFORE THE MEMBERS**

15. The previous TKH Agreement expired on December 31, 2017. However, Holcim Technology has continued to provide these services to the Company even after the expiry of the TKH Agreement.
16. The Management of the Company has proposed an extension of the TKH Agreement beyond December 31, 2017.
17. The Board of Directors of the Company, based on the recommendation of the Audit Committee at their meeting held on April 18, 2018, has carefully assessed the benefits derived by the Company

from the TKH Agreement. These benefits would be both tangible and intangible and a portion of the benefits such as improvements brought about in health and safety, sustainability etc. while significant, may not be quantifiable in monetary terms. The Company had sought and obtained the approval of the Members in the year 2013 when the above Agreement was entered into for a period of five years which ended on December 31, 2017, in the interests of good transparent corporate governance despite the fact that such approval was not called for under the law. In the light of the foregoing, the Board unanimously approved:

- a) the renewal of the TKH Agreement for a period of 3 (three) years starting January 1, 2018 subject to the approval of shareholders under Section 188 of the Companies Act, 2013; with
  - b) the payment of TKH Fees to Holcim Technology being held constant at the rate of 1% (one percent) of Net Sales of the Company or at such rate as may be determined by the Competent Authorities under BAPA, whichever is lower.
18. Holcim Technology Ltd. is a “related party” of the Company, within the meaning of Section 2(76) of the Companies Act, 2013 and Regulation 2(1)(zb) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“SEBI Listing Regulations”).
  19. Under Section 188 of Companies Act, 2013, prior approval of Members through ordinary resolution is required for related party transactions (other than those on “arm’s length basis” and in the “ordinary course of business”) involving inter-alia sale, purchase or supply of any goods or materials or services in excess of the prescribed thresholds.
  20. Under the provisions of Regulation 23 of the SEBI Listing Regulations, approval of Members through ordinary resolution is required for all “material related party transactions”. A transaction with a related party is considered ‘material’ if the transaction(s) to be entered into individually or taken together with previous transactions during a financial year exceeds 10% of the annual consolidated turnover of the listed entity as per its last audited financial statements. Since the aggregate value of the transactions with Holcim Technology Ltd. under the TKH Agreement will not exceed the above mentioned threshold under the SEBI Listing Regulations, consent of the Members of the Company is technically not required under Regulation 23 of the SEBI Listing Regulations.



21. Pursuant to provisions of Companies Act, 2013 and the SEBI Listing Regulations, Ambuja Cements Limited, the immediate Holding Company and Holderind Investments Limited, being related parties of the Company, will abstain from voting on this Resolution.
22. The Board of Directors is of the opinion that renewal of the TKH Agreement is in the interest of the Company and its stakeholders and therefore is recommending to the Members to approve the proposed Ordinary Resolution.
23. None of the Directors or Key Managerial Personnel of the Company and their relatives are concerned or interested, financially or otherwise, in the Resolution.
24. A certified copy of the proposed TKH Agreement, as referred to in the accompanying Notice, is open for inspection at the Registered Office of the Company

during the office hours on all working days, except on Saturdays, Sundays and other public holidays, up to the date of the Annual General Meeting.

By Order of the Board of Directors,  
For ACC Limited

Ramaswami Kalidas  
Company Secretary & Head Compliance  
FCS - 2440

Mumbai  
April 18, 2018

Registered Office:  
Cement House  
121, Maharshi Karve Road  
Mumbai 400 020

## ANNEXURE TO ITEMS 3 AND 5 OF THE NOTICE

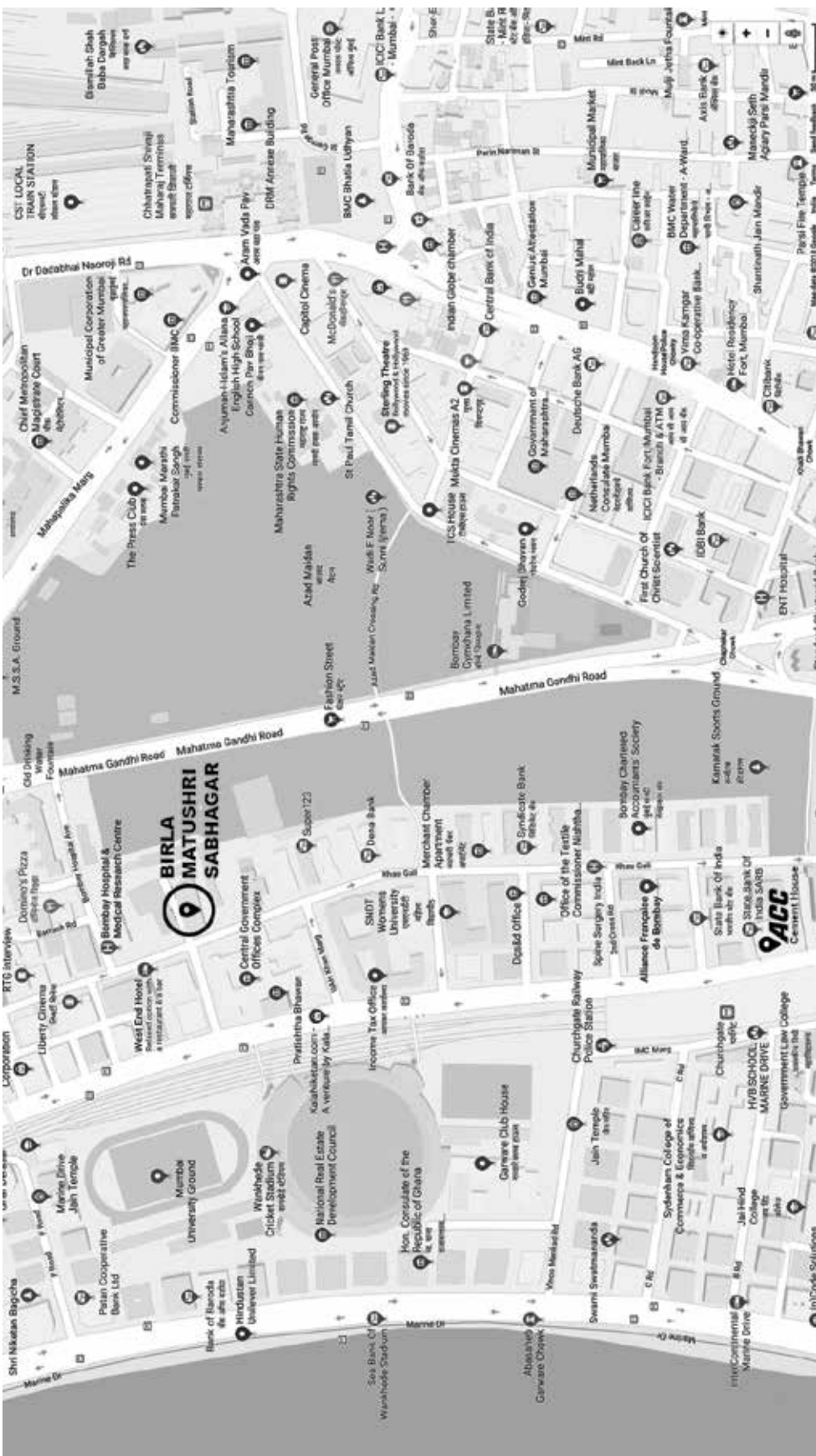
### Details of Directors seeking re-appointment/appointment at the forthcoming Annual General Meeting (in pursuance of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

Name of the Director	Mr Vijay Kumar Sharma	Mr Jan Jenisch
Director Identification Number (DIN)	02449088	07957196
Date of Birth	19.12.1958	02.09.1966
Nationality	Indian	German
Date of Appointment	06.02.2014	17.10.2017
Qualification	M.Sc	Graduate of the University of Fribourg, Switzerland and holds an MBA degree.
Expertise in specific functional areas	Business Strategy, Product Development & Branding, Risk Mitigation & Compliance	Business Management
Shareholding in ACC	NIL	NIL
List of Directorships held in other Companies (excluding foreign, private and Section 8 Companies)	Life Insurance Corporation of India; LIC Mutual Fund Asset Management Limited; LIC Housing Finance Company Limited; LIC Cards Services Limited; LICHL Asset Management Company Limited; LIC Pension Fund Limited; ICICI Bank Limited	Ambuja Cements Limited
Memberships/ Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	NIL	NIL

There are no inter-se relationship between the Board Members.



**VENUE:** Birla Matushri Sabhagar, 19, Sir Vitthal Das Thackersey Marg, Mumbai 400 020



Landmark: Next to Bombay Hospital

Distance from Churchgate Station: 1 Km

Distance from Chhatrapati Shivaji Maharaj Terminus: 1.2 Kms



# BOARD'S REPORT AND MANAGEMENT DISCUSSION AND ANALYSIS

TO THE MEMBERS OF  
ACC LIMITED

The Directors are pleased to present the Eighty Second Annual Report of the Company together with the audited financial statements for the year ended December 31, 2017. The Section on Management Discussion and Analysis (MD&A) forms a part of this report.

## 1. FINANCIAL RESULTS

	Consolidated ₹ Crore		Standalone ₹ Crore	
	2017	2016	2017	2016
Revenue from Operations (Gross) and Other Income	14,329.58	12,646.20	14,331.84	12,651.73
Profit before Tax	1,310.06	885.31	1,298.36	871.47
Tax Expenses	385.55	226.89	382.91	224.42
Profit attributable to the Owners of the Company	924.41	658.29	915.45	647.05
Other Comprehensive Income (OCI)	2.24	(15.63)	2.37	(15.63)
Total Comprehensive Income	926.65	642.66	917.82	631.42
Opening Balance in retained earnings	4,983.63	4,755.16	5,007.74	4,790.51
Profit available for appropriations	5,910.28	5,397.82	5,925.56	5,421.93
Appropriations:				
Interim Dividend Paid	206.57	206.57	206.57	206.57
Final Dividend Recommended	112.67	112.65	112.67	112.65
Tax on Equity Dividend	64.99	64.97	64.99	64.97
Transfer to General Reserve	-	30.00	-	30.00
Closing Balance in retained earnings	5,526.05	4,983.63	5,541.33	5,007.74

## 2. OVERVIEW OF COMPANY'S FINANCIAL PERFORMANCE

- Consolidated income, comprising Revenue from Operations (Gross) and other income, for the year was ₹14,329.58 crore, 13.31% higher as compared to ₹12,646.20 crore in 2016.
- Total consolidated Revenue from operations (Gross) increased to ₹14,200.72 crore from ₹12,523.39 crore in 2016.
- Other Operating revenue for the year 2017 was ₹354.18 crore representing an increase of 59.59 % over the previous year.
- Consolidated Profit before Tax for the year was ₹1,310.06 crore as compared to ₹885.31 crore in 2016.
- Consolidated Profit after Tax for the year was ₹924.41 crore as compared to ₹658.29 crore in 2016.

- No material changes or commitments have occurred between the end of the financial year and the date of this Report which affect the financial statements of the Company in respect of the reporting year.

## 3. DIVIDEND

The Board of Directors of the Company has formulated a Dividend Distribution Policy in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Listing Regulations"). The Policy is annexed to this Report as 'Annexure A' and is also placed on the Company's website at <http://www.acclimited.com/sh/DDP.pdf>

In line with the said Policy, the Board of Directors has recommended payment of final dividend at ₹15/- per Equity Share of ₹10 face value

aggregating to ₹339.02 crore (including tax on dividend). The total dividend for the year, including interim dividend of ₹11/- per Equity Share paid in August 2017, adds up to ₹26/- per Equity Share involving a total outflow of ₹587.64 crore (including tax on dividend).

Unclaimed dividend pertaining to the 72<sup>nd</sup> final dividend for the year 2009 and the 73<sup>rd</sup> interim dividend for the year 2010 totalling to ₹2.77 crore were transferred to the Investor Education and Protection Fund in accordance with statutory requirements.

#### **4. TRANSFER TO RESERVES**

As there is no statutory obligation for the Company to transfer a certain portion of its distributable profits for the year to General Reserves, the entire undistributed profits amounting to ₹5,526.05 crore is proposed to be retained in the Statement of Profit and Loss.

#### **5. SHARE CAPITAL**

The Company's paid-up Equity Share Capital as on December 31, 2017 was ₹187.79 crore.

During the year, the Company has not issued shares with differential rights as to dividend, voting or otherwise nor has the Company issued shares (including sweat equity shares) to the employees or Directors of the Company, under any Scheme. As on December 31, 2017, none of the Directors of the Company hold shares in the Company except Mr Shailesh Haribhakti who holds 3,100 Equity Shares of the Company.

No disclosure is required under Section 67(3)(c) of the Companies Act 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable to the Company.

The Company has not issued any convertible security during the year.

#### **6. FINANCIAL LIQUIDITY**

Cash and cash equivalent as at December 31, 2017 was ₹2,559.66 crore (Previous year ₹1,809.63 crore).

The Company's working capital management is robust and involves a well-organized process,

which facilitates continuous monitoring and control over receivables, inventories and other parameters.

#### **7. CREDIT RATING**

The Company enjoys a good reputation for its sound financial management and its ability to meet financial obligations. CRISIL, the reputed Rating Agency, has re-affirmed the highest credit rating of CRISIL AAA/STABLE for the long term and CRISIL A1+ for the short term financial instruments of the Company.

#### **8. DEPOSITS**

The Company has not accepted any deposits falling under the ambit of Section 73 of the Act and the Rules framed thereunder during the year under review.

Unclaimed and unpaid matured deposits for an amount of ₹0.02 crore relating to the previous years have been transferred by the Company to the Investor Education and Protection Fund set up by the Government of India.

#### **9. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS**

Details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

#### **10. ECONOMIC SCENARIO AND OUTLOOK**

The year 2017 was marked by a number of key structured initiatives to build strength across micro economic parameters for sustainable growth. Despite a tepid start, economic growth accelerated during the year. Consumption-related indicators have strengthened and industrial output has been higher in recent months.

GDP growth, primarily fuelled by consumption, is expected to touch a respectable mark of 7.5% in 2019, up from 6.5% in the previous year. The 2018 Global Economic Prospects (GEP) released by the World Bank, estimates India's GDP growth to remain steady at ~7.5% in the long term.

The wholesale price inflation rate rose to ~3.5% in 2017 compared to ~0.1% in 2016, following a



rise in global fuel and commodity prices, near flat domestic demand conditions and an increase in food inflation. Consumer price inflation rate was lower at ~3.3% in 2017 as compared to ~4.96% in 2016. During the year 2017, manufacturing growth is estimated at ~4.8%, while growth in agriculture, mining and construction is expected to be 4.3%, 6.9% and 1.8% respectively. The increase in consumption demand, hardening of crude oil prices and higher demand for housing are some of the factors that will push inflation upwards.

After a considerable period of time, Moody's has upgraded India's sovereign rating from Baa3 to Baa2 keeping a positive outlook, while opining that the reforms introduced by the Government will enable the country to perform better than its peers over the medium term. Investments are expected to flow in sync with a rising trend in capacity utilization, and the re-capitalization of banks. Even though the budget for fiscal 2018-19 holds potential to foster inclusive and distributive growth, the engine of economic growth is estimated to be powered by factors external to the budget, including a normal monsoon.

Budget initiatives are expected to raise the rural demand and bolster economic growth with initiatives such as Minimum Support Price (MSP) for farmers set at 1.5x the cost of production, export impetus on agri-produce, increased allocation of ₹14.4 lakh crore for rural housing and infrastructure and a 26% increase in funding to the Pradhan Mantri Krishi Sinchayee Yojna (PMKSY). Additionally, private consumption expenditure is expected to increase with the implementation of the Seventh Pay Commission hike at the State level. Although most of the impact of Government investment will come in from the States, the Central Government is expected to increase its investment from 2.7% in fiscal 2018 to 7.2% in 2019. The Government's consumption expenditure is unlikely to show any radical improvement. Export growth is estimated to pick up, with agriculture, leather, footwear and textiles being the primary drivers. The reduction in corporate tax rate is expected to fuel the growth of small and medium enterprises (SMEs).

## 11. CEMENT INDUSTRY - OUTLOOK AND OPPORTUNITIES

Cement industry grew ~6% in the year 2017 as against 5.1% in the previous year. The largest share of demand came from the housing sector (~66%), followed by the infrastructure (~18%) and commercial (~16%) sectors.

The total installed capacity of the cement industry in India is ~465 million tonnes (MT). The industry is currently producing ~301 MT for meeting its domestic demand and ~4 MT for its export requirement.

Cement sector's growth in 2017 was largely on account of continued support from the Government led infrastructure and construction initiatives along with elimination of local taxes and flexible inter-state movement of cement due to implementation of GST.

The Government during the year, continued with its focus on rural development, affordable housing, setting up of smart cities, as well as infrastructure by laying thrust on construction of cement concrete roads, highways through its magnum "Bharatmala Project", one of the biggest highway construction project. This also includes economic corridors' development, coastal and port connectivity roads, border and international connectivity roads, expressway etc. Consequently, the demand for cement in 2018 is expected to increase from ~6% to ~7%.

Cement industry is grappling with sub-optimal effective capacity utilization of ~70%, with capacity overhang of more than 100 MT. While cement plants in the northern, central and eastern regions of the country produced at levels above ~85% to 90% of capacity, excess capacity in the southern region has inhibited the industry's average capacity utilization. Intense competition and not enough demand pull, will continue to lead to excess capacity in 2018. However, this situation is expected to correct itself in 2019 with the increased outlays on housing, infrastructure development and agri-sector initiatives.

The over five-fold increase in the outlay on Pradhan Mantri Awas Yojana - Urban (PMAY-U) to ₹31,500 crore, is expected to revive urban housing demand, while generating a 30% share



of the overall demand for cement. Infrastructure development outlay for highways, roads and railways has increased by 11% and 22% respectively. This will boost demand for cement from the infrastructure sector, which is estimated to account for 20% of cement demand.

A social welfare surcharge of 10%, will replace the existing 3% education cess on customs duty, which will marginally inflate the cost of imported inputs such as petcoke and non-coking coal products.

## 12. SALES VOLUME & PRICING

Cement sales in 2017 increased by 14% to 26.21 MT from 22.99 MT achieved in 2016.

The Retail segment (Individual House Builders and Ground plus three storey (G+3) Buildings) remains the largest customer segment in terms of volume and profitability. In addition, the Company gainfully utilizes its core strengths as a pioneer in cement and concrete technology to demonstrate its capabilities in nation-building sectors of growing importance. These include infrastructure, commercial and institutional projects such as Smart Cities, urban rejuvenation, roads, highways, ports, airports, power plants, dams and irrigation schemes.

The cement market continued to witness vigorous price competition. Average selling price of cement increased by 5% in 2017 over 2016.

### 12.1 MARKET DEVELOPMENT

Your Company sells ~78% of its cement in retail i.e. "Business to Consumer" (B2C) segment and balance in "Business to Business" (B2B) segment through its strong channel network of ~11000 dealers and ~35000 retailers all over India. For B2B segment, dedicated teams are set up to service residential and infrastructure segments. Many innovative, value added and eco-friendly products have been developed which have received favourable acceptance in the market. The Company is also using digital technology to connect with its existing customers and to further extend its customer base.

The above initiatives together with your Company's continued focus on cost efficiency, product quality and other customer excellence initiatives will help it present a stronger performance in the future.

## 13. CEMENT BUSINESS – PERFORMANCE

	2017	2016	Change %
Production (million tonnes)	26.56	23.18	14.58
Sales Volume (million tonnes)	26.21	22.99	14.01
Net Sale Value (₹crore)	11,993.63	9,991.57	20.04
Operating EBITDA (₹crore)	1,794.15	1,398.95	28.25
Operating EBITDA Margin (%)	14.96	14.00	96 BPS

### 13.1 Costs – Cement Business

During the year, the Company continued to focus on effective cost management through various proactive initiatives across its facilities and operations.

#### a) Cost of materials consumed

Measures taken by the Company on a sustainable basis for bringing about an all-round improvement in manufacturing efficiency parameters and reduction in fixed costs, to a large extent, helped in mitigating the steep increase in the cost of materials.

Input cost per tonne during the year was higher by 8.8% as compared to 2016, on account of steep increases in the cost of materials. The landed cost of flyash increased by 7% over last year as it had to be procured over long leads, following a drop in availability from sources closer to our plants. The landed cost of slag was up by 38% due to hardening of prices consequent to the spurt in demand and the need to procure the material from long lead sources. High procurement costs of slag and flyash impacted material cost adversely.

Increased usage of cheaper activated gypsum and change in mix optimization resulted in reducing the gypsum cost by 8%.

Constant efforts were made to reduce the clinker factor by producing a higher share of blended cements which in turn had a





positive impact on the contribution despite steep increases in the cost of flyash and slag as stated above.

#### b) Power & Fuel

With Power & Fuel costs being a major element in the total cost of production, optimizing this cost is one of the major drivers for improving the operational performance of the Company. The Company constantly endeavours to reduce fuel costs by maximizing the use of linkage coal, judicious procurement of market coal through e-auctions and imports, better fuel flexibility, higher use of petcoke and use of alternative fuels. Consequently, kiln thermal efficiency improved by 24 MJ to 3103 MJ/tonne of clinker during the year as against 3127 MJ/tonne of clinker in 2016. Electrical energy efficiency improved by 3.2 kWh/tonne to 69.9 kWh/tonne of clinker during the year as against 73.1 kWh/tonne clinker in 2016. To a large extent, this helped in containing the adverse impact caused by the increase in per tonne cost of Power and Fuel to 7% over the previous year.

Thermal power cost was adversely impacted on account of higher prices of petcoke, imported and domestic coal. The generation cost per kWh of the Company's thermal power plants (TPP) in 2017 went up by 10.7% to ₹5.05 per unit as against ₹4.56 per unit in 2016. This was mainly due to the increase in price of coal used in Captive Power Plants (CPPs) and non-availability of linkage coal. Power generated by the Company's Waste Heat Recovery plant of 7.5 MW at Gagal delivered a saving of ₹22 crore during the year.

#### c) Freight & Forwarding expenses

Freight & Forwarding costs are a major determinant of the overall performance of the Company. Continuous efforts are being made to contain the cost through various measures such as improved evacuation efficiency, lead reduction by increasing the market share in home markets, availing beneficial railway schemes for freight reduction and benchmarking.

Freight and Forwarding expenses during the year were ₹3,338.96 crore as compared to ₹2,560.02 crore in 2016, registering an increase of 30.42%. Higher volume of despatches, spurt in diesel prices, higher packing material costs and change in commercial terms from Ex to delivered basis contributed to this increase.

#### d) Employee costs

Employee costs during the year increased by 9.24%. The Company has rolled out various initiatives which are expected to further improve productivity and optimize employee costs.

### 14. READY MIX CONCRETE AND ICI BUSINESS

#### 14.1 Ready Mix Concrete (RMX):

During the year 2017, RMX Business has surpassed its performance over the earlier years, witnessing a substantial growth both in terms of volume and EBITDA.

	Unit	2017	2016	Change %
RMX Production Volume	Lakh Cubic Metres	27.29	24.43	11.69
RMX Sales Volume	Lakh Cubic Metres	28.77	25.90	11.10
Net Sale Value	₹Crore	1140.48	966.97	17.94
Operating EBITDA	₹Crore	114.98	74.78	53.76
Operating EBITDA Margin	%	10.08	7.73	235 BPS

Six new commercial and ten dedicated RMX Plants were added during the year. The Company services diversified profitable construction segments such as residential and commercial building projects, power sector, roads and major metro projects. Dedicated batching units are supplying RMX for Nagpur and Delhi metro projects whilst six RMX Plants have been approved for Mumbai metro projects.

Despite the increase in raw material costs on a year-on-year basis, the Company managed to achieve considerable savings by improving its vendor selection, rate negotiation and mix optimization.

Keen focus on day-to-day sales, various cost control initiatives, vigorous business tracking mechanism, well defined pricing policies and increase in sale of "Value Added Products"(VAPs) were some of the key success factors for the RMX business in the year 2017.

VAPs were introduced in 2013 with the valuable support received from Holcim Technology Ltd., a LafargeHolcim group company and in less than four years, through the dedicated efforts of our technical, sales and branding teams, the Company is now well entrenched in the market for providing value added solutions for the use of concrete in construction.

The Company has also been supported by Holcim Technology Ltd. in setting up of a Centre of Excellence at Thane for cement and concrete, which serves as a one stop solution for meeting customer needs and providing customized value-added solutions and allied products.

To add a milestone in the journey of continuous innovation and to support the road segment, a unique product "Supercoat Premium" has been developed which is a cement based, ready-to-use early hardening material specially designed to counter the menace of potholes and puddles caused by heavy rains and traffic. This product is an easy "Fifteen Minute Solution" which allows a road to be opened for traffic within fifteen minutes of application. The product has been successfully demonstrated in Bengaluru and has received encouraging and positive feedback from Bhrihut Bengaluru Mahanagar Palike(BBMP).

The Government's focus on Infrastructure development holds many opportunities for the RMX business. The Company plans to further extend its footprint in 2018 by introducing some new products to its existing product range.

#### **14.2 Infrastructure Commercial Industrial (ICI) B2B Sales.**

The Infrastructure Commercial Industrial (ICI) Division was set up by the Company in 2011 to capture value in large B2B projects with

a centralized key accounts approach. Since inception, this vertical has shown consistent growth with a project based approach. Over the recent years, the Government has announced a series of schemes and investments for infrastructure development across the country. ICI Division is focusing on segments like roads, metro and energy where major investments by the Government are expected in the years to come. The strategic approach involves engaging with customers at all stages of the project with integrated offers in cement, RMX and VAPs. Focus on this segment of business will continue as this vertical is expected to grow in unison with infrastructure growth in India.

### **15. SUSTAINABLE DEVELOPMENT (SD)**

#### **Staying ahead - with the Global Reporting Initiative (GRI) Standards**

The Company has been releasing its Sustainability Report as per the Global Reporting Initiative (GRI) framework since the last 10 years. During the year 2017, your Company became the first in India to release its externally assured Sustainable Development Report 2016 as per the new GRI standards of October 2016, which was acknowledged and appreciated by GRI India. The GRI Standards are the first global standards for sustainability reporting. They feature a modular, inter-related structure and represent global best practices for reporting on a range of economic, environmental and social impacts. The Sustainability Report is available on the Company's website at [www.acclimited.com](http://www.acclimited.com)

#### **15.1 SD 2030 Plan**

In 2016, a sustainability strategy called "SD 2030 Plan" was drawn up aligned with LafargeHolcim Group's SD Plan. The Company's "SD 2030 Plan" focuses on four significant areas:

- Climate – Reduction of Net specific CO<sub>2</sub> emissions;
- Circular Economy – Enhanced utilization of waste-derived resources;
- Water & Nature – Reduction of specific freshwater withdrawal in cement operations enhancing biodiversity in all operating mines; implementation of the Access to Safe Water, Sanitation and Hygiene (WASH) pledge;



- People & Communities – Improving H&S performance, gender diversity, providing low cost shelters / affordable housing and sanitation.

With a view to achieve the “SD 2030 Plan” during the year, after engaging with all relevant stakeholders, annual targets and action plans under each focus area were crystallized and executed.

## 15.2 Climate:

### 15.2.1 CO<sub>2</sub> emissions:

Your Company takes pride in stating that since inception of its operations in 1936, it has carried out its business operations in a sustainable manner. In the “SD 2030 Plan”, one of the targets undertaken by the Company is “Reduction in Specific CO<sub>2</sub> emissions by 40% per tonne of cement (vis-à-vis the base of 1990)”. The Company is also a signatory to the “Low Carbon Technology Roadmap 2050”. Towards achieving this end, the Company is working on various levers in the areas of (a) Clinker factor (b) Green energy and Waste Heat Recovery (c) Alternative Fuels and Raw materials and (d) Adoption of latest Low Carbon technologies. The efforts taken so far have resulted in reducing the specific CO<sub>2</sub> emission to 525 kg/tonne of cement during 2017, which is lower by 3.7 % as compared to the previous year.

#### a) Clinker Factor:

One of the major levers for reducing CO<sub>2</sub> emissions is the clinker factor. During the year, the blended cement portfolio of the Company was increased to 84%. Further, the commissioning of Jamul and Sindri plants contributed to improved clinker factor performance and thus, lower CO<sub>2</sub> emissions.

#### b) Green Energy and Power Generation through Waste Heat Recovery System:

The Company's renewable energy portfolio consists of 19 MW in the

form of Wind Farms across three States of Tamil Nadu, Rajasthan and Maharashtra. During the year, 37.37 million units of renewable energy were generated from these captive sources. Additional “green power” of 6.55 million units was procured through Power Purchase Agreements. In all, 43.92 million units of green energy were used, representing an increase of 15% as compared to the previous year.

The Waste Heat Recovery System at Gagal Cement Works generated 53.01 million units of electrical energy during 2017.

#### c) Alternative Fuels and Raw Materials (AFR):

Your Company is a forerunner in providing safe waste management solutions to industries and municipalities through co-processing while meeting the highest standards of health, safety and sustainability. The co-processing infrastructure was strengthened during the year by setting up a pre-processing facility at Madukkarai in Tamil Nadu, in addition to the other two existing pre-processing facilities at Wadi in Karnataka and Kymore in Madhya Pradesh. The Company has leveraged on the continuous support and innovation provided by Holcim Technology Ltd. in the area of AFR.

A key challenge facing our country is that of managing the ever growing Municipal Solid Waste (MSW). The Government has initiated programmes like Clean India and Smart Cities and has been looking for solutions to tackle the MSW problem.

The Company partners directly with municipal authorities and waste management companies to provide sustainable solutions to their waste challenges.

Over the years, concerted efforts have been made through advocacy and stakeholder awareness programmes to ensure that co-processing of waste gains more traction in the country and larger volumes of waste can be managed sustainably through it. Great strides have been made in strengthening the value chain for co-processing of sorted MSW and Refuse Derived Fuel (RDF). The Company has proved itself to be a sustainable and reliable partner for municipalities for managing MSW through support in the landfill remediation project at Goa and partnering with municipalities in Lucknow, Varanasi, Bengaluru, Hyderabad, Chennai, Madurai, Coimbatore and intends to scale this up.

#### **15.2.2 Controlling other emissions & waste:**

##### **Gearing up to face new regulations**

2017 has been a path-breaking and crucial year for the cement industry. The Ministry of Environment, Forest and Climate Change (MOEF&CC) issued directions to the cement industry to ensure compliance with Dust, SO<sub>x</sub> and NO<sub>x</sub> Emission norms by August 31, 2018. In respect of the CPPs, the aforesaid compliance norms and also the requirement of specific water consumption/kWh of power produced became applicable from December 7, 2017. In addition, regulatory enforcement of Waste Management Rules, 2016 and Plastic Waste Management Rules, 2016 were initiated by various State Pollution Control Boards (SPCBs). Accordingly, the Company has made and submitted detailed plant-wise action plans to meet compliance requirements to the Central/State Pollution Control Boards.

##### **Dust emission control**

Various primary measures which, inter alia, include implementation of the Computational Fluid Dynamics (CFD) study in Electrostatic Precipitators (ESPs) along

with up-gradation to 3 phase Transformer Rectifier sets, high frequency controllers and rapper panels on coolers and boilers are already in place. Some of the secondary measures undertaken for controlling dust emissions during the year were conversion of ESP to Hybrid filter in CPPs at Jamul and Chanda, conversion of cement mill ESP to Bag House at Damodar, up-gradation of cooler ESPs at Gagal 1 & 2, parallel bag house for Gagal coal mill, bag house revamping in kiln at Gagal 2. The above measures have resulted in reduced stack dust emissions by 6.6 % over the previous year.

##### **NO<sub>x</sub> emission control**

Primary measures for NO<sub>x</sub> emission control comprising CFD modeling, meal curtain and low NO<sub>x</sub> burner were implemented at Lakheri, Gagal 1 & 2, Wadi 1 & 2 and Madukkarai. Secondary measures such as Selective Non-Catalytic Reduction (SNCR) system is being implemented at Gagal 1 & 2, Kymore and Wadi 2 and is proposed to be implemented in a phased manner at Lakheri, Jamul, Bargarh, Chaibasa, Madukkarai and Wadi 1 and for the CPPs at Chanda and Wadi.

##### **SO<sub>x</sub> emission control**

Your Company's SO<sub>x</sub> emissions are well within the specified regulatory limits and do not require any emission control measures. For control of SO<sub>x</sub> emissions from CPPs, secondary measures such as limestone feeding system is under implementation at Chanda, Kymore, Jamul and Wadi plants.

##### **Plastic Waste Management Rules**

The Government has notified the Plastic Waste Management Rules, 2016 which will supersede the earlier Rules. These Rules bring in extended producers' responsibility to ensure a collect-back system of plastic waste apart from ensuring other compliances. As per these Rules, the cement industry is obliged to establish a collection system for cement packing bags and the plan of collection is to be submitted to the SPCBs while applying for Consent to Operate. These Rules have



huge implications for the industry and your Company is gearing up to meet these expectations.

#### **Solid Waste Management Rules**

The notification on Solid Waste Management Rules was issued by MOEF&CC on April 8, 2016. Cement plants within residential townships are required to ensure compliance with the notification by adopting the practices of segregation of waste at source, collection of waste from source and disposal in line with the prescribed practices.

### **15.3 Circular Economy:**

During the year, 4.68 MT of flyash, 3.58 MT of slag, 1.32 MT of crushed rock fines and 0.35 MT of alternative raw materials were consumed, thus providing sustainable environmental friendly services to the Nation.

### **15.4 Water & Nature**

#### **Water conservation**

Your Company has a long and visible tradition of water conservation, particularly through the creation of new water bodies and efforts to rehabilitate and replenish existing sources. Efforts to conserve fresh water through rain water harvesting in plants, mines, colonies and community areas have resulted in some of our plants at Kymore and Jamul becoming self-reliant. These plants no longer depend on fresh water resources like rivers and ground water. At several plant locations, your Company shares harvested rain water with local communities for domestic and agricultural usage.

The SD 2030 Plan, inter alia, has a target to reduce the specific fresh water withdrawal by 30% by 2030. To meet this target, various initiatives are being taken such as:

- Reduction of fresh water intake by lowering water demand in process and non-process areas;
- Process optimization and up-gradation to water efficient technologies wherever feasible;
- Installation of Sewage Treatment Plants (STP), Effluent Treatment Plants (ETP) and

Zero Liquid Discharge (ZLD) systems for effective re-utilization of waste water. ZLD system has been commissioned at Chanda, is under execution at Wadi and is proposed to be installed at Tikaria, Kymore and Jamul. STPs were also commissioned at Lakheri and Damodhar;

- Conservation of water by rain water harvesting in plants, mines, colonies, community areas; and
- Installation of water meters and monitoring systems at a majority of plants to help identify source of leakages and potential scope for water conservation.

During the year, ACC consumed around 2.2 million m<sup>3</sup> of harvested rain water in cement operation which is almost half of its total water consumption.

#### **Rolling out “Biodiversity Indicator and Reporting System”(BIRS) - A unique tool for biodiversity monitoring**

As part of the SD 2030 plan, the Company has committed to bring about a “positive change on biodiversity by 2030 vis-a-vis 2020”. This goal is challenging and requires concerted efforts and monitoring. With a view to have a baseline to monitor the positive changes, the Company has used a unique tool –“Biodiversity Indicator and Reporting System” (BIRS) designed by independent experts in collaboration with the International Union for the Conservation of Nature (IUCN). During the year, baseline assessment for all mining sites at nine locations was undertaken and completed much ahead of 2020 which has helped the Company identify a site-wise action plan for biodiversity conservation in consultation with third party experts.

#### **Implementing WASH - Ensuring a safe and healthy future**

Access to safe water, sanitation and hygiene (WASH) is one of the SD Goals to be achieved by 2030. The WASH pledge is an initiative by the World Business Council for Sustainable Development, an Organization led by CEOs of leading companies including LafargeHolcim Limited. The SD 2030 Plan also reaffirms its commitment to the WASH pledge.



Working towards this goal, in 2017, the Company has assessed all its production sites for the WASH score and plant wise action plans are being developed for implementing the WASH pledge.

## 15.5 People and Communities

### Green Building Centres (GBCs)

As part of the ongoing programme to promote sustainable, green, cost effective and affordable construction in semi-urban and rural India, through Green Building Centres, the Company supports local micro-entrepreneurs and small businesses to make and market affordable cement-based home building components and prefabricated materials. These prefabricated concrete blocks, tiles, pavers etc., are made from eco-friendly materials using mainly flyash and cement. This helps in the conservation of the Earth's top soils which would otherwise have been used in making traditional mud bricks and consequently reduces CO<sub>2</sub> emissions. During the year, the Company has supported the setting up of 22 new Green Building Centres. Through this initiative in all 7,736 low costs housing/shelters have been constructed till date.

### Product Stewardship: Environment Product Declaration and Greenpro Certification

Under product stewardship, your Company has initiated the process of assessing the impact of its products on environment and human health by subjecting them to Environment Product Declaration (EPD) and obtaining Greenpro certification. EPD provides an internationally recognized format for declaring the environmental performance of a product, based on Life Cycle Assessment (LCA). Your Company is the first in India to apply for EPDs for all its cement and concrete products.

## 16. CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

The Board approved CSR projects of the Company are implemented through "ACC Ayushman Trust" and other NGOs. The CSR projects are well aligned with 13 out of 17 Sustainable Development Goals (SDG) and national priorities of the Government of India. The name of the above Trust is proposed to be changed to "ACC Trust" subject to receipt of approvals from the concerned Authorities.

CSR interventions which were started in the previous years were continued during the year with further vigour, widening the portfolio of projects, to include those contributing to the national vision of achieving 'Skilled India'.

Total CSR expenditure incurred during the year was ₹21.82 crore which was 2.33% of the average net profit of the Company during the last three years. The CSR Projects mainly focused on thematic areas - Livelihood, Education and "WASH" - which fall within the ambit of Schedule VII of the Companies Act, 2013.

The CSR activities pursued by the Company created a positive impact and more than 4.82 lakh people residing in 202 villages across the country benefitted from community development projects. The initiative of facilitating the creation of livelihoods helped ~3,575 farmers to enhance agricultural production by means of better methods of agriculture and animal husbandry. Employability linked skill development initiatives benefitted ~3,745 youth. 78 Self Help Groups (SHGs) were supported for formation and institutional strengthening, while the existing 1,270 SHGs were provided with continued grooming for sustenance and bank linkages. Many of the SHGs have set up micro enterprises and formed registered federations to achieve larger common good. Educational initiatives in the vicinity of the plants addressed the needs of 23,968 students during the year. Vidyasaarathi Scholarship Scheme has been rolled out across all districts where the Company's operations are located. This is the first of a kind initiative by your Company to use a digital platform to reach out to deserving students for awarding scholarships. This end to end online scholarship programme has helped 1,009 meritorious students from weaker sections of society get financial support to pursue their dreams of better education. Modern methods of learning such as smart classes and interactive kiosks have benefitted students across 25 rural schools. ~1,415 girl children were educated as part of the "ACC ki Laadli" a project in which ACC cement dealers are involved. Seven Government run Industrial Training Institutes (ITIs) continued to receive support from the Company under the Public Private Partnership Scheme with the Government of India.



The Company's development initiatives under WASH pledge benefitted ~1,01,203 people. ~7,035 children received access to better health and nutrition through support provided to 155 Anganwadi centres. Antiretroviral Therapy Centers (ART centers) and Sexually Transmitted Infection Clinics (STI Clinics) set up through ACC Ayushman Trust have provided valuable support to more than 3,000 persons through counselling, testing and treatment for HIV/AIDS. The CSR Projects undertaken by the Company have been duly audited by a third party Social Audit team comprising renowned experts from the development sector, led by MD&CEO of Dialogue of Civilizations (DOC) Research Institute gGmbH, Berlin. Your Company remains a torch bearer for the cement industry by carrying out a Social Audit for the preceding four years and making the assessment report public.

Your Company has received various awards for its CSR activities during the year and has been ranked 8<sup>th</sup> in India by the Indian Institute of Management, (IIM) Udaipur.

The CSR Policy of the Company is in alignment with the requirements of the Companies Act, 2013. The CSR Policy Statement and Report on the activities undertaken during the year are annexed to the Board's Report and collectively marked Annexure 'B'.

## 17. HEALTH & SAFETY (H&S)

The H&S Policy of the Company is aligned with LafargeHolcim's Group global vision on H&S. The Policy reiterates the pledge to conduct business in a manner that helps create a healthy and safe environment for all stakeholders viz. employees, contractors, communities and customers based on the adoption of a true safety culture.

During the year, ACC's Health and Safety Improvement Plan (HSIP) was developed and the key focus areas identified were strengthening H&S leadership and accountability, building employees H&S capability, making H&S management systems more robust, greater attention to road safety, electrical safety and organizational health.

With a view to strengthen H&S leadership and accountability, a **"More Boots on the Ground"** initiative was launched and implemented across the Organization. This initiative reinforces

the visible personal commitment of senior management towards promoting a safety culture at the work place by direct involvement and role modelling. The norm of regular workplace inspections by senior management, hand holding and training shopfloor employees in safe work practices was further stressed and participative dialogues with the workforce on various topics related to safety were encouraged. An e-module was developed and rolled out which helps senior management to introspect their commitment as leaders in the journey of establishing an ideal H&S culture within the Organization and in fulfilling the Company's H&S aspiration of achieving "zero harm" in all areas of operations.

Further, as part of the visible personal commitment of senior management towards health and safety, the communication channel between the senior management and the workforce was further strengthened with a bottom-up approach. An H&S **"Feedback App"** was launched during the year to encourage two way communication and employees' participation in achieving the common goal of "zero harm". The "App" enables employees to have real time easy access to a structured feedback management system for health and safety trainings and events. The Management can also get on-line real time feedback, analysis of safety performance and trends based on data uploaded on dash boards, and this helps initiate corrective/preventive action on a real time basis. It also helps in rolling out and sharing of best practices across the Organization effectively and expeditiously.

Several programmes were organized across the Company to improve H&S capability such as the National Examination Board in Occupational Safety and Health (NEBOSH), the International General Certificate Programme, Risk Assessment Training, Developing Safety Commitment, Health and Safety management system audit and behavioral training.

These collaborative initiatives have gone a long way in improving the behavioral aspect of the shopfloor workforce and enhancing the safety knowhow required for sustenance of H&S systems. Group audits on Health and Management System were conducted at Chanda and Kudithini.

During the year, a Hazard and Operability Study (HAZOP) covering operations "from quarry to lorry"

was conducted at Gagal and Bargarh. The study involved identification of hazards, the qualitative / quantitative estimation of risk involved in various areas relating to quarrying activities, ranking of risks and proposing mitigation measures to minimize these risks.

Two “SurakshaLaher” programmes were launched during the year to understand and rectify the gaps in the areas relating to “Working at Heights”, “Machine Guarding” and “Electrical Safety”. “SurakshaLaher” is an intensive one month programme involving all concerned employees including “Shop Floor Assistants” to focus on specific work areas with a view to create awareness, build competencies and improve infrastructure where required by conducting survey and closing the identified gaps. “SurakshaLaher” ends with reward and recognition thereby motivating the teams to make their best contribution.

A Global H&S Safety week was celebrated in May 2017, with the underlying campaign “Stop Unsafe Work”. Drawing competitions, slogan competitions, safety skits, etc. were conducted across all locations with a view to sensitize the employees and contractors to take a lead in preventing unsafe actions. The senior leadership team was also connected through a webcast to re-emphasize the importance of H&S in the Organization. The campaign was successful in as much as it brought to focus the need to make “H&S - A Way of Life.”

With specific reference to the Company’s RMX Operations, based on the risk profile, guidelines and procedures for eight critical activities were developed and rolled out. Procedures for customer site safety and pumping operation have been developed and implemented. It includes “Seven Mirrors Policy” for transit mixers, the compulsory use of wheel chokes and several other safety practices. “In Vehicle Monitoring Systems” (IVMS) has been implemented in all transit mixers for monitoring over-speeding, harsh breaking and acceleration by the drivers.

A world class system training for RMX was conducted during the year by an expert from LafargeHolcim for improving safety culture.

These collaborative initiatives have gone a long way towards improving the behavioral aspects

of the shopfloor workforce and in enhancing the safety knowhow required for sustenance of H&S systems and in developing a safety culture.

### **17.1 Initiatives in the area of Health**

- An industrial hygiene survey (covering inhalation of fugitive dust, crystalline silica and noise) was conducted at Lakheri, Gagal, Kymore and Chanda;
- A new health surveillance procedure with profile fitness matrix has been rolled out across the Company with a view to ensuring minimum health requirements for any critical job (e.g. working at heights and confined spaces);
- A health risk modifications Initiative under the Lifestyle Management Programme was implemented. ~600 employees identified with moderate to severe health risks are being regularly monitored and provided health assistance;
- Digitalization of the existing health care system and OPD has been implemented through “Click2Health” an online health management system;
- With a view to provide world-class tertiary treatment to all employees, a tie-up has been arranged with the Apollo Group of Hospitals Pan India to ensure availability of quality medical care to all employees;
- Skill upgradation of Medics and Paramedics has been done in International Trauma Life Support and Advanced Cardiac Life Support.
- Workshops were organized on Health and Safety in participating schools. Teachers from all schools affiliated to the Company’s Plants participated in this unique initiative to change behaviour of children, which is believed to reflect in the employees’ safety and health behaviour.

### **17.2 Logistics safety**

#### **Driver Management Center (DMC)**

Focus throughout the year has been on rolling out and scaling up of Driver Management Centers (DMCs) and upgrading their deliverables. While DMC counsellors are engaging with drivers to inculcate safe driving behavior, capability building



of the counsellors by itself is an important aspect. Accordingly, select counsellors from each of the DMCs are being sent by the Company to a Driver Training Institute (DTI) managed by a reputable organization to enable the counsellors get exposure to “expert inputs” and “hands-on driving experience” on a custom-built track. Select counsellors are also being nominated for in-cab assessment and training. “Train the Trainer” programmes are being conducted by professional agencies that have been identified by the Company under guidance from LafargeHolcim. The scope of DMCs has now been widened to include multiple activities from Defensive Driver Induction (DDI) for a first trip driver, to Defensive Driving Course (DDC), in-cab assessment, tool box talks, Journey Risk Management (JRM) briefing and IVMS (GPS) based counselling.

#### **Warehouse safety**

During the year specific attention was given to warehouse safety. A “Star Warehouse Programme” was launched which aims at upgrading warehouses on various parameters to make them best-in-class in the cement industry. The objective of the ‘Star Warehouse’ initiative is to create a benchmark in warehouse operation standards. The programme rates different warehouses on various elements of warehousing quality such as infrastructure, processes, stacking and storing, people skills and other practices with a view to share and roll out best practices and raise the standards to equip them to provide the highest levels of customer service.

## **18. HUMAN RESOURCES**

Through the years, your Company is recognized in the cement industry for the wealth of its human capital which is its priceless asset. The human resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the Organization. It continues to focus on progressive employee relations policies, creating an inclusive work culture and a strong talent pipeline. The Company is focused on building a high-performance culture with a growth mindset where employees are engaged and empowered to excel. Developing and strengthening capabilities of all employees continues to remain a top priority for the Company.

### **18.1 Employee Engagement in the Company – Ranked Best Globally in LafargeHolcim Group**

A “Pulse Survey” was undertaken by LafargeHolcim for its Group companies which was an engagement-cum-perception survey. The survey provided a framework for capturing the pulse of the employees on a comprehensive set of parameters such as “My Company - New Value Propositions, My Work – Impact, My Deal – What it means to me and the Behavioural Pillars of Agility, Collaboration and Empowerment”. Your Company achieved the highest score in the Survey amongst LafargeHolcim Group companies substantiating the Company’s commitment towards creating a best-in-class workplace and a highly engaged and motivated workforce. The findings of the survey indicated a very high degree of pride and affinity among the employees in line with the Company’s Vision, Mission and Core Values. The insights gained from the survey are being leveraged to further strengthen employee engagement and enhance performance levels by conducting focused group discussions across all Units and developing an action plan.

### **18.2 Developing Leaders**

The performance management and talent development framework within the Company is integrated in a manner making “people development” one of the key levers for ensuring improved business performance. It also ensures robust talent management, succession planning and provides a pipeline of internal talent that is ready and well equipped to take up next level roles. Most of the senior leadership teams in manufacturing, sales, logistics and support functions have been sourced from the Company’s internal talent pool.

The structure of the Performance Management System helps to identify, measure and enhance the performance of individuals, teams and the business and aligns individual and team performance with the strategic goals of the Organization. This enables employees to perceive the Performance Management System as an objective exercise embedded in fairness, which in turn results in improved employee on-the-job engagement and retention, while bearing a positive impact on the overall business performance.

Likewise, the Talent Review and Success Planning framework enables identification and building of a talent pool for the Organization. The overall approach of this integrated performance and talent management system is to have meaningful and ongoing dialogue with the employees with a view to nurture a performance driven culture.

The foundation of the employee development programme is based on a 70-20-10 approach. 70% of the learning is done through on-the-job training, 20% through coaching and hand holding and the balance 10% through formal development. The development and learning pedagogy is designed to support the entire life cycle of an employee's career. This approach to employee development has been successful in giving a competitive edge to employees and driving sustainable growth.

### **18.3 Industrial Relations**

The Industrial Relations philosophy of the Company is anchored in the tenets of robust human relations, encouraging healthy dissent and overall employee well-being. The Company is known for its best-in-class workplace practices and adoption of contemporary management practices leading to harmonious industrial relations. During the year, the Company launched a telephonic counselling service, "SPARSH" for employees and their families. This programme is aimed at providing support and free confidential counselling services to employees to help them deal with a wide range of work-life balance issues.

Adopting a progressive employee relations approach has enabled a harmonious atmosphere to be maintained across all Units. This in turn has been a vital element in ensuring that HR systems and practices remain world-class.

### **18.4 Prevention of Sexual Harassment of Women at the Workplace**

As an equal opportunity provider the Company consciously strives to build a work culture that promotes the dignity of all employees. As required under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and Rules framed thereunder, the Company has implemented a Policy on prevention, prohibition and redressal of sexual harassment at the workplace. All women

employed either on permanent, temporary or contractual basis, including service providers are covered under the Policy. The Policy has been widely communicated internally and is placed on the Company's intranet portal. An internal Committee comprising four management staff is in place which includes three women that redress complaints relating to sexual harassment. Besides, in each of the Units, one nodal person has been identified to receive and forward complaints to the 'First Instance Person' (FIP), who is a woman or directly to the Committee.

There were no complaints relating to sexual harassment during the year. Awareness programmes were conducted across the Company to sensitize employees to uphold the dignity of their colleagues at the workplace, particularly with respect to prevention of sexual harassment. Employees also attended training programmes conducted by an external agency.

## **19. INNOVATION**

Your Company is recognized as a pioneer and trend-setter in the cement industry on account of its unique track record of innovative research and development with several breakthroughs in cement and concrete applications over the years. More recently, the Company has added many new products that have widened its portfolio of value-added varieties of cement and concrete for special and customized applications. This spirit of innovativeness has helped the Company achieve cost efficiencies in the areas of energy, raw materials sourcing, logistics, customer excellence and manpower optimization leading to productivity improvement. LafargeHolcim through its Group Company Holcim Technology Ltd. has been extremely supportive in the aforesaid areas by lending their expertise.

## **20. BUSINESS RISKS & OPPORTUNITIES**

Identifying and managing business risk is one of the key success factors of any business activity and it begins with robust governance practices. The governance structure within the Organization has well defined roles and responsibilities that enable and empower the Management to identify and cash in on business opportunities, and manage risks. In addition, there is a comprehensive framework for strategic planning and





implementation and performance monitoring of the business plan, which, inter alia includes a well-structured Business Risk Management (BRM) process. With a view to systematically identify risks and opportunities and monitor their movement, a heat map has been developed comprising two parameters viz. likelihood of the event and the impact it is expected to have on the Company's operations and performance.

The risks that fall under high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the Executive Committee in strategic decision-making and in the development of detailed mitigation plans. The identified risks are then integrated into the Company's planning cycle which is a rolling process to inter alia periodically review the movement of the risks on the heat map and measure the effectiveness of the mitigation plan.

### **Key Business Risks and Mitigation Plans:**

#### **Raw Material Risk**

**Fuel:** The manufacture of cement is an energy intensive process. Coal and petcoke are the principal fuels used by the Indian cement industry to produce thermal energy. The Company requires more than 5 Million Tonnes of coal and petcoke to meet the requirements of its kilns and captive power plants. During the year, there was a short supply in the availability of linkage coal, and the Company had to source its requirement of coal at higher prices from the domestic open market and from imports. Petcoke prices also witnessed a significant increase during the year.

In October 2017, the Supreme Court of India imposed a temporary ban on the usage of petcoke in the States of Rajasthan, Haryana and Uttar Pradesh with a view to curb pollution. The ban was eased in December 2017 for the cement industry, when the Supreme Court allowed cement companies to use petcoke as a feed stock. However, the apex court has sought a nationwide ban on the use of pet coke, which, if imposed, would consequently increase the Company's dependence on imported coal, the cost of which is ~20% to 30% higher than that of petcoke. This could in turn increase the fuel costs. The procurement of domestic coal was also laden with various challenges mainly availability of wagons.

The continuous volatility in fuel prices in international markets, a probable ban on the usage of petcoke, and the uncertainty over availability of domestic and linkage coal, continue to pose challenges for the cement industry as well as the Company.

Despite these challenges, various initiatives and proactive measures taken by the Management in bringing about improvements in the overall manufacturing performance has helped in softening the aforesaid inflationary pressures. The Company has progressively increased the usage of AFR, improved fuel mix at certain plants, entered into firm contracts for part volume and balance on spot to capture opportunities, spread out purchases throughout the year and explored long term off take from local refineries.

**Limestone Availability :** Limestone is one of the main raw materials which is used to manufacture cement. It is therefore of paramount importance for the Company to ensure an uninterrupted long-term availability of this vital mineral. As per the new Mines and Minerals (Development & Regulation) Amendment Act 2015 (MMDR), leases granted before the commencement of the Act, for captive use are extended upto March 31, 2030, or till the completion of their existing periods of renewal, whichever is later. Most of the Company's limestone leases thereby get an extension up to March 31, 2030. New mining leases will henceforth be allotted through an auction process to the highest bidder. The period of lease will be fifty years from the date of grant. Forest & Wildlife clearances are now a prerequisite and land acquisition is becoming more challenging and expensive.

To address this risk, the Company has taken steps for converting its prospecting licenses into mining leases and also plans to secure new mining leases for its existing plants and for new expansions at different locations.

Further, considering that limestone is a natural resource, its usage is done judiciously in the manufacture of cement by adding higher percentage of additives by which it is possible to use low grade limestone, thereby conserving minerals and increasing the life of the mine.

**Market Competition:** The total installed capacity of the cement industry in India is much higher than its capacity utilization which presently is ~70%. While this imbalance is expected to continue for some time, capacity expansion continues. Thus, the Indian cement industry has become intensely competitive. This could potentially impact the sales volumes, market share and profitability of the Company. To mitigate this risk, the Company is leveraging its newly created capacities at Jamul and Sindri to increase its market share, enhance its brand equity and visibility, and enlarge its product portfolio by increasing the share of its premium products in the retail segment, application based products and value-added services to the B2B segment.

The Company is also exploring asset smart options such as tolling and de-bottlenecking at some of its existing plants to increase volume and market share.

**Cyber Security:** Globally there has been a growing dependence on computer systems and the use of internet for doing business and storing of important and sensitive data. However, the rapid growth of technology and sophistication of wireless devices and network have made it easy for unethical hacking of sensitive data and has given rise to a higher risk of fraud. The Company's IT systems are fully geared to meet the threat of "Distributed Denial of Service" (DDOS) attacks which are highly probable. Manufacturing companies are the new targets as evidenced by recent attacks on large Indian and global firms. The ramifications from cyber attacks are not limited to mere loss of data, but could also result in business and reputation loss.

The Indian Government having recognized these risks, has also introduced tighter Cyber Security laws. Responsibilities have been thrust on the Directors of the Company under the Companies Act, 2013 to take appropriate steps to ensure cyber security.

ACC's Business Landscape presents a large surface for a possible attack in view of its vast network spread across many remote locations, with complex IT and OT environments. There is however a strong

firewall and well established Disaster Recovery System within the LafargeHolcim Group. Most of the hardware and software have been mapped. The Company's cyber security management framework aligns with industry standards and regulations. LafargeHolcim has launched a robust programme on cyber security called 'Zenith'. This programme is aimed at facilitating LH Group Companies to stay abreast and vigilant against possible cyber attacks and remain a step ahead by taking immediate remedial action.

## 21. INTERNAL CONTROL SYSTEMS

### 21.1 Internal Audit and its adequacy

The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. With a view to maintain independence and objectivity in its working, the Internal Audit function reports directly to the Audit Committee.

At the beginning of each Financial Year, a risk based annual audit plan is rolled out after the same is approved by the Audit Committee. The Audit Plan aims at evaluating the efficacy and adequacy of the internal control system and compliance thereof, the robustness of internal processes, policies, accounting procedures and compliance with laws and regulations. Based on the reports of internal audit function, process owners undertake corrective action in their respective areas. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

### 21.2 Internal Controls Over Financial Reporting (ICFR)

The internal financial controls within the Company are commensurate with the size, scale and complexity of its operations. The controls were tested during the year and no reportable material weaknesses either in their design or operations were observed. The Company has robust policies and procedures which, inter alia, ensure integrity in conducting its business, the safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and the prevention and detection of frauds and errors.



## 22. INDIAN ACCOUNTING STANDARDS (IND AS)

The Ministry of Corporate Affairs (MCA) vide its Notification dated February 16, 2015, has made the application of the Companies (Indian Accounting Standards) Rules, 2015 (Ind-AS Rules) effective for certain categories of companies from accounting periods beginning on or after April 01, 2016.

The audited financial statements of the Company drawn up both on standalone and consolidated basis for the financial year ended December 31, 2017 are in accordance with the requirements of the Ind-AS Rules. Figures for the previous year have also been re-stated in line with the requirements of the above Rules.

## 23. VIGIL MECHANISM / WHISTLE BLOWER POLICY

Your Company has over the years established a reputation for conducting business with integrity and displays zero tolerance for any form of unethical behaviour. "EthicalView Reporting Policy" (EVRP) is a vigil mechanism instituted by the Company to report concerns about unethical behavior. The Audit Committee of the Board oversees the functioning of this Policy. Protected disclosures can be made by a whistle blower through several channels to report actual or suspected frauds and violation of the Company's Code of Conduct and/or Ethics Policy. Details of the EthicalView Reporting Policy have been disclosed on the Company's website at <http://www.acclimited.com/sh/ERP.pdf>

During the year, the Company reached out extensively to employees through e-learning modules and face-to-face training sessions for creating greater awareness with respect to the Company's Fair Competition Directive and Anti Bribery and Corruption Directive (ABCD) This has helped in achieving a high level of engagement and compliance among employees.

## 24. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

### 24.1 SUBSIDIARIES

#### Bulk Cement Corporation (India) Limited (BCCI)

During the year under review, BCCI handled cement volumes of 9.3 lakh tonnes as against

10.10 lakh tonnes in 2016. The Profit before tax and exceptional items for the year 2017 was ₹2.88 crore as against ₹3.89 crore in 2016.

#### ACC Mineral Resources Limited (AMRL)

The Company had entered into a Joint Venture with Madhya Pradesh State Mining Corporation Limited (MPSMC) for the development of four coal blocks allotted to MPSMC by the Government of India through its wholly owned subsidiary ACC Mineral Resources Limited. Consequent upon the cancellation of the allocation of the four coal blocks to MPSMC by the Government of India as per the Orders of the Supreme Court passed in September 2014, AMRL does not have any business activity and correspondingly did not have any operating income during the period under review.

#### OTHER SUBSIDIARIES

The Company has three other Subsidiary Companies having limestone deposits, viz. Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited. These are limestone deposit companies. Singhania Minerals Private Limited has started operations during the year.

### 24.2. MATERIAL SUBSIDIARIES

None of the subsidiaries mentioned in para 24.1 above is a material subsidiary whose income or net worth in the immediately preceding accounting year exceeds 20% of the consolidated income or net worth respectively of the Company and its subsidiaries as per the thresholds laid down under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as SEBI Listing Regulations).

The Board of Directors of the Company has approved a Policy for determining material subsidiaries in line with the SEBI Listing Regulations. The Policy has been uploaded on the Company's website at <http://www.acclimited.com/sh/DMS.pdf>

### 24.3 JOINT VENTURE / ASSOCIATE COMPANIES

One India BSC Private Limited is a Joint Venture Company. This Company was incorporated jointly by ACC and Ambuja Cements Limited to provide back office services to the two Companies with respect to routine transactional process.

Your Company also has a Joint Venture with Aakaash Manufacture Company Private Limited, for the manufacture and supply of Ready Mix Concrete.

As on December 31, 2017, the following is the list of Associate Companies:

- Alcon Cement Company Private Limited
- Asian Concretes and Cements Private Limited

## **25. CONSOLIDATED FINANCIAL STATEMENTS**

The Consolidated Financial Statements of the Company for the year 2017 are prepared in compliance with the applicable provisions of the Companies Act, 2013 and the Indian Accounting Standards specified under Section 133 of the Act. The audited consolidated financial statements together with the Auditors' Report thereon form part of the Annual Report.

Pursuant to Section 129(3) of the Companies Act, 2013, a statement containing the salient features of the financial statements of each of the Subsidiaries, Associates and Joint Venture Companies in the prescribed Form AOC-1 is attached.

The Financial Statements of the Subsidiaries, Associates and Joint Venture Companies are available for inspection by the Members at the Registered Office of the Company pursuant to the provisions of Section 136 of the Companies Act 2013. The Company shall provide free of cost, a copy of the financial statements of its subsidiary companies to the Members upon request. The statements of the subsidiaries companies are also available on the website of the Company at **www.acclimited.com** under the 'Investors' section.

## **26. DIRECTORS & KEY MANAGERIAL PERSONNEL**

### **26.1 Change in Directorate**

During the year, the Company received a request from Holderind Investments Limited, one of the Promoter Group companies for the appointment of Mr Jan Jenisch, CEO LafargeHolcim Limited as Director of the Company. Pursuant thereto the Board of Directors on the recommendation of the Nomination and Remuneration Committee, has appointed Mr Jan Jenisch, as an Additional Director of the Company with effect from

October 17, 2017 in the capacity of a Non Executive Non Independent Director to hold office upto the date of the next Annual General Meeting.

The Company has received a notice under Section 160 of the Companies Act, 2013 from a member proposing the candidature of Mr Jan Jenisch as a Director of the Company. Approval of the members for appointing Mr Jenisch as a Director in the capacity of Non Executive Non Independent Director has been sought in the Notice convening the Annual General Meeting of the Company. The Directors recommend the Resolution set out at Item No. 5 of the Notice for approval by the members.

The Board of Directors has also elected Mr Jan Jenisch, CEO of LafargeHolcim Limited, as Deputy Chairman of the Board with effect from October 17, 2017.

Mr Eric Olsen, Non Executive and Non Independent Director tendered his resignation from the Board of Directors of the Company, consequent upon his resignation as the CEO of LafargeHolcim Limited.

The Board of Directors has placed on record its appreciation for the contribution made by Mr Eric Olsen during his tenure as Director of the Company.

### **26.2 Director liable to retirement by rotation**

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Mr Vijay Kumar Sharma being longest in office retires by rotation and being eligible offers his candidature for re-appointment as Director.

### **26.3 Independent Directors**

The Independent Directors hold office for a fixed period of five years from the date of their appointment at the Extra-ordinary General Meeting of the members held on September 10, 2014 and are not liable to retire by rotation.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013 and SEBI Listing Regulations.



## 26.4 Board Effectiveness

### a. Familiarization Programme for the Independent Directors

Long before it was mandated by the law, the Company had developed a process to familiarize the newly appointed Directors with respect to the roles and responsibilities outlined under the Companies Act, 2013 and other related Regulations. This process has been made more robust and it, inter alia includes providing an overview of the Cement Industry, the Company's business model, risks and opportunities and other necessary information.

Details of the Familiarization Programme are explained in the Corporate Governance Report and are also available on the Company's website at

<http://www.acclimited.com/sh/FPID.pdf>

### b. Board Evaluation

The Board has carried an annual self performance evaluation, the evaluation of Directors individually as well as the working of its Audit, Nomination & Remuneration and Compliance Committees as mandated under the Companies Act, 2013 and SEBI Listing Regulations. The criteria applied in the evaluation process are explained in the Corporate Governance Report.

## 26.5 Key Managerial Personnel

The following are the Key Managerial Personnel of the Company as defined under Sections 2(51), 203 of the Companies Act, 2013 read with The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 as on December 31, 2017:

- Mr Neeraj Akhoury, Managing Director & Chief Executive Officer (MD&CEO) (w.e.f. February 4, 2017)
- Mr Sunil Nayak, Chief Financial Officer
- Mr Ramaswami Kalidas, Company Secretary & Head Compliance (w.e.f. September 26, 2017).

Mr Neeraj Akhoury was appointed as the MD&CEO with effect from February 4, 2017, upon Mr Harish Badami demitting office as CEO & Managing Director from the same date.

Mr Burjor D Nariman resigned as the Company Secretary & Head Compliance with effect from April 1, 2017. Mr Surendra Mehta was appointed as the Company Secretary & Head Compliance for an interim period from April 21, 2017 to September 25, 2017, and demitted office upon the appointment of Mr Ramaswami Kalidas with effect from September 26, 2017.

## 26.6 Criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Leadership positions

A well-defined criteria is in place for the selection of candidates for appointment as Directors, Key Managerial Personnel and for senior leadership positions. The relevant information has been given in Annexure 'C', which forms part of the Board's Report.

## 26.7 Remuneration Policy for Directors

The Policy for remuneration of Directors, Key Managerial Personnel and Members of the Executive Committee (ExCo) is set out in Annexure 'D', which forms part of the Board's Report.

## 27. MEETINGS

### 27.1 Board of Directors

During the year seven Board Meetings were convened and held, the details of which are given in the Corporate Governance Report.

### 27.2 Audit Committee

The Audit Committee comprises of five members. The Chairman of the Committee is an Independent Director. The Committee met six times during the year. Details of the role and responsibilities of the Audit Committee, the particulars of meetings held and attendance of the Members at such Meetings are given in the Corporate Governance Report.

### 27.3 CSR Committee

The CSR Committee comprises of four members, of which three are Independent Directors. The Chairman of the Committee is an Independent Director. The Committee met twice during the reporting period. Details of the role and functioning of the Committee are given in the Corporate Governance Report.



## **28. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Company has developed a Related Party Transactions Manual and Standard Operating Procedures for the purpose of identification and monitoring of Related Party transactions.

All transactions with Related Parties are placed before the Audit Committee and also the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the transactions which are foreseeable and of a repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are subjected to audit and a statement giving details of all related party transactions is placed before the Audit Committee and the Board of Directors for approval on a quarterly basis. The statement is supported by a certificate from the MD&CEO and the CFO.

The Policy on Related Party Transactions as approved by the Board of Directors has been placed on the Company's website at: <http://www.acclimited.com/sh/RPT.pdf> All transactions entered into with related parties during the year were on "arm's length" basis and were in the "ordinary course of business". There were no material related party transactions entered into during the year as per the Policy on Related Party Transactions approved by the Board. Accordingly, there were no transactions that were required to be reported in Form AOC 2.

None of the Directors or the Key Managerial Personnel have any pecuniary relationships or transactions vis-à-vis the Company.

## **29. RENEWAL OF AGREEMENT FOR PAYMENT OF TECHNOLOGY & KNOWHOW FEES TO HOLCIM TECHNOLOGY LTD**

Members of the Company had given their consent through a postal ballot conducted in the year 2013 for entering into a Technology & Knowhow Agreement with Holcim Technology Ltd., a LafargeHolcim Group Company, for a period of five years with effect from January 1, 2013. The Technology and Knowhow fees payable for an

agreed list of technical and managerial services, use of intellectual property and end-to-end solutions was initially approved @ 1 % of the net sales of the Company for each financial year for the first two years which was thereafter retained for the remaining period of three financial years untill December 31, 2017.

It is proposed to renew the Technology & Knowhow Agreement for a further period of three years effective from January 1, 2018 on the same terms and conditions except that the proposed fees shall be @1% of the net sales of the Company for each financial year or at such rate as may be determined by the Competent Authorities of India and Switzerland under the Bilateral Advance Pricing Agreement (BAPA). Applications have been filed by the Company under BAPA to confirm the arm's length rate for payment under the TKH Agreement, which applications are still pending with the concerned authorities.

Members attention is drawn to the Resolution proposing the approval for the renewal of Technology and Knowhow Agreement as aforesaid. As the transactions proposed under the aforesaid arrangement would be related party transaction, all related parties shall abstain from voting on the resolution. The Directors recommend the resolution set out in Item No. 7 of the Notice convening the Annual General Meeting.

## **30. MASTER SUPPLY AGREEMENT WITH AMBUJA CEMENTS LIMITED**

Members of the Company have through the process of a Postal Ballot passed an Ordinary Resolution granting their approval on April 16, 2018 for the Company to enter into a Master Supply Agreement (MSA) with Ambuja Cements Limited, the holding Company for sale and purchase of material and services on a reciprocal basis for maximizing synergies between the two companies and unlock value for the shareholders of both the Companies.

The Board of Directors on April 18, 2018, have determined that the MSA shall be valid for a period of three years from the date of its execution, with either party continuing to enjoy the right to unilaterally terminate the same during the above period by serving three months prior notice.



### 31. TRANSFER OF EQUITY SHARES TO THE INVESTOR EDUCATION AND PROTECTION FUND

In line with the statutory requirements, the Company has transferred to the credit of the Investor Education and Protection Fund set up by the Government of India, equity shares in respect of which dividend had remained unpaid/unclaimed for a period of seven consecutive years within the time lines laid down by the MCA.

### 32. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

**Complaint filed under Sections 3 and 4 of the Competition Act by the Builders Association of India against cement manufacturers - Appeal before the National Company Law Appellate Tribunal (NCLAT)**

In the matter relating to the complaint filed by the Builders' Association of India for alleged violation of the provisions of Sections 3 and 4 of the Competition Act, CCI had passed an Order on June 12, 2012 imposing a penalty of 0.5 times of the profit of the Company for the year 2009 (calculated pro-rata from May 20, 2009) and for the full year 2010. For the Company the penalty amounts to ₹1147.59 crore. Thereafter, in an Appeal preferred by the Cement Manufacturers before the Competition Appellate Tribunal (COMPAT) against the Order of CCI, COMPAT remanded the matter back to CCI for a fresh hearing and adjudication. CCI on rehearing the arguments, by its Order dated August 31, 2016, once again held the cement companies and the Cement Manufacturers' Association (CMA) guilty of violation of the Sections 3(1) read with 3(3)(a) and 3(3)(b) of the Competition Act and imposed the same penalty.

The honourable National Company Law Appellate Tribunal (NCLAT), before who the matter was pending, has completed hearing the arguments of all the appellant cement manufacturers as well as the respondent CCI and its decision has been reserved.

As at December 31, 2017, the penalty amount of ₹ 1147.59 crore and interest thereon has been disclosed as a contingent liability in the Notes to Accounts.(Refer Note – 43(A)(b)).

### CCI's Order on Complaint filed by Director, Supplies & Disposals, State of Haryana in 2013

The Director, Supplies & Disposals, State of Haryana had filed a complaint before CCI alleging collusion and bid rigging by cement manufacturers in violation of Section 3(1) and 3(3)(d) of the Competition Act. In January 2017, the Competition Commission of India (CCI) passed an Order against seven cement manufacturers including the Company imposing a penalty calculated at the rate of 0.3% of the average turnover of the last three years viz. 2012-13, 2013-14 and 2014-15. In respect of the Company the amount of penalty works out to ₹35.32 crore.

An appeal is pending before NCLAT in the said matter against the Orders of the Competition Commission of India.

As at December 31, 2017, the penalty amount of ₹35.32 crore is disclosed as a contingent liability in the Notes to Accounts.(Refer Note 43(A)(c)).

### 33. AUDITORS

#### 33.1 Statutory Auditor

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) were appointed as the Statutory Auditor of the Company at the 81<sup>st</sup> Annual General Meeting held on March 29, 2017 and were assigned to hold office from the conclusion of the said Meeting till the conclusion of the 86<sup>th</sup> Annual General Meeting to be held in 2022. As per the provisions of Section 139 of the Companies Act, 2013, the appointment of the Auditors is required to be ratified by the Members of the Company at every intervening Annual General Meeting held after the 81<sup>st</sup> Annual General Meeting. The Statutory Auditors have confirmed their eligibility for appointment as also there independent status.

Members' attention is drawn to the Resolution proposing the ratification of the appointment of Deloitte Haskins & Sells LLP as Statutory Auditors of the Company which is included at Item No. 4 of the Notice convening the Annual General Meeting. The Directors recommend the resolution for approval by the members.

### 33.2 Cost Auditor

M/s D C Dave & Co., Cost Accountants (Firm Registration No 30611), have been appointed as Cost Auditor of the Company for the year 2018 under Section 148 of the Companies Act 2013 read with The Companies (Cost Records and Audit) Amendment Rules 2014.

M/s D C Dave & Co have confirmed that they are free from any disqualifications as specified under Section 141 (3) and proviso to Section 148 (3) read with Section 141 (4) of the Companies Act 2013. They have further confirmed their independent status and that they have an arm's length relationship with the Company.

The remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, Resolution seeking Members' ratification for the remuneration payable to M/s D C Dave & Co, Cost Auditor is included at item No. 6 of the notice convening the Annual General Meeting. The Directors recommend the resolution for approval by the members.

### 33.3 Secretarial Auditor

M/s Pramod S Shah & Associates, a firm of Company Secretaries in Practice, have been appointed to undertake the Secretarial Audit of the Company pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Auditor is annexed to the Board's Report as Annexure 'E'.

## 34. AWARDS

During the year under review, your Company received numerous awards and felicitations conferred by reputable organizations and distinguished bodies for achievements in diverse fields such as Health & Safety, Manufacturing, Environment Management and others.

### CSR & Societal Initiatives

ISC-FICCI first-ever Sanitation award for "Best Corporate Initiative in Sanitation" has been conferred by India Sanitation Coalition (ISC) and the Federation of Indian Chambers of Commerce & Industry for ACC's dedicated efforts to meet the country's Sanitation objectives.

Wadi Limestone Mines was conferred the National Mineral Development Corporation (NMDC) Social Awareness Award 2016-17 by the Federation of Indian Mineral Industries (FIMI) for significant contribution in socio-economic development of communities.

Vidyasaarathi, a CSR initiative on education, was awarded the 1<sup>st</sup> runner-up prize at the 4<sup>th</sup> National Human Resources Development Network – Birla Institute of Management Technology (NHRDN-BIMTECH) Corporate Social Responsibility Summit.

Alliance for Immunization and Health (AIH) recognized ACC's CSR Arogyam Project initiatives, at the State Level Meet held in January 2017.

ACC was conferred the prestigious '2 Good' rating by media house The Economic Times and global consultancy firm KPMG for its Corporate Social Responsibility (CSR) initiatives.

### Business and Financial Reporting Excellence

ACC was conferred with the "Demand Planning and Forecasting Award 2017" in the category 'Best Use of Analytics in Demand planning and Forecasting' - Manufacturing Sector - organized by the Institute of Supply Chain Management.

ACC's Annual Report for 2016 was awarded the 'Certificate of Merit' in the 'Manufacturing Sector' category by the South Asian Federation of Accountants.

### Environment & Sustainability

ACC received a memento from the Chief Minister of Chhattisgarh for the Company's innovative solution for municipal waste management as demonstrated by Company's Clean and Green CSR project at Madukkarai that is currently being replicated at Jamul.

ACC Gagal was awarded the Sustainability 4.0 Award by Frost & Sullivan & TERI, in the 'Challengers' category for Large Business.

ACC Chanda won the Golden Peacock Environment Management Award during the Institute of Directors (IOD) 19<sup>th</sup> World Congress on Environmental Management at Hyderabad.

ACC Sindri Cement Works won the Industry Champions for Sustainable Development Goals (SDGs) Awards, the first Jharkhand Corporate Social Responsibility Award.



## Manufacturing

We are pleased to state that our plants, Gagal – II and Gagal – I were ranked first and Second respectively in the LafargeHolcim Group for the year 2017 in terms of the Cement Industrial Performance Report. The Lakheri Unit bagged the 14<sup>th</sup> rank based on the same criteria.

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

ACC Jamul has bagged the 18<sup>th</sup> National Award for Excellence in Energy Management 2017 conferred by the Confederation of Indian Industries.

A '5 Star Rating' by the Ministry of Mines, Government of India was awarded to Kymore Limestone Mines.

## Logistics

Awards for "Industry Excellence in Supply Chain-Manufacturing" and "Warehouse Innovation/ Initiative of the Year" were won at the 11<sup>th</sup> Express Logistics and Supply Chain Leadership Awards 2017.

## Communication

ACC won the Silver Prize in the Environmental Communication category for its Sustainable Development Report 2016 and the Bronze Prize in the Social Responsibility Communication category for Community Counts at the 57<sup>th</sup> ABCI Annual Awards.

## 35. ENHANCING SHAREHOLDERS VALUE

Your Company has always remained committed towards creating and enhancing shareholders' value as also the Company's long-term sustainability, through robust management processes and improved business performance. Accordingly, your Company is firmly focused in achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations. Supported by an in-depth understanding of customer values coupled with sound business acumen, your Company has constantly endeavored to identify and address the areas of concern within its value

delivery process, thereby also ensuring enhanced product quality and a premium position in the market. Innovation in our products and services as well as the way in which we execute growth opportunities, have also contributed in the process of value augmentation.

Your Company is also committed to creating value for its other stakeholders by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of the Triple Bottom Line.

## 36. CORPORATE GOVERNANCE

The Annual Report contains a separate section on the Company's corporate governance practices, together with a certificate from the Company's Auditors confirming compliance, as per SEBI Listing Regulations.

## 37. BUSINESS RESPONSIBILITY REPORTING

A separate section on Business Responsibility forms part of this Annual Report as required under Regulation 34(2)(f) of SEBI Listing Regulations. Since 2007, the Company has been publishing an annual Corporate Sustainable Development Report conforming to the guidelines of the Global Reporting Initiative. From the year 2014, these reports are based on the GRI G4 guidelines in accordance with the "Comprehensive" option, and have been externally assured.

## 38. ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated in Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014 is provided in Annexure 'F' to the Directors' Report.

## 39. PARTICULARS OF EMPLOYEES

Disclosure pertaining to the remuneration and other details as required under Section 197(12) of the Act, and the Rules framed thereunder, is enclosed as Annexure 'G' to the Board's Report.

The information in respect of employees of the Company required pursuant to Rule 5 of the Companies (Appointment and Remuneration

of Managerial Personnel) Rules 2014 will be provided upon request. In terms of Section 136 of the Companies Act 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the aforesaid Annexure which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

#### **40. EXTRACT OF ANNUAL RETURN**

Details forming part of the extract of the Annual Return in Form MGT 9 is enclosed as Annexure 'H'.

#### **41. COMPLIANCE WITH SECRETARIAL STANDARDS**

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards issued by the Institute of Companies Secretaries of India (SS1 and SS2) respectively relating to Meetings of the Board and its Committees which have mandatory application during the year under review

#### **42. DIRECTORS' RESPONSIBILITY STATEMENT**

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statement in terms of Section 134 of the Companies Act, 2013:

- a) that in the preparation of the annual financial statements for the year ended December 31, 2017, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- b) that such accounting policies as mentioned in Note 1 of the Notes to the Financial Statements have been selected and applied consistently and judgment and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on December 31, 2017, and of the profit of the Company for the year ended on that date;
- c) that proper and sufficient care has been taken for the maintenance of adequate

accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

- d) that the annual accounts have been prepared on a going concern basis;
- e) that proper internal financial controls laid down by the Directors were followed by the Company, and such internal financial controls are adequate and were operating effectively; and
- f) that proper systems to ensure compliance with the provisions of all applicable laws have been devised and such systems were adequate and were operating effectively.

#### **43. ACKNOWLEDGEMENTS**

The Directors gratefully acknowledge the support received by the Company from the Central and State Government Ministries and Departments, shareholders, customers, business associates, bankers, employees, trade unions and all other stakeholders.

#### **44. CAUTIONARY STATEMENT**

The Board's Report and Management Discussion & Analysis may contain certain statements describing the Company's objectives, expectations or forecasts that appear to be forward-looking within the meaning of applicable securities laws and regulations while actual outcomes may differ materially from what is expressed herein. The Company is not obliged to update any such forward-looking statement. Some important factors that could influence the Company's operations comprise of economic developments, pricing, and demand and supply conditions in global and domestic markets, changes in government regulations, tax laws, litigation and industrial relations.

For and on behalf of the Board of Directors

N S Sekhsaria  
Chairman

Mumbai  
April 18, 2018





## ANNEXURE 'A' TO BOARD'S REPORT

### DIVIDEND DISTRIBUTION POLICY

This Policy is called "ACC Limited – Dividend Distribution Policy" (hereinafter referred to as "the Policy"). The Policy is framed pursuant to Regulation 43A of Securities & Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 for the time being in force. The Policy shall come into effect from the receipt of the Board's approval (Effective Date).

The Policy lays down the broad criteria which the Company would take into consideration for the purpose of ascertaining the amount of dividend to be declared keeping in mind the need to maintain a balance between the payout ratio and retained earnings, in order to address future needs of the Company. The policy serves as a guideline for the Board of Directors and the decision of the Board of Directors with respect to the amount of dividend declared for any given period will be final and shall not be open to challenge by any person on the basis of the Policy.

Dividend would continue to be declared on per share basis on the Ordinary Equity Shares of the Company having face value of Rs. 10 each. The Company currently has no other class of shares. Dividend other than interim dividend shall be declared at the annual general meeting of the shareholders based on the recommendation of the Board of Directors. The Board of Directors has the authority to declare interim dividend.

Subject to the provisions of the applicable law, the Company's dividend payout will be determined based on available financial resources, growth/investment requirements and fair shareholder return. The Company will broadly take into consideration the following financial parameters and/or internal and external factors to determine whether or not to declare dividend or to determine the quantum of dividend to be declared.

#### INTERNAL FACTORS

- Profits earned during the financial year and the retained profits of the previous years in accordance with the provisions of Section 123 and other applicable provisions of the Companies Act, 2013 read with rules framed thereunder;
- Cash flow position of the Company and the debt : equity ratio;

- Projections with regard to the performance of the Company;
- Fund requirement to finance Capital Expenditure;
- Fund requirement to finance any organic/ inorganic growth opportunities or to finance working capital needs of the Company;
- Opportunities for investment of the funds of the Company to capture future growth;
- Dividend payout history.

#### EXTERNAL FACTORS

- Business cycles and long term/ short term industry outlook;
- Cost of external financing;
- Changes in the Government policies, rate of inflation and taxes structure etc.;
- Quantum of dividend payout by other comparable concerns etc.

The Company may recommend additional special dividend in special circumstances.

In the event of a loss or inadequacy of profits in a given year, Company may, taking into consideration the shareholder expectations, past dividend payout history etc. declare payment of dividend out of its reserves as may be permitted by the law.

Likewise, in the event of challenging circumstances such as adverse economic cycles and industry projections, the performance of the Company in the coming years, pressure on cash flow on account of various factors such as higher working capital requirements etc., the Company may, decide not to declare a dividend even when in a given year, the Company had generated profits.

In case it is proposed not to declare dividend during any financial year, the grounds thereof and the information on the manner in which the retained profits of the Company, if any, are being utilized shall be disclosed to the Members in the Board's Report forming part of the Annual Report of the Company for the given financial year.

The Chief Executive Officer & Managing Director and the Chief Financial Officer, considering various internal and external factors and the overall performance of the Company, shall jointly make a recommendation to the Board of Directors with regard to whether or not to declare a dividend and in case a dividend is recommended, the quantum of dividend to be declared

The retained earnings of the Company may be used in any of the following ways:

- Capital expenditure, and for the purpose of any organic and/ or inorganic growth,

- Declaration of dividend,
- Issue of Bonus shares or buy back of shares,
- Other permissible usage as per the Companies Act, 2013.

The policy may be modified as may, in the opinion of the Board of Directors be deemed necessary.

The Policy will be available on the Company's website: [www.acclimited.com](http://www.acclimited.com) and will also be disclosed in the Company's Annual Report.



## ANNEXURE 'B' TO BOARD'S REPORT

### CSR POLICY STATEMENT

Our vision is to be one of the most respected companies in India, delivering superior and sustainable value to all our customers, business partners, shareholders, employees, and host communities.

Our CSR initiatives focus on the holistic development of our host communities while creating social, environmental and economic value to the society.

To pursue these objectives we will continue to:

- Uphold and promote the principles of inclusive growth and equitable development.
- Devise and implement Community Development Plans based on the needs and priorities of our host communities and measure the effectiveness of such development programmes.
- Work actively in the areas of Livelihood advancement, Enhancing employability and Income Generation, Improving Quality and reach of Education, Promoting Health and Sanitation, conserving the Environment and supporting local Sports, Arts and Culture.
- Collaborate with like-minded bodies such as Governments, Civil Society Organisations and Academic Institutions in pursuit of our Goals.
- Interact regularly with stakeholders, review and publicly report our CSR initiatives.

## ANNEXURE 'B' TO BOARD'S REPORT

### ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the weblink to the CSR policy and projects or programs.**

Please refer to the CSR Policy Statement set out at page 65 of the Annual Report.

Web link: <http://www.acclimited.com/sh/ACPN.pdf>

2. **The Composition of the CSR Committee:**

Mr Shailesh Haribhakti,  
Chairman (Independent Director)

Ms. Falguni Nayar,  
Member (Independent Director)

Mr Farrokh Kavarana,  
Member (Independent Director)

Mr Neeraj Akhoury,  
Member  
(Managing Director & Chief Executive Officer)

3. **Average net profit of the company for last three financial years.**

Years	2016	2015	2014
Net Profit (₹ in crore)	841.46	812.76	1155.90

Average net profit of the Company for last three financial years is ₹936.71 crore.

4. **Prescribed CSR Expenditure (two percent of the amount as in item 3 above)**

₹18.73 crore

5. **Details of CSR spend for the financial years.**

- a) Total amount to be spent for the financial year:

₹18.73 crore

- b) Amount unspent, if any:

Not Applicable

**c) Manner in which the amount has been spent on CSR activities during the financial year is detailed below:**

Sr. No.	CSR Project/Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Program wise (₹ in Crore)	Amount Spent on the project or programs (₹ in Crore) Sub - Heads: 1. Direct Expenditure on Projects or parishad 2) Overheads*	Cumulative Expenditure upto reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
1.	ACC DISHA	Youth Employability (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Bellary (Karnataka), Chikkaballapur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu), Erode (Tamil Nadu)	4.00	3.71	3.71	3.71



Sr. No.	CSR Project/Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Program wise (₹ in Crore)	Amount Spent on the project or programs (₹ in Crore) Sub - Heads: 1. Direct Expenditure on Projects or parishad 2) Overheads*	Cumulative Expenditure upto reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
2.	ACC- LIESA	Sustainable Agriculture (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	3.00	2.16	2.16	2.16
3.	ACC - Swavlamban	Women Empowerment (Schedule VII – (iii) Promoting gender equality, empowering women, setting up homes and hostels for women and orphans, setting up old age homes, day care centres and such other facilities for senior citizens and measures for reducing inequalities faced by socially and economically backward groups)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	3.00	2.06	2.06	2.06



Sr. No.	CSR Project/Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Program wise (₹ in Crore)	Amount Spent on the project or programs (₹ in Crore) Sub - Heads: 1. Direct Expenditure on Projects or parishad 2) Overheads*	Cumulative Expenditure upto reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
4.	ACC Vidya Utkarsh	Quality Education (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Shrawasti (Uttar Pradesh), Shahjahanpur (Uttar Pradesh), Jaunpur (Uttar Pradesh), Mirzapur (Uttar Pradesh), Mewat (Haryana), Sirmaur (Himachal Pradesh), Sheopur (Madhya Pradesh), Rudraprayag (Uttarakhand), Alwar (Rajasthan), Coimbatore (Tamil Nadu)	4.00	3.59	3.59	3.59
5.	ACC Vidyasaarathi	Scholarship and support (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocational skills especially among children, women, elderly and the differently abled and livelihood enhancement project)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	1.50	1.55	1.55	1.55



Sr. No.	CSR Project/Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Program wise (₹ in Crore)	Amount Spent on the project or programs (₹ in Crore) Sub – Heads: 1. Direct Expenditure on Projects or parishad 2) Overheads*	Cumulative Expenditure upto reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
6.	ACC- Arogyam	Health (Schedule VII – (i) Eradicating hunger poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	2.50	1.61	1.61	1.61
7.	ACC - Sampoorn Swachhata	Sanitation (Schedule VII – (i) Eradicating hunger poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad(Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	3.00	3.91	3.91	3.91

Sr. No.	CSR Project/Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Program wise (₹ in Crore)	Amount Spent on the project or programs (₹ in Crore) Sub - Heads: 1. Direct Expenditure on Projects or parishad 2) Overheads*	Cumulative Expenditure upto reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
8.	ACC Sanrakshit Paryavaran	Conservation of Environment (Schedule VII – (iv) Ensuring environmental sustainability, ecological balance, protection of flora and fauna, animal welfare, agroforestry, conservation of natural resources and maintaining quality of soil, air and water;)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary(Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu), Aurangabad (Maharashtra) Beed (Maharashtra)	3.00	2.41	2.41	2.41
9.	ACC -Drona	Promoting Local, Arts and Culture (Schedule VII – (vii) Training to promote rural sports, nationally recognized sports, Paralympic sports and Olympic sports) (v) Protection of national heritage, art and culture including restoration of buildings and sites of historical importance and works of art; setting up public libraries; promotion and development of traditional arts and handicrafts)	Bilaspur (Himachal Pradesh), Katni (Madhya Pradesh), Bundi (Rajasthan), Gauriganj (Uttar Pradesh), Bargarh (Odisha), West Singhbhum (Jharkhand), Purulia (West Bengal), Durg (Chhattisgarh), Dhanbad (Jharkhand), Chandrapur (Maharashtra), Yavatmal (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballapur (Karnataka), Coimbatore (Tamil Nadu)	1.00	0.82	0.82	0.82
<b>TOTAL</b>				<b>25.00</b>	<b>21.82</b>	<b>21.82</b>	<b>21.82</b>

\* Company has spent administrative expenses in addition to ₹ 21.82 crore.



### Details of some of the implementing agencies:

- |  |  |
|--|--|
| 1. ACC Ayushman Trust  | 21. Loka Kalyan Parishad   |
| 2. Agranee Jan Kalyan Anusthan   | 22. Mahashakti Foundation  |
| 3. Akruiti Rural Development Trust                                     | 23. Mahatma Gandhi Integrated development and Education Institute, Bandikui, Rajasthan     |
| 4. Amhi Amchya Arogyasathi   | 24. Naad Gunjan Kala Parishad  |
| 5. Patang, Sambalpur, Odisha   | 25. Manthan Yuva Kendra, Ranchi, Jharkhand   |
| 6. Head Held High, Bangalore   | 26. Pancham Research and Bio tech Sansthan, Lucknow  |
| 7. ACC MAVIM Loksanchalit Sadhan Kendra - CMRC-Ghugus                  | 27. SANSKAR  |
| 8. Sneh Sarvodaya Seva Sangh   | 28. Sarva Seva Samiti Sanstha, Bargarh   |
| 9. American India Foundation, New Delhi                                | 29. SATTVA Media and consulting Pvt. Ltd, Bangalore  |
| 10. Dehat ( Developmental Association for Human Advancement ) Bahraich | 30. SEED CSR, New Delhi  |
| 11. Dilasa Janvikas Pratishthan, Aurangabad                            | 31. Self reliant initiatives through joint action (SRIJAN)                                 |
| 12. Forum for Rural Development (FORD)                                 | 32. SERDS, Kadirannagari Palli, Bagepalli Tal  |
| 13. Jharkraft, Ranchi, Jharkhand                                       | 33. Saraswathi Women Educational Service Training Improvement Centre, Dindigul, Tamil Nadu |
| 14. HARITIKA   | 34. Vision Springs, New Delhi  |
| 15. Himachal Pradesh Voluntary Health Association(HPVHA), Shimla,      | 35. MART, NOIDA, Uttar Pradesh,  |
| 16. Ranthambhor Seva Sansthan, Jaipur                                  | 36. Innovative Development Solution  |
| 17. IIMPACT, New Delhi   | 37. SEEDS (IL&FS), New Delhi   |
| 18. PHIA Foundation, Ranchi, Jharkhand                                 | 38. UDYOGINI   |
| 19. Jan Sevak Samiti, Bhilai   | 39. AHEAD Trust  |
| 20. DEEDS, Mumbai  | 40. Sadbhawana Sewa Evam Shiksha Sansthan, Jamul   |

- 6. In case the company has failed to spend the two percent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its board report.**

Not Applicable

- 7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy is in compliance with CSR objective and Policy of the company.**

ACC CSR projects were designed, implemented and periodically monitored based on need assessment reports and CSR Policy of the Company, which in turn is based on and implemented as per statutory requirements.

NEERAJ AKHOURY  
Managing Director and Chief Executive Officer

SHAILESH HARIBHAKTI  
Chairman, CSR Committee

Date: April 18, 2018

## ANNEXURE 'C' TO BOARD'S REPORT

### CRITERIA FOR SELECTION OF CANDIDATES FOR APPOINTMENT AS DIRECTORS, KEY MANAGERIAL PERSONNEL AND MEMBERS OF THE EXECUTIVE COMMITTEE

The Nomination & Remuneration Committee plays an important role in ensuring that there is a formal and transparent process for appointment to the Board of Directors and is, inter alia, responsible for identifying potential candidates for appointment as Directors. The Committee takes into account the Board's existing composition vis-à-vis the need to have a broad based and diverse Board commensurate with the size and complexity of the Company's operations. This ensures that the Company gets the maximum benefits from the contributions and deliberations of an accomplished and diverse group of individuals and professionals, that issues are discussed from different angles fostering creativity in the Board's decision making process as well as provide for comprehensive strategic planning and effective risk management at the highest level.

Some of the important criteria considered by the Nomination & Remuneration Committee in identifying candidates for appointment as Directors are:

- a. selection of candidates from a wide cross section of industries and professional backgrounds, qualifications, expertise and experience of the candidate, their domain and functional knowledge in the fields of manufacturing, marketing, finance, taxation, law, governance and general management so as to enable the Board to discharge its function and duties effectively;
- b. in case of recommendation for appointment of Independent Directors, the Nomination & Remuneration Committee shall also satisfy itself with regard to the independent nature of the Director vis-à-vis the Company;
- c. The candidates identified for appointment as Directors should not be qualified for appointment under Section 164 of the Act;
- d. the following attributes/criteria will be considered whilst recommending the candidature for appointment as Director:
  - i. age of the candidate;
  - ii. integrity of the candidate;
  - iii. personal, Professional or Business Standing;

- iv. diversity of the Board;
- v. positive attributes of the candidate;
- vi. in case of re-appointment of Non Executive Directors, the Nomination & Remuneration Committee whilst making its recommendation to the Board of Directors, shall take into consideration the performance evaluation of the Director and his engagement level.

The Nomination & Remuneration Committee shall meet potential candidates to assess their level of competence, experience and their personal and other positive attributes before making its recommendation to the Board.

For the purpose of assessing the attributes of the candidate, the Committee shall, inter alia, take into consideration whether the candidate demonstrates:

- high standards of ethical behaviour;
- positive disposition, good interpersonal and communication skills;
- ability to think independently without being influenced by extraneous circumstances or consideration;
- capability to act with reasonable care, in good faith and in the best interests of the Company and its stakeholders;
- ability to devote time and attention for the business and governance of the Company;
- refrain from situations that may have a direct or indirect conflict of interest with those of the Company;
- acceptance to abide by the Company's Code of Business Conduct.

The Board of Directors (including the Nomination & Remuneration Committee) periodically review vacancies likely to occur on the completion of the tenure of Non Executive Directors for timely filling of such vacancies.





In the selection of the CEO&MD, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise and experience, domain and functional knowledge required for such office and who demonstrate positive attributes as explained above. The ability of the candidate to adapt to the organizational culture and ethos are also considered. The Committee also ensures that the identified candidate is not disqualified for appointment as a Director. In this regard, the Committee also takes into

consideration the recommendations received from any Member of the Committee/Board of Directors. In case of appointment of persons to the Executive Committee, the Nomination & Remuneration Committee considers the recommendation of the CEO&MD in this regard, who shall base his recommendation on the assessment of the qualifications, expertise and experience functional knowledge and skills of the candidate, his/her positive attributes and the ability and agility of the candidate to adapt to the overall organizational culture and ethos.

## ANNEXURE 'D' TO BOARD'S REPORT

### POLICY FOR REMUNERATION OF DIRECTORS, KEY MANAGERIAL PERSONNEL AND MEMBERS OF THE EXECUTIVE COMMITTEE

#### REMUNERATION PHILOSOPHY

The collective responsibility of the Board of Directors is the guiding principle in determining the compensation for Non-Executive Directors, whilst at the same time recognizing and adequately compensating the Chairman of the Board of Directors, the Chairman of the Audit Committee and Members of the Audit Committee and Compliance Committee for the additional responsibilities shouldered by them. The Chairman of the Board is required to provide leadership and balance conflicts of interest, if any, so that decisions are taken in the best interests of the Company and to ensure highest standards of governance. Likewise, the Members of the Audit Committee and the Compliance Committee have the onerous responsibility to respectively ensure adequacy of internal controls, robustness of financial policies and accounting / principles and compliance with applicable laws. The Members of the Audit Committee and the Compliance Committee and particularly the Chairman of the Audit Committee is required to spend considerable time for providing guidance to the Management in dealing with major issues.

#### REMUNERATION

The remuneration of the Non-Executive Directors is determined within the limits prescribed under Section 197 read with the rules framed thereunder and Schedule V to the Companies Act, 2013 (hereinafter collectively referred to as "the Act") and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "SEBI Regulations").

The Non-Executive Directors of the Company receive remuneration by way of sitting fees for attending the Board / Committee Meetings and commission as detailed hereunder:

- i. sitting fees for each meeting of the Board or Committee of the Board attended by the Director, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Act;
- ii. subject to the approval of the Members in General Meeting, payment of commission on an annual basis, of such sum as may be approved by the Board on the recommendation of the Nomination

& Remuneration Committee, subject to the ceiling prescribed under the Act. Pursuant thereto, the total commission payable to the Directors shall not exceed 1% of the net profit of the Company;

- iii. the commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board;
- iv. the Nomination & Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility;
- v. in determining the quantum of commission payable to the Directors, the Nomination & Remuneration Committee shall make its recommendation after taking into consideration the overall performance of the Company and having regard to the onerous responsibilities required to be shouldered by the Director etc.;
- vi. the Nomination & Remuneration Committee may recommend to the Board, for the payment of an additional commission to those Directors who are Members on the Audit Committee and the Compliance Committee of the Board, subject to a ceiling on the total commission payable as may be decided;
- vii. in addition to the remuneration paid under Clause (ii) and (vi) above, the Chairman of the Audit Committee shall be paid an additional commission, as may be recommended to the Board by the Nomination & Remuneration Committee;
- viii. the commission shall be payable on a prorata basis to those Directors who occupy office for part of the year;
- ix. the Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

The CSR Committee has decided not to accept any sitting fees and pursuant thereto, no sitting fees are paid to the Members of the CSR Committee for attending CSR Committee Meetings.



## REMUNERATION POLICY FOR THE CHIEF EXECUTIVE OFFICER & MANAGING DIRECTOR (CEO&MD) AND EXECUTIVE COMMITTEE MEMBERS

The Company's compensation philosophy for the CEO&MD and the Executive Committee Members is broadly guided by the fact that the Company gains a competitive advantage in attracting, retaining and motivating talent. This can be ensured by providing a remuneration structure which when benchmarked with comparable companies within the industry/sector compares favourably so as to attract talent. At the same time the reward proposition is linked to the overall company's performance, individual performance, employee's potential, criticality of the function and its importance for achieving a competitive advantage in business.

### REMUNERATION POLICY FOR THE CEO&MD

- i. The CEO&MD shall be paid such remuneration as may be mutually agreed between the Company (which includes the Nomination & Remuneration Committee and the Board of Directors) and the CEO&MD, within the overall limits prescribed under the Act.
- ii. The remuneration shall be subject to the approval of the Members of the Company in General Meeting.
- iii. The remuneration of the CEO&MD shall be broadly divided into fixed and variable components. The fixed component comprises salary, allowances, perquisites, amenities and retirement benefits. The variable component comprises performance bonus and other long term incentives.
- iv. In determining the remuneration the Nomination & Remuneration Committee shall consider the following:
  - a. the relationship between remuneration and performance;
  - b. balance between fixed and incentive pay reflecting short and long term performance objectives appropriate to the working of the Company and its goals;
  - c. responsibility required to be shouldered by the CEO&MD, the industry benchmarks and current trends;
- d. the Company's performance vis-à-vis the annual budget achievement and individual performance vis-à-vis the KRAs / KPIs.
- e. in keeping with best industry practices, to ensure that the remuneration is competitive and that it compares favourably with the Industry.

### REMUNERATION POLICY FOR THE KEY MANAGERIAL PERSONNEL AND THE EXECUTIVE COMMITTEE MEMBERS

- i. In determining the remuneration of the Key Managerial Personnel (KMP) and Executive Committee Members, the Nomination & Remuneration Committee shall consider the following:
  - a. the relationship between remuneration and performance;
  - b. the balance between fixed and incentive pay reflecting short and long term performance objectives, appropriate to the working of the Company and its goals;
  - c. the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
  - d. the remuneration including annual increment and performance bonus, is decided based on the criticality of the roles and responsibilities, the Company's performance vis-à-vis the annual budget achievement, individuals performance vis-à-vis KRAs/KPIs, industry benchmarks and current compensation trends in the market.
- ii. The CEO&MD will carry out the individual performance review based on the standard appraisal matrix and shall take into account the appraisal score card and other factors mentioned herein-above, whilst recommending the annual increment and performance incentive to the Nomination & Remuneration Committee for its review.

## ANNEXURE 'E' TO BOARD'S REPORT

### FORM NO. MR-3 SECRETARIAL AUDIT REPORT

FOR THE YEAR ENDED 31<sup>st</sup> DECEMBER, 2017

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,  
The Members,  
ACC Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by ACC Limited (hereinafter called 'the Company'). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the year ended 31<sup>st</sup> December, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the year ended 31<sup>st</sup> December, 2017 according to the provisions of:

- (1) The Companies Act, 2013 ('the Act') and the rules made thereunder;
- (2) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (3) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
- (4) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder;

- (5) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as amended from time to time:-

- (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

We have also examined compliance by the Company of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India (SS-1 & SS-2).
- (ii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company is also compliant with all other laws applicable to it.

We further report that,

The Board of Directors of the Company is duly constituted as per the provisions of the Companies Act, 2013 (hereinafter referred to as 'The Act'). The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all the directors to schedule the Board Meetings, agenda and detailed notes on



agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

During the year, all the decisions in the Board Meetings were taken unanimously.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditors for the systems and mechanism framed by the Company for compliances under other Acts, Laws and Regulations applicable to the Company.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

During the year under the review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that during the audit period there were no specific events/actions having a major bearing on the Company's affairs.

For Pramod S. Shah & Associates  
(Practising Company Secretaries)

Pramod S. Shah – Partner  
Pramod S. Shah & Associates  
Membership No: FCS 334  
COP No: 3804

Place : Mumbai  
Date: 25/01/2018



## ANNEXURE 'F' TO BOARD'S REPORT

### CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

[Section 134 (3)(m) of the Companies Act, 2013 read with Rule 8 (3) of the Companies (Accounts) Rules, 2014]

#### (A1) POWER COST OPTIMISATION

The impact of increasing electrical energy cost was reduced by partly replacing grid power through increased consumption of Open Access (OA) power from comparatively cheaper sources. Mix of OA power to grid power has been increased from 25% to around 32% at Gagal; from 84% to 87% at Kudithini. OA power intake was started at Wadi during the second half of the year, with consumption of around 19% of total power. The OA power at Thondebhavi reduced to 73% from 93.5% last year due to abrupt changes for OA power making it unviable most of the time. The total saving was ₹18.43 crore in power cost year-on-year basis.

#### (A2) RENEWABLE POWER OBLIGATION

Your Company is trying to reduce the cash outflow for purchase of Renewable Energy Certificate (RECs) against Renewable Power Obligation (RPO).

The captive wind power generation sources contributed considerably in this front. Besides this, Company has sourced 6.55 million units collectively at Wadi, Thondebhavi and Kudithini to fulfill the Solar RPO. This resulted an additional saving of ₹ 0.65 crore in cash outflow.

#### (A3) CONSERVATION OF ENERGY

Energy conservation and efficiency measures were undertaken in various areas of the cement manufacturing and Captive Power Plants (CPP), mainly through operational measures. Few highlights are as under:

- Focus on arresting leakages and pressure drops through Computational Fluid Dynamics (CFD) study;
- Detailed CPP audits at Tikaria;
- Upgradation of Distributed Control System;
- Capacitor banks have been added to the system across ACC plants to improve plant power factor;
- Replacement of conventional lights with LED across the plants.

ACC Jamul was adjudged as Excellent Energy Efficient units by Confederation of Indian Industries (CII), supported by BEE for best practices in energy conservation

#### Plant wise briefs are as under

- Lakheri - RM1 VRM fan efficiency was improved by CFD study.
- Jamul – Optimized operation efficiencies in the Roller Press and other major equipment in clinkering and grinding sections; Upgraded Liquid Resistance Starter for old side Cement Mill Main Drive; Grid power intake was optimized to limit the same to less than 75% of maximum demand to reduce fixed charges
- Chanda - Finite Element Analysis (FEA) of cement mill done for converting Dual chamber to Mono chamber. Study completed, to be implemented during 2018.
- Wadi - CFD study was conducted to replace Mitsubishi Fluidized Calcliner (MFC) fan by blower for fluidization to achieve stable operation of the plant and to reduce kiln feed and fuel; Preheater Top Cyclone inlet modification implemented to improve performance.
- Tikaria - Completed the debottlenecking project of Cement Mill-1 to improve the mill output; Installed new set of condenser tube along with online cleaning system for improving CPP performance and completed cleaning of both flyash silos.
- Chaibasa – CFD study was implemented for VRM Cyclone to reduce pressure drop across the cyclones; Installed Medium Voltage Variable Frequency Drive (MVVFD) for slag dryer fan motor.
- Damodhar - CFD study of Cement Mill -1 Aerocline Cyclones was implemented to reduce the pressure drop across the cyclone and improve PRI
- Madukkarai - CFD was conducted at various locations; Raw coal hopper feed chute to improve feeding; Fresh Kiln feed box to calciner string to improve Heat Transfer and avoid short circuiting to control free lime; Calcliner top cyclone to Riser duct feed box to improve Heat Transfer; Meal curtain to improve the material distribution at kiln riser; CM8 cyclone to improve PRI; Burner tip modification to increase the momentum, thereby reduce the free lime in clinker



## Green Power

- ACC Renewable Energy Portfolio consists of 19 MW in the form of Wind Farms across 3 states and has generated approx 37.37 million units of green power. (Rajasthan - 12.90 million units, Tamilnadu – 21.05 million units, Maharashtra – 3.42 million units). These units helped to meet the RPO (Non Solar) for the Company's plants at Madukkarai and Lakheri fully, besides getting power at a very cheaper cost.

In Maharashtra, ACC Thane complex and Bulk Cement Corporation (India) Limited, Kalamboli are operating mainly on renewable energy with negligible cost through the ACC wind turbines at Satara, Maharashtra. This resulted in power cost saving of ₹ 3 crore.

- ACC entered into short term Power Purchase Agreement for Solar Power with a Major Solar Farm Developer and sourced 6.55 million units of Solar energy for the Wadi, Thondebhavi and Kudithini plants in Karnataka. This helped to meet the RPO (Solar) for these plants.
- ACC Lakheri installed 10 KW Roof top Solar plant on DAV School roof.
- The RPO of other plants are met by purchasing RECs (Solar & Non Solar).

### (a) Additional Proposals being implemented for further conservation of energy

- Process optimization;
- Upgradation of existing fans with high efficiency fans;
- Installation of VSDs for process fans for clinkering as well as grinding section, Boiler Feed Pump for CPP;
- Online Condenser cleaning system for turbine tubes;
- Upgradation of Energy Management System.

### (b) Impact of the above measures for reduction of energy consumption and consequent impact on cost of production

The measures stated in points (a) above would further improve the thermal and electrical energy efficiency of the Plants.

### (c) The capital investment on energy conservation equipments:

Your Company invested ₹ 27.30 crore on productivity / efficiency improvement, besides implementation of low cost measures to reduce energy consumption

## (B) TECHNOLOGY ABSORPTION

### Research & Development (R&D)

#### 1. Specific areas in which R&D is carried out by the Company

- Conservation of resources through maximization of use of low-grade limestone for cement manufacture, improving quality of blended cement through innovative processing utilizing industrial by-products for improved quality Performance of the Plants;
- Maximization of use of petcoke as a fuel and optimizing a lowest cost fuel mix plant-wise;
- Improving the grinding efficiency of petcoke and coal through inhouse patented process;
- Recycling of wastes and research for efficient use of scarce materials;
- Characterization of industrial wastes and looking into possibilities environmentally friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources;
- Development of new products or developing new methods of evaluation, characterization and analysis;
- Development and use of cement grinding aid and accelerators for PPC & PSC for improved performance in Concrete and achieving higher % flyash in PPC and higher % slag in PSC products;
- Productivity research for increased efficiency in use of resources development of application oriented cements with decreased CO<sub>2</sub> emissions;
- Development of cements tailored for specific market clusters and application segments;

- j. Development of one of its kind cement in India for reducing water seepage;
  - k. Development and manufacture of composite cement with improve concrete performance;
  - l. Development of cement based niche products and Dry Mix Mortars;
  - m. Development of internal waterproofing compound as a part of new initiative;
  - n. Quality benchmarking exercise for different market clusters of ACC products;
  - o. Monitoring in all the plants, the cement performance in concrete through application oriented testing;
  - p. Quality audit from mining to packing as well as labs to ensure proper sampling, ensuring reproducibility and repeatability of evaluation at each stage of manufacturing process, with automation and availability of analysis data through Laboratory Information Management System (LIMS).
- e) Effective replacement of the costlier natural gypsum by cheaper by products without affecting the quality of cement targeting reduced gypsum cost per tonne of cement;
  - f) Fuel efficiency;
  - g) Reduction in Sp.power consumption for grinding;
  - h) Effective use of Statistical Process Control at each stage of cement manufacture for improving consistency of operations and product quality.

### 3. Future plan of action

- a) Focus on development of products aimed at enhancing use of cement in various applications and development of application oriented cement based cementitious material;
- b) Exploratory research works on the above specified areas;
- c) Use of waste/byproducts in cement manufacture as alternative materials;
- d) Improve product quality particularly with respect to long term durability and reduction in cost of manufacture.

## 2. Benefits derived as result of above R&D

- a) Effective use of marginal quality raw materials and fuels with improved clinker quality;
- b) Maintaining a lead position in all the market clusters of the country;
- c) Launch of special high performance products like F2R, Concrete+, Coastal+, ACC Plus+, ACC Gold for specific market segments and market climatic conditions;
- d) Increased absorption of blending materials like flyash and slags in blended cements;

### 4. Expenditure on R&D

R&D Expenditure (₹ Crore)	7.64
Total R&D expenditure as percentage of Revenue from operations (net) (%)	0.06

### 5. Foreign Exchange Earnings & Outgo ₹ Crore

Foreign exchange earned	0.02
Foreign exchange used	133.03



## ANNEXURE 'G' TO BOARD'S REPORT

### INFORMATION PURSUANT TO SECTION 197(12) READ WITH RULE 5 OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

- Ratio of Remuneration of each Director/KMP to the median remuneration of all the employees of the Company for the year 2017

Median Remuneration of all the employees of the Company (₹ in Lakhs)	4.78
Percentage increase in the median remuneration of all the employees	2.58%
Number of permanent employees on the rolls of Company	7422

Name of Director and KMP	Remuneration <sup>^</sup> (₹ in Lakhs)		% increase in remuneration in financial year 2017	Ratio to median Remuneration of all employees
	2017	2016		
<b>Non Executive Directors</b>				
Mr N. S. Sekhsaria	55.80	42.60	31	12
Mr Jan Jensich (appointed w.e.f. 17.10.2017)	4.16	–	Not Applicable*	1*
Mr Eric Olsen (resigned w.e.f. 21.09.2017)	15.47	19.60	(21)*	3*
Mr Martin Kriegner	44.00	33.26	32	9
Mr Vijay Kumar Sharma	21.00	17.00	24	4
Mr Christof Hassig	22.50	19.50	15	5
<b>Independent Directors</b>				
Mr Shailesh Haribhakti	44.10	36.90	20	9
Mr Sushil Kumar Roongta	46.90	34.80	35	10
Mr Ashwin Dani	43.60	36.90	18	9
Mr Farrokh Kavarana	47.60	38.60	23	10
Mr Arunkumar Gandhi	53.80	41.30	30	11
Ms Falguni Nayar	26.40	18.60	42	6
<b>Executive Directors</b>				
Neeraj Akhoury MD& CEO (appointed w.e.f. February 4, 2017)	415.26 <sup>@</sup>	–	Not Applicable*	87*
Harish Badami CEO & MD (resigned w.e.f. February 4, 2017)	– <sup>&amp;</sup>	732.07	–*	–*

Name of Director and KMP	Remuneration <sup>^</sup> (₹ in Lakhs)		% increase in remuneration in financial year 2017	Ratio to median Remuneration of all employees
	2017	2016		
<b>Other KMPs</b>				
Sunil Nayak Chief Financial Officer	294.23	246.25	9 <sup>#</sup>	62
Ramaswami Kalidas Company Secretary & Head Compliance (appointed w.e.f. September 26, 2017)	24.12	–*	Not Applicable*	5*
Surendra Mehta Company Secretary & Head Compliance (w.e.f. April 21, 2017 till September 25, 2017)	59.25	–*	Not Applicable*	12*
Burjor Nariman Company Secretary & Head Compliance (resigned w.e.f. March 31, 2017)	29.62	117.48	(75)*	6*

\* Remuneration not comparable as they were in office for part of the year.

<sup>^</sup> Remuneration of Directors excluding Executive Directors considered above includes sitting fees.

<sup>®</sup> Does not include Performance Bonus of ₹ 243.63 lakhs for the year 2017 as approved by the Board of Directors at their meeting held on April 18, 2018 based on recommendation of Nomination & Remuneration Committee.

<sup>®</sup>The Board of Directors at its Meeting held on December 16, 2016 had approved a severance payment of ₹ 527.12 lakhs to Mr Harish Badami pursuant to the authority conferred on it by the Members of the Company.

<sup>#</sup> Increase on like to like basis.

- The average percentile increase in the salaries of employees other than Managerial Personnel (i.e. MD&CEO) is 7%. Mr. Neeraj Akhouri, MD&CEO was appointed during the year and therefore no comparison can be made with previous year's remuneration. The average increase in remuneration of employees other than the Managerial Personnel is in line with the industry practice and is within normal range.
- We affirm that the remuneration paid to the Directors, Key Managerial Personnel and employees is as per the Remuneration Policy of the Company.





## ANNEXURE 'H' TO BOARD'S REPORT

### EXTRACT OF ANNUAL RETURN

as on financial year ended 31.12.2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

### FORM NO. MGT- 9

#### I. REGISTRATION AND OTHER DETAILS

CIN	L26940MH1936PLC002515
Registration date	August 1, 1936
Name of the Company	ACC Limited
Category / Sub Category of the Company	Company having Share Capital
Address of the Registered office and contact details	Cement House, 121, Maharshi Karve Road, Mumbai - 400020
Whether Listed Company	Yes
Name, Address and contact details of Registrar and Transfer Agent, if any	The Company has an in-house Share Department at the Registered Office. Tel No. 022-33024469

#### II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the Business Activities contributing 10% or more of the total turnover of the company shall be stated:

Name and Description of the main Product / Services	NIC Code of the Product/ Service	% to total turnover of the Company
Cement	3242	91.67%
Ready Mix Concrete	3279	8.33%

#### III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANY

Name and address of the Company	CIN/ GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
Ambuja Cements Limited II Floor, Elegant Business Park, MIDC Cross Road B, Andheri East, Mumbai, 400059	L26942GJ1981PLC004717	Holding	50.05	2(46)
Holderind Investment Limited Holcim Group Support (Zurich) Ltd. Hagenholzstrasse 85, CH- 8050, Zurich, Switzerland	Foreign Company	Holding	4.48	2(46)
ACC Mineral Resources Limited Cement House, 121, Maharshi Karve Road, Mumbai 400020	U10100MH1930PLC001612	Subsidiary	100	2(87)
Bulk Cement Corporation (India) Ltd. Plot No. W-7, KWC Kalamboli, Dist Raigad 410 218	U99999MH1992PLC066679	Subsidiary	94.65	2(87)
Lucky Minmat Limited G-9/C, Kabir Marg, Bani Park, Jaipur 302 016	U14219RJ1976PLC001697	Subsidiary	100	2(87)
National Limestone Company Private Limited G-9/C, Kabir Marg, Bani Park, Jaipur 302 016	U26944RJ1981PTC002227	Subsidiary	100	2(87)
Singhania Minerals Private Limited Paryavas Bhavan, 2 <sup>nd</sup> Floor, Block No. 1 Jail Road, Areara Hills, Bhopal 462 011 (MP)	U14109MP1992PTC007264	Subsidiary	100	2(87)
Alcon Cement Company Private Limited 2 <sup>nd</sup> Floor, Velho Bldg, Opp Municipal Garden, Panaji, Goa 403 001.	U26942GA1992PTC001281	Associate	40	2(6)
Asian Concretes and Cements Private Limited SCF-270, Motor Market, Mansadevi Road, Chandigarh 160101	U26940CH2009PTC031641	Associate	45	2(6)
Aakaash Manufacturing Company Private Limited. 2 <sup>nd</sup> Floor, Velho Bldg, Opp Municipal Garden, Panaji, Goa 403001.	U55101GA1995PTC001908	Joint Venture Associate	40	2(6)
OneIndia BSC Limited No. 003, 'A' Ground Floor, 'The Estate', No. 121 Dickenson Road, Bengaluru - 560042	U74900KA2015PTC082264	Joint Venture Associate	50	2(6)

#### IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

##### i) Category - wise Shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (January 1, 2017)				No. of Shares held at the end of the year (December 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
(1) Indian									
a) Individual / HUF	0	0	0	0	0	0	0	0	0
b) Central Govt.	0	0	0	0	0	0	0	0	0
c) State Govt.(s)	0	0	0	0	0	0	0	0	0
d) Bodies Corporate	93984120	0	93984120	50.05	93984120	0	93984120	50.05	0.00
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(1)</b>	93984120	0	93984120	50.05	93984120	0	93984120	50.05	0.00
<b>(2) Foreign</b>									
a) NRIs- Individuals	0	0	0	0	0	0	0	0	0
b) Other - Individuals	0	0	0	0	0	0	0	0	0
c) Bodies Corporate	8411000	0	8411000	4.48	8411000	0	8411000	4.48	0.00
d) Banks/ FI	0	0	0	0	0	0	0	0	0
e) Any Other	0	0	0	0	0	0	0	0	0
<b>Sub-Total (A)(2)</b>	8411000	0	8411000	4.48	8411000	0	8411000	4.48	0.00
<b>Total Shareholding of Promoters (A)=(A)(1)+(A)(2)</b>	102395120	0	102395120	54.53	102395120	0	102395120	54.53	0.00
<b>B. Public Shareholding</b>									
<b>(1) Institutions</b>									
a) Mutual Funds	4367431	29300	4396731	2.34	8048272	23620	8071892	4.30	1.96
b) Banks / FI	25145987	83356	25229343	13.44	22276627	77586	22354213	11.90	(1.54)
c) Central Govt.	0	0	0	0	0	0	0	0	0
d) State Govt. (s)	56475	231340	287815	0.15	56475	231340	287815	0.15	0
e) Venture Capital Funds	0	0	0	0	0	0	0	0	0
f) Insurance Companies	1632040	0	1632040	0.87	2298522	0	2298522	1.22	0.35
g) FIs / FPIs	26958870	15975	26974845	14.36	25398691	8700	25407391	13.53	(0.83)
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0	0
i) Alternate Investment Fund	0	0	0	0	436443	0	436443	0.23	0.23
<b>Sub-Total (B)(1)</b>	58160803	359971	58520774	31.16	58515030	341246	58856276	31.34	0.18



Category of Shareholders	No. of Shares held at the beginning of the year (January 1, 2017)				No. of Shares held at the end of the year (December 31, 2017)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>(2) Non-Institutions</b>									
<b>a) Bodies Corporate</b>									
i) Indian	1632591	104611	1737202	0.93	1374267	88471	1462738	0.78	(0.15)
ii) Overseas	0	0	0	0	0	0	0	0	0
<b>b) Individuals</b>									
i) Individual Shareholders holding nominal share capital upto ₹1 lakh	14180526	4721317	18901843	10.07	13768974	3506174	17275148	9.20	(0.87)
ii) Individual Shareholders holding nominal share capital in excess of ₹1 lakh	1967747	501597	2469344	1.31	2297684	501587	2799271	1.49	0.18
<b>c) Others (Specify)</b>									
i) Shares held by Pakistani citizens vested with the Custodian of Enemy Property	0	215765	215765	0.11	0	80	80	0	0
ii) Other Foreign Nationals	168989	0	168989	0.09	382994	210	383204	0.20	0.11
iii) Foreign Bodies	0	0	0	0	0	0	0	0	0
iv) NRI / OCBs	702822	134158	836980	0.45	707367	95392	802759	0.43	(0.02)
v) Clearing Members / Clearing House	107606	0	107606	0.06	290725	0	290725	0.15	0.09
vi) Trusts	2431317	0	2431317	1.29	2732441	0	2732441	1.46	0.17
vii) Limited Liability Partnership, Association of Person	2323	0	2323	0	1323	0	1323	0	0
viii) Qualified Foreign Investor	0	0	0	0	0	0	0	0	0
ix) Investor Education & Protection Fund	0	0	0	0	788178	0	788178	0.42	0.42
<b>Sub-Total (B) (2):</b>	21193921	5677448	26871369	14.31	22343953	4191914	26535867	14.13	(0.18)
<b>Total Public Shareholding (B)= (B) (1) + (B) (2)</b>	79354724	6037419	85392143	45.47	80858983	4533160	85392143	45.47	0
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	0	0	0	0	0	0	0	0	0
<b>Grand Total (A+B+C)</b>	181749844	6037419	187787263	100.00	183254103	4533160	187787263	100.00	0

## ii) Shareholding of Promoters

Shareholder's Name	Shareholding at the beginning of the year (January 1, 2017)			Shareholding at the end of the year (December 31, 2017)			% change in shareholding during the year
	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total shares of the Company	% of Shares Pledged / encumbered to total shares	
Ambuja Cements Limited	93984120	50.05	-	93984120	50.05	-	0.00
Holderind Investments Limited	8411000	4.48	-	8411000	4.48	-	0.00
<b>Total</b>	<b>102395120</b>	<b>54.53</b>	<b>0</b>	<b>102395120</b>	<b>54.53</b>	<b>0</b>	<b>0</b>

## iii) Change in Promoters' Shareholding (please specify, if there is no change)

Shareholder's Name	Shareholding at the beginning of the year (January 1, 2017)		Cumulative Shareholding during the year (January 1, 2017 to December 31, 2017)	
	No. of Shares	% of total shares of the Company	No. of Shares	% of total shares of the Company
<b>1. Ambuja Cements Limited</b>				
At the beginning of the year	93984120	50.05	-	-
Date wise Increase/ Decrease in shareholding during the year:	No Change			
At the end of the year	-	-	93984120	50.05
<b>2. Holderind Investments Limited</b>				
At the beginning of the year	8411000	4.48	-	-
Date wise Increase/ Decrease in shareholding during the year:	No Change			
At the end of the year	-	-	8411000	4.48

## iv) Shareholding Pattern of Top Ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) as on December 31, 2017

Sl. No.	Name of shareholders	Shareholding at the beginning of the year (January 1, 2017)		Cumulative Shareholding during the year (January 1, 2017 to December 31, 2017)	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
<b>1</b>	<b>LIFE INSURANCE CORPORATION OF INDIA</b>				
	At the beginning of the year	21226841	11.30	-	-
	Bought during the year	24122	0.01	21250963	11.32
	Sold during the year	1845821	0.98	19405142	10.33
	At the end of the year	-	-	19405142	10.33
<b>2</b>	<b>EUROPACIFIC GROWTH FUND</b>				
	At the beginning of the year	2340000	1.25	-	-
	Bought during the year	0	0.00	2340000	1.25
	Sold during the year	0	0.00	2340000	1.25
	At the end of the year	-	-	2340000	1.25
<b>3</b>	<b>SMALLCAP WORLD FUND, INC</b>				
	At the beginning of the year	0	0.00	-	-
	Bought during the year	2147653	1.14	2147653	1.14
	Sold during the year	0	0.00	2147653	1.14
	At the end of the year	-	-	2147653	1.14



Sl. No.	Name of shareholders	Shareholding at the beginning of the year (January 1, 2017)		Cumulative Shareholding during the year (January 1, 2017 to December 31, 2017)	
		No of shares	% of total shares of the Company	No of shares	% of total shares of the Company
<b>4</b>	<b>GOVERNMENT OF SINGAPORE</b>				
	At the beginning of the year	591206	0.31	-	-
	Bought during the year	1399727	0.75	1990933	1.06
	Sold during the year	196746	0.10	1794187	0.96
	At the end of the year	-	-	1794187	0.96
<b>5</b>	<b>JPMORGAN SICAV INVESTMENT COMPANY (MAURITIUS) LIMITED</b>				
	At the beginning of the year	2280391	1.21		
	Bought during the year	0	0.00	2280391	1.21
	Sold during the year	499958	0.27	1780433	0.95
	At the end of the year			1780433	0.95
<b>6</b>	<b>JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED</b>				
	At the beginning of the year	1749721	0.93	-	-
	Bought during the year	0	0.00	1749721	0.93
	Sold during the year	0	0.00	1749721	0.93
	At the end of the year	-	-	1749721	0.93
<b>7</b>	<b>ABU DHABI INVESTMENT AUTHORITY – JHELUM</b>				
	At the beginning of the year	1509296	0.80	-	-
	Bought during the year	0	0.00	1509296	0.80
	Sold during the year	0	0.00	1509296	0.80
	At the end of the year	-	-	1509296	0.80
<b>8</b>	<b>JPMORGAN INDIA FUND</b>				
	At the beginning of the year	2000988	1.07	-	-
	Bought during the year	0	0.00	2000988	1.07
	Sold during the year	680983	0.36	1320005	0.70
	At the end of the year	-	-	1320005	0.70
<b>9</b>	<b>ICICI PRUDENTIAL LIFE INSURANCE COMPANY LTD</b>				
	At the beginning of the year	0	0.00	-	-
	Bought during the year	1403283	0.75	1403283	0.75
	Sold during the year	240779	0.13	1162504	0.62
	At the end of the year	-	-	1162504	0.62
<b>10</b>	<b>FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN INDIA PRIMA PLUS</b>				
	At the beginning of the year	710000	0.38	-	-
	Bought during the year	760000	0.40	1470000	0.78
	Sold during the year	370000	0.20	1100000	0.59
	At the end of the year	-	-	1100000	0.59

**Note:**

The above information is based on the weekly beneficiary position received from Depositories

The date wise increase or decrease in shareholding of the top ten shareholders is available on the website of the Company

[www.acclimited.com](http://www.acclimited.com)



## v) Shareholding of Directors and Key Managerial Personnel

Name of the Director	Shareholding at the beginning of the year (January 1, 2017)		Cumulative Shareholding during the year (January 1, 2017 to December 31, 2017)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
<b>Mr Shailesh Haribhakti</b>				
At the beginning of the year	3100	0.00	-	-
Date wise Increase/ Decrease in shareholding during the year:	-	-	-	-
At the end of the year			3100	0.00
Name of the Key Managerial Personnel	Shareholding at the beginning of the year (January 1, 2017)		Cumulative Shareholding during the year (January 1, 2017 to December 31, 2017)	
	No. of Shares	% of total shares of the company	No. of Shares	% of total Shares of the company
<b>Mr Sunil K Nayak, Chief Financial Officer</b>				
At the beginning of the year	05	0.00		
Date wise Increase/ Decrease in shareholding during the year:	-	-		
At the end of the year			05	0.00

### Notes:

1. Mr Neeraj Akhoury, Managing Director & Chief Executive Officer of the Company as well as the Key Managerial Personnel w.e.f. February 4, 2017 held Nil shares.
2. Mr Ramaswami Kalidas, Company Secretary and Head Compliance and Key Managerial Personnel w.e.f. September 26, 2017 held Nil shares.
3. Mr Surendra Mehta, Company Secretary & Head Compliance and Key Managerial Personnel for the period starting from April 21, 2017 to September 26, 2017 held Nil shares.
4. Mr Burjor D Nariman, Company Secretary & Head Compliance of the Company and Key Managerial Personnel for the Period starting from January 1, 2017 to March 31, 2017) held 200 Equity Shares of the Company.

## V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	(₹ Crores)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>				
i) Principal Amount	-	50.02	0.02	50.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.70	-	1.70
<b>Total (i+ii+iii)</b>	-	51.72	0.02	51.74
<b>Change in Indebtedness during the financial year</b>	-			
Addition	-	7.45	-	7.45
Reduction	-	-	(0.02)	(0.02)
Net Change	-	7.45	(0.02)	7.43
<b>Indebtedness at the end of the Financial year</b>	-			
i) Principal Amount	-	59.17	-	59.17
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
<b>Total (i+ii+iii)</b>	-	59.17	-	59.17



## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

### A. Remuneration to Managing Director (MD), Whole-time Director (WTD) and/or Manager

(₹ Lakhs)

Sr. No.	Particulars of Remuneration	Mr Harish Badami (CEO&MD) Resigned w.e.f February 4, 2017	Mr Neeraj Akhoury (MD&CEO) Appointed w.e.f February 4, 2017	Total Amount
1	Gross Salary			
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-*	365.83	401.74
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	12.67	12.70
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Options	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
5	Others			
	i Deferred bonus	-	-	-
	ii Retirals	3.88	36.76	40.64
	<b>Total</b>	<b>39.82</b>	<b>415.26</b>	<b>455.08</b>

\*The Board of Directors at its Meeting held on December 16, 2016 had approved a severance payment of ₹ 527.12 lakhs to Mr Harish Badami pursuant to the authority conferred on it by the Members of the Company.

### B. Remuneration to other Directors

#### 1. Independent Directors

(₹ Lakhs)

Sr. No.	Particulars of Remuneration	Name of Director						Total Amount
		Mr S Haribhakti	Mr A K Roongta	Mr A Dani	Mr F Kavarana	Mr A K Gandhi	Ms F Nayar	
	Fee for attending Board/ Committee Meetings	8.10	10.90	7.60	11.60	8.80	6.40	53.40
	Commission	36.00	36.00	36.00	36.00	45.00	20.00	209.00
	Others, Please specify	-	-	-	-	-	-	-
	<b>Total (B) (1)</b>	<b>44.10</b>	<b>46.90</b>	<b>43.60</b>	<b>47.60</b>	<b>53.80</b>	<b>26.40</b>	<b>262.40</b>

#### 2. Other Non Executive Directors

(₹ Lakhs)

Sr. No.	Particulars of Remuneration	Name of Director						Total Amount
		Mr N S Sekhsaria	Mr V K Sharma	Mr Eric Olsen (Resigned w.e.f September 21, 2017)	Mr Jan Jenisch (Appointed w.e.f October 17, 2017)	Mr Christof Hassig	Mr Martin Kriegner	
	Fee for attending Board/ Committee Meetings	5.80	1.00	1.00	0.00	2.50	8.00	18.30
	Commission	50.00	20.00	14.47	4.16	20.00	36.00	144.63
	Others, Please specify	-	-	-	-	-	-	-
	<b>Total (B) (2)</b>	<b>55.80</b>	<b>21.00</b>	<b>15.47</b>	<b>4.16</b>	<b>22.50</b>	<b>44.00</b>	<b>162.93</b>
	<b>Grand Total (B) = (B)(1) + (B)(2)</b>							<b>425.33</b>

### C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel				
		Mr Sunil K Nayak (Chief Financial Officer)	Mr Burjor D Nariman (Company Secretary & Head Compliance for the Period starting from January 1, 2017 to March 31, 2017)	Mr Surendra Mehta (Company Secretary & Head Compliance for the Period starting from April 21, 2017 to September 26, 2017)	Mr Ramaswami Kalidas (Company Secretary & Head Compliance [Appointed w.e.f September 26, 2017])	Total Amount
1	(a) Gross Salary	270.68	24.22	53.89	22.95	371.74
	(b) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961 Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961	2.16	2.74	0.82	NIL	5.72
2	Stock Options	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
5	Others, please specify - Retirials	21.39	2.66	5.24	1.18	30.47
	<b>Total (C )</b>	<b>294.23</b>	<b>29.62</b>	<b>59.95</b>	<b>24.13</b>	<b>407.93</b>

### VII. PENALTIES/PUNISHMENTS/COMPOUNDING OF OFFENCES

There were no penalties/punishments/compounding of offences for the year ended December 31, 2017.

N S Sekhsaria  
Chairman

Mumbai  
April 18, 2018



## CORPORATE GOVERNANCE

The Directors present the Company's Report on Corporate Governance, pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, for the year ended December 31, 2017.

### COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Corporate Governance has been the hallmark of your Company's identity long before the term became a part of the corporate lexicon. The Governance Philosophy of your Company is based on a robust foundation of ethical values and highest levels of professionalism, which the Company has effectively sustained and nurtured for over 80 years of its existence. Setting the gold standard in Corporate Governance, the three pillars of good governance viz. ethics, values and professionalism are integrated in your Company's DNA. Integrity, transparency, fairness, accountability and compliance with the law are embedded in the Company's business practices, ensuring ethical and responsible leadership at the Board as well as the Management level. Your Company strongly believes that the solid Corporate Governance practices, which have evolved from the dynamic culture and positive thought processes, have been key enablers in infusing stakeholder trust and confidence, attracting and retaining financial and human capital, and in meeting societal aspirations.

The Company has rigorously abided by the core principles of Corporate Governance, which have been the bedrock of its two-fold governance, with the Board of Directors and the Committees of the Board at the apex level, and the Management structure at the operational level. The Board and its Committees guide, support and complement the Management team, which in turn assumes accountability and endeavours to achieve the set objectives and enhances stakeholder value.

**Board of Directors** - ACC is a professionally managed Company functioning under the overall supervision of the Board of Directors. Its Board comprises of the required proportion of Independent and Non-Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 (hereinafter referred to as "the Act") and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as "the SEBI Listing Regulations"). The Managing Director & Chief

Executive Officer (MD&CEO) of the Company is the only Executive Director.

The Board of Directors is made up of eminent and qualified persons who ensure that the tradition of demonstrating high standards of Corporate Governance is maintained. The Board sets out the overall corporate objectives and provides direction and independence to the Management to achieve these objectives for value creation through sustainable profitable growth. The Board seeks accountability of the Management in creating long term sustainable growth leading to the fulfilment of stakeholders' aspirations. It also sets out standards of corporate behaviour and ensures compliance with laws and regulations.

**Committees of Directors** - Having regard to the significant contributions that committees make in assisting the Board of Directors in discharging its duties and responsibilities and with a view to focus on various areas of the business, the Board has constituted the following Committees viz. Audit Committee, Stakeholders' Relationship Committee, Nomination & Remuneration Committee, Risk Management Committee, Corporate Social Responsibility (CSR) Committee which are mandatory Committees apart from the Compliance Committee and the Special Committee of Directors which are the non-mandatory Committees.

**Managing Director & Chief Executive Officer (MD&CEO)** - The MD&CEO is in overall operational control and responsible for the day-to-day working of the Company. He provides strategic directions, lays down policy guidelines and ensures implementation of the decisions of the Board of Directors and its various Committees and functions under the superintendence, direction and control of the Board.

**Executive Committee (ExCo)** - This Committee supports the Managing Director & Chief Executive Officer and comprises of the Chief Financial Officer, Chief Manufacturing Officer, Chief People Officer and Chief Procurement Officer. It operates within the framework of the strategic policies laid down by the Board and is responsible and accountable for overall business deliverables. The ExCo meets on a regular basis to review and monitor the performance vis-a-vis the annual plans and budgets, discusses cross functional operational matters and addresses business challenges and issues.

### Organization Structure, Roles and Responsibilities -

ACC has a function-based organization structure, which enables operational challenges to be addressed efficiently, swiftly and proactively. Led by the Managing Director & Chief Executive Officer, it comprises of verticals for the functions of Sales & Marketing, Manufacturing, Human Resources, Finance, Procurement and miscellaneous Corporate Services. Cement Plants and Marketing units are grouped into four regional clusters, viz. North, South, East and West. The Regional Heads for Sales, Logistics, Finance and HR have a direct reporting line to the respective Vertical Heads. The Heads of Plants report to the respective Manufacturing Cluster Head in the region. Procurement activities are managed by India Procurement Organization executed from five Procurement Cluster offices. The Health & Safety function reports to the Managing Director & Chief Executive Officer whilst the Secretarial, Compliance and Legal functions report to the Chief Financial Officer.

### BOARD OF DIRECTORS

#### Composition of the Board as on December 31, 2017

Category	No. of Directors
Non Executive & Independent Directors including Woman Director	06
Other Non Executive Directors	05
Executive Director	01

### DIRECTORS' PROFILE

The Board of Directors comprises of highly renowned professionals drawn from diverse fields. They collectively bring with them a wide range of skills and rich experiences, which enhances the quality of the Board's decision making process.

#### Mr N S Sekhsaria, (DIN:00276351) – Non Executive and Non Independent Director

Mr Sekhsaria is the Chairman of the Board of Directors and a Non Independent and Non Executive Director.

Mr Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. He introduced new standards in management, marketing, efficiency and corporate social responsibility to an industry he helped transform.

A first generation industrialist, Mr Sekhsaria obtained his Bachelor's Degree in Chemical Engineering with honours and distinction from the University of Bombay. He is the Principal Founder-Promoter and current Chairman of Ambuja Cements Limited. Mr Sekhsaria was invited to join the ACC Board in 1999 and was appointed Deputy Chairman in January, 2000. In 2006, Mr Sekhsaria took over as Chairman of the Board.

Mr Sekhsaria built Ambuja Cements Limited into a benchmark for the Indian Cement Industry. His acumen as an entrepreneur and technocrat transformed that Company into the most efficient and profitable cement company in India and redefined industry practices by changing the perception of cement from a commodity to a branded product. Mr Sekhsaria championed community development by establishing the Ambuja Cement Foundation and guiding it into a model of excellence in social responsibility.

With his considerable wealth of experience, Mr Sekhsaria brings immense value to ACC Board. Under his leadership, ACC has achieved significant improvements in the areas of project management, logistics and overall cost-competitiveness. The impact of this guidance is visible in the high growth trajectory ACC has experienced since 1999.

Mr Sekhsaria is a Member on the Nomination & Remuneration Committee and Special Committee of Directors.

#### Mr Jan Jenisch (DIN:07957196) – Non Executive and Non Independent Director

Mr Jenisch has been inducted into the Board with effect from October 17, 2017 consequent upon his appointment as the CEO of LafargeHolcim, the Parent Company.

Mr Jenisch is a German National and has joined LafargeHolcim as Chief Executive Officer on September 1, 2017. Prior to his joining LafargeHolcim, Mr Jenisch has served with Sika AG since 1996, in various management functions and countries. He was appointed to the Management Board of Sika in 2004 as Head of the Industry Division and served as President Asia Pacific from 2007 to 2012. Mr Jenisch was the Chief Executive Officer of Sika AG from 2012. Under his leadership, Sika expanded into new markets and set new standards of performance in sales and profitability. Mr Jenisch graduated from the University of Fribourg, Switzerland and holds an MBA degree.





Mr Jenisch holds office as an Additional Director only up to the date of the Annual General Meeting (AGM), it is proposed to regularize his appointment as Director through due process of law at the ensuing AGM.

**Mr Neeraj Akhoury (DIN: 07419090) – MD&CEO and Non Independent Director**

Mr Akhoury took charge as Managing Director and CEO of ACC Limited on February 4, 2017.

Mr Akhoury brings with him over 2 decades of rich experience in the steel and cement industries with expertise on sales & distribution, marketing & supply chain, operations management & corporate strategy. He began his career with Tata Steel in 1993 and joined the LafargeHolcim Group in 1999. He was a member of the Executive Committee of Lafarge India, heading Corporate Affairs, followed by Sales in 2011, he moved to Nigeria as CEO & Managing Director of Lafarge AshakaCem PLC. Thereafter, he was appointed Strategy & Business Development Director for Middle East & Africa at the Lafarge headquarters in Paris. He has also served as CEO of Lafarge Surma Cement Limited and Country representative of LafargeHolcim Bangladesh.

Mr Akhoury has a degree with Economics from Allahabad University, followed by one year management program from XLRI, India. He is an alumnus of Harvard Business School (General Management)

Mr Neeraj Akhoury is a member on the Compliance Committee, Risk Management Committee, Stakeholders' Relationship Committee and Corporate Social Responsibility Committee of the Board.

**Mr Martin Kriegner (DIN: 00077715) – Non Executive and Non Independent Director**

Mr Martin Kriegner is an Austrian national and is a Member of LafargeHolcim's Executive Committee since August 2016, with overall responsibility for India and South East Asia and since January 2018 he is also responsible operations in Australia and New Zealand. He is a graduate from the Vienna University with a Doctorate in Law and obtained an MBA at the University of Economics in Vienna.

Mr Kriegner joined Lafarge in 1990 and became the CEO of Lafarge Perlmooser AG, Austria in 1998. He moved to India as the CEO of Lafarge's cement operations in 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur. In 2012, he was appointed CEO of Lafarge India for its cement, RMX and aggregates business. In July 2015, he became Area Manager Central Europe for LafargeHolcim operations and was appointed Head of India effective March 1, 2016.

Mr Kriegner joined the ACC Board in February 2016. He is a member on the Audit Committee, Nomination & Remuneration Committee and Special Committee of Directors.

**Mr Shailesh Haribhakti (DIN:00007347) – Non Executive and Independent Director**

Mr Shailesh Haribhakti is the Chairman of Haribhakti & Co. LLP (Chartered Accountants), New Haribhakti Business Services LLP and Mentorcap Management Private Limited.

Evolving from a background in Audit, Tax & Consulting, he now seeks to create enduring value for companies and organizations he is involved in, by being a deeply engaged Independent Director. His strong belief is that good governance creates sustainable competitive advantage. He is a strong supporter of a clean and green environment and is pioneering the concept of 'innovating to zero' in the social context.

Currently he is Non-Executive Chairman of L&T Finance Holdings Limited, L&T Mutual Fund and Future Lifestyle Fashions Limited, past Chairman and Trustee of National Pension Scheme Trust (NPS Trust), past Member of Pension Advisory Committee (PAC) of Pension Fund Regulatory & Development Authority (PFRDA). He currently serves on several large Boards of multinational and Indian companies and is also a member of several Advisory Boards.

He has participated in creating Indian Multinationals in the services sector. His passion for teaching, writing and public speaking have made him an associate with IIMA, many management institutions and several industry and professional forums. He has led BMA, IIA (Mumbai), ICAI(WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For a period of two years, he served on the Standards Advisory Council of the IASB in London.

**Mr S K Roongta (DIN:00309302) – Non Executive and Independent Director**

Mr Roongta holds a Bachelor's degree in Engineering from Birla Institute of Technology & Science (BITS), Pilani and a Post Graduate Diploma in Business Management - International Trade, from the Indian Institute of Foreign Trade (IIFT), New Delhi. He is a Fellow of All India Management Association (AIMA).

Mr Roongta has a wide and varied experience in public sector undertakings. He is presently Non Executive Chairman of Bharat Aluminium Company Limited (BALCO) and Talwandi Sabo Power

Limited (TSPL). Earlier, during his tenure as Chairman of SAIL from August 2006 to May 2010, the ranking of SAIL among World Class Steel Makers moved up to the second position from the seventeenth position, as per World Steel Dynamics, USA.

Mr Roongta headed a Panel of Experts on the Reforms in the Central PSEs, constituted by the Planning Commission. He has also been a Member of the Committee formed by the Ministry of Corporate Affairs, to formulate Policy Document on Corporate Governance.

He is associated with several academic institutions, and was the Chairman, Board of Governors, IIT Bhubaneswar (2012-2015) and is presently on the Board of Management of J. K. Lakshmi Pat University. He is also associated with apex Chambers of Commerce, being a member of National Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI), Chairman of the National Expert Committee on Minerals & Metals of Indian Chambers of Commerce (ICC) and co-chairs Industry Committee of PHDCCI.

Mr Roongta is a recipient of several awards and accolades including SCOPE Award for excellence and outstanding contribution to the Public Sector Management - Individual Category and IIM – JRD Tata award for Excellence in Corporate Leadership in Metallurgical Industries - 2016.

Mr Roongta is a Member on the Audit Committee, Risk Management Committee, Compliance Committee and Special Committee of Directors.

**Mr Ashwin Dani (DIN:00009126) – Non Executive and Independent Director**

Mr Dani holds a BSc (Hons) degree from the Institute of Science, University of Mumbai. He completed B.Sc. (Tech) - Paints, Pigments and Varnishes from U.D.C.T. (now known as Institute of Chemical Technology), University of Mumbai. He holds a Masters Degree in Polymer Science (USA) and a Diploma in Colour Science (USA).

Mr Dani started his career in 1967 as a Development Chemist with Inmont Corp. (now known as BASF), Detroit, USA, a major supplier of automotive OEM and refinishes. He joined Asian Paints Limited in 1968 as Senior Executive and moved through successive senior positions like Director - R&D, Works Director, Whole-time Director and as Vice Chairman and Managing Director from December, 1998 to March, 2009. Mr Dani has an

in-depth knowledge of supply chain management and is mainly responsible for the strong and committed dealer network at Asian Paints Limited which, inter alia, has contributed to that company's superior performance. Currently, he is the Non Executive Vice Chairman of Asian Paints Limited.

Mr Dani is the past President of the Indian Paint Association (IPA) and has received a number of awards for his contributions to the Paint Industry. He was the Vice President of Federation of Indian Chambers of Commerce and Industry (FICCI). He was a member of the Central Board of Trustees - Employees Provident Fund of the Government of India and was also the President of the Board of Governors of the UDCT (presently ICT) Alumni Association, Mumbai. Currently, he is a member on the Board of Management of ICT Mumbai.

Mr Dani is the Chairman of the Nomination & Remuneration Committee and is a Member on the Audit Committee of the Board.

**Mr Farrokh Kavarana (DIN:00027689) – Non Executive and Independent Director**

Mr Kavarana holds a B.Com. (Hons.) degree from the University of Bombay and an MBA from the Wharton School, University of Pennsylvania. He is a Fellow of the Institute of Chartered Accountants of England & Wales and a Member of the Institute of Chartered Accountants of India.

Mr Kavarana retired in 2014 as a Director of Tata Sons Limited and Tata Industries Limited, the apex holding companies of the Tata Group, after a career spanning four decades with the Group. He was Chairman of several Tata Companies in India and abroad - Tata AIG General Insurance Company Ltd., Tata AIA Life Insurance Company Ltd., Tata Projects Limited and Trent Limited. He was Executive Chairman of Tata Asset Management Ltd. from 2005 to 2009 and of Tata Infotech Ltd. from 2000 to 2005. He served as Executive Director of Tata Motors Limited from 1994 to 2000. He was Vice Chairman & Managing Director of Tata International AG, Switzerland and Tata Ltd., U.K. from 1975 to 1994, responsible for Tata Sons overseas operations and investments. Prior to his association with Tata Group, Mr Kavarana was with McKinsey & Co. Inc. in London and Washington D.C. from 1970 to 1974.

Mr Kavarana is involved with several social and charitable institutions and is Chairman - Lady Tata Memorial Trust, Trustee - Nani Palkhivala Memorial Trust



and the National Centre for the Performing Arts. He was a founder Trustee of Childline India Foundation from 1999 to 2014. He is a recipient of the Dadabhai Naoroji International Millennium Award 2005 and the Wharton India Alumni Award 2009.

He is a Member on the Audit Committee, the Nomination & Remuneration Committee and the Corporate Social Responsibility Committees of the Board. He is the Chairman of the Stakeholders' Relationship and Compliance Committees of the Board.

**Mr Vijay Kumar Sharma (DIN:02449088) – Non Executive and Non Independent Director**

Mr Vijay Kumar Sharma is the Chairman of Life Insurance Corporation of India since 16<sup>th</sup> December, 2016 and prior to this served as Chairman (In charge) from 16<sup>th</sup> September, 2016. He held the position of Managing Director, Life Insurance Corporation of India from 1<sup>st</sup> November, 2013 till his elevation as Chairman (In charge) LIC. From December 2010 to November 2013, he was Managing Director & Chief Executive Officer, LIC Housing Finance Limited (LICHFL), a premier housing finance company in the country.

Mr Vijay Kumar Sharma, is a post-graduate (M.Sc.) in Botany from Patna University. Mr Sharma joined LIC as Direct Recruit Officer in 1981 and has grown with the Corporation since then. He has handled various challenging assignments pan India and in all operational streams including in-charge positions at different levels. Working across the length and breadth of the country, he has added immensely to his experience and honed his understanding of demographics of the country, socio-economic needs of different regions and multi-cultural challenges in implementation of Corporate objectives.

As MD & CEO of LICHFL, he stabilized the operations of the company under most challenging circumstances of negative media glare, intense scrutiny by Regulator & others and turned it around to be the best Housing Finance Company in 2011.

Mr Sharma is an inspirational leader who utilizes negotiation skills gained over thirty six years of extensive experience in insurance and financial sectors and strongly connects to the grass-root levels, believes in bottom-up approach and has the ability to see the 'Big Picture' and translates it in to reality. Mr Sharma is known as a Growth Leader, leading the Organisation to surge ahead on a turnaround growth path in all the segments of performance.

**Mr Arunkumar Gandhi (DIN:00007597) – Non Executive and Independent Director**

Mr Arunkumar Gandhi is a Fellow Member of the Institute of Chartered Accountants in England & Wales, a Fellow Member of the Institute of Chartered Accountants of India and an Associate Member of the Chartered Institute of Taxation, London.

He was with N. M. Rajji & Co., Chartered Accountants, as a partner from 1969, and in 1993 became a Senior Partner. He occupied this position till July 2003. As partner, Mr Gandhi audited several public and private sector entities. He is an expert on share valuation and corporate restructuring (i.e. mergers/demergers etc.).

He was the Executive Director of Tata Sons Limited from August, 2003 till August, 2008 and was thereafter appointed Director of Tata Sons Limited, on whose Board he served upto March, 2013.

Mr Gandhi has been assisting the Tata Group in acquiring diverse assets and companies across the globe. This has enabled the Tata Group to acquire critical assets, resources and access to world class R&D facilities. In these transactions, he advised on business valuation, financial due diligence, counter-party negotiations, financing and applicable merger control provisions.

Over the last 20 years, Mr Gandhi has served as a Director on the Board of several Indian and foreign companies.

Mr Gandhi is the Chairman of the Audit Committee and Special Committee of Directors and Member of the Stakeholders' Relationship Committee of the Board.

**Ms Falguni Nayar (DIN:00003633) – Non Executive and Independent Director**

Ms Falguni Nayar is a Graduate from Sydenham College of Commerce & Economics and a Post Graduate from Indian Institute of Management, Ahmedabad.

Ms Nayar has a rich experience of over two and half decades. She started her career as a Manager and Consultant at A F Ferguson & Company. In 1993, she joined Kotak Mahindra Group to lead the M&A and Project Advisory Initiatives. She has held senior positions in various capacities and was the Managing Director and Chief Executive Officer of Kotak Investment Bank from 2006 to 2012. Ms Nayar is the founder and Chief Executive Officer of Nykaa.com, a beauty retail platform which she launched in 2012.

Ms Nayar was recognized as Top Woman in Business by Business Today in 2011 and 2017. She has also received FICCI Ladies Organization Award for Top

Woman Achiever in the field of banking in 2008. In 2017, Ms Nayar has won the “Woman Ahead” award at The Economic Times Start-Up Awards 2017.

Ms Nayar is a Member on the CSR Committee and Risk Management Committee and Special Committee of Directors.

**Mr Christof Hassig (DIN:01680305) – Non Executive and Non Independent Director**

Mr Christof Hassig heads the Corporate Strategy and Mergers & Acquisitions function in LafargeHolcim, reporting directly to the Chief Executive Officer.

Before joining the former Holcim Limited in 1999, Mr Christof Hassig worked for twenty five years at UBS in many different functions, including as Global Relationship Manager and Investment Banker for multinational corporates in Switzerland and abroad.

Within the former Holcim Limited, he was reporting directly to the Chief Financial Officer with many direct links to all other Executive Directors including Chief Executive Officer. For the past fifteen years, he has built and led the department Corporate Financing & Treasury.

This function spans across all the geographic regions and includes a matrix organization with the finance department of the operating companies in the various countries. In December 2012, he took over additional responsibilities as head of the newly created Mergers & Acquisitions function at Group level. In March 2013, the Group's Insurance Department was moved and integrated into the Corporate Finance & Treasury Department. He started his career with a three year apprenticeship in Banking followed by a Masters Degree in Banking and Advanced Management Programme at Harvard Business School in 2006.

**Resignations of Directors during the year**

Mr Harish Badami, who was appointed on August 13, 2014 as Chief Executive Officer & Managing Director, demitted office on February 4, 2017.

Mr Eric Olsen, Non Executive/Non Independent Director, stepped down from the Board of Directors of the Company with effect from September 21, 2017, consequent upon his resignation as CEO of LafargeHolcim, the parent Company.

**Directorships and Memberships on Committees**

The total number of Directorship(s) held by the Directors, and the position of Membership/Chairmanship on Committees held by them is given below. The number of Directorships and Committee Memberships held by Directors are well in line with the limits prescribed under the Act and SEBI Listing Regulations.

Name of Director	Category	Date of Appointment	*Number of Directorship(s) held in Indian public companies (including ACC)	**Committee(s) position (including ACC)	
				Member	Chairman
Mr N S Sekhsaria (Chairman)	Non Executive/ Non Independent	27.12.1999	3	0	0
Mr Jan Jenisch (Deputy Chairman)	Non Executive/ Non Independent	17.10.2017	2	0	0
Mr Neeraj Akhoury (MD&CEO w.e.f. 04.02.2017)	Executive	16.12.2016	4	1	0
Mr Martin Kriegner	Non Executive/ Non Independent	11.02.2016	3	2	0
Mr Shailesh Haribhakti	Non Executive/ Independent	17.02.2006	10	10	5
Mr Sushil Kumar Roongta	Non Executive/ Independent	03.02.2011	10	5	1
Mr Ashwin Dani	Non Executive/ Independent	15.12.2011	6	5	2
Mr Farrokh Kavarana	Non Executive/ Independent	03.05.2013	2	3	1
Mr Vijay Kumar Sharma	Non Executive/ Non Independent	06.02.2014	7 <sup>@</sup>	0	0



Name of Director	Category	Date of Appointment	*Number of Directorship(s) held in Indian public companies (including ACC)	**Committee(s) position (including ACC)	
				Member	Chairman
Mr Arunkumar Gandhi	Non Executive/ Independent	24.04.2014	3	3	1
Ms Falguni Nayar	Non Executive/ Independent	24.04.2014	8	5	1
Mr Christof Hassig	Non Executive/ Non Independent	09.12.2015	2	0	0
Mr Eric Olsen (Deputy Chairman) (resigned as Director w.e.f. 21.09.2017)	Non Executive/ Non Independent	17.07.2015	2	0	0
Mr Harish Badami (resigned as CEO&MD w.e.f. 04.02.2017)	Executive	13.08.2014	1	1	0

\*Excludes Directorships held in Private Limited Companies, Foreign Companies and in Section 8 Companies

\*\*Committees considered above are Audit Committee & Stakeholders' Relationship Committee and includes Membership(s) & Chairmanship(s) held by the Directors on the said Committees of ACC.

®Does not include chairmanship of Life Insurance Corporation of India, which is a Corporation set up under an Act of Parliament.  
None of the Directors are interested inter-se.

## BOARD DIVERSITY

Your Company has over the years been fortunate to have eminent persons from diverse fields as Directors on its Board.

Pursuant to SEBI Listing Regulations, the Nomination & Remuneration Committee has formalized a policy on Board diversity to ensure diversity of experience, knowledge, perspective, background, gender, age and culture. The policy is posted on the Company's website and can be accessed on web link <http://www.acclimited.com/sh/PDB.pdf>

## INDEPENDENT DIRECTORS

Independent Directors play an important role in the governance processes of the Board. With different points of views flowing from their expertise and experience, they enrich the decision making process of the Board and prevent conflicts of interest in such decision making.

The appointment of Independent Directors is carried out in a structured manner. The Nomination & Remuneration Committee identifies potential candidates based on certain laid down criteria and takes into consideration the diversity of the Board and accordingly makes recommendations to the Board.

The Independent Directors have been appointed for a fixed tenure of five years from their respective dates of appointment. Their appointments have been

approved by the Members of the Company at the Extraordinary General Meeting of the Company held on September 10, 2014.

None of the Independent Directors serve as "Independent Directors" in more than seven listed companies, in line with the requirements of the SEBI Listing Regulations.

The Independent Directors have confirmed that they meet the criteria of independence laid down under the Act and the SEBI Listing Regulations.

During the year under review, the Independent Directors met on December 07, 2017, inter alia, to :

- Review the performance of Non Independent Directors and the Board of Directors as a whole;
- Review the performance of the Chairman of the Company, taking into account the views of the Executive and Non Executive Directors;
- Assess the quality, content and timelines for the flow of information between the Management and the Board that is necessary for the Board to effectively and reasonably perform its duties;
- Evaluate the performance of the Corporate Secretarial function; and
- Review other related matters.

All the Independent Directors were present throughout the Meeting. They have expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express its views on businesses transacted



at the Meetings and the openness with which the Management discusses various subject matters on the agenda of meetings. The consolidated Evaluation Report of the Board was discussed at the Board Meeting held on December 08, 2017 and the action areas are being implemented to ensure a better interface at the Board/Management level.

### **INDUCTION PROGRAMME FOR NEW DIRECTORS AND ONGOING FAMILIARIZATION PROGRAMME FOR EXISTING INDEPENDENT AND NON INDEPENDENT DIRECTORS**

A formal induction programme for new Directors and an ongoing familiarization process with respect to the business/working of the Company for all Directors is a major contributor to enhance the business acumen of the Directors to facilitate engaging them in meaningful deliberations and in taking informed decisions.

While inducting Directors on the Board, formal letters of appointment are issued to the Directors, inter alia, explaining their role, function, duties and responsibilities as Directors and the Board's expectations from them. The Directors are also explained in detail about the compliances required from them under the Act, SEBI Listing Regulations and other relevant regulations and necessary affirmations are taken from them in respect thereto.

By way of an introduction to the Company, the Director is presented with a book on the rich legacy of the Company which traces its history of over 80 years of its existence, recent Annual Reports, Sustainable Development Report, brochure on the CSR activities pursued by the Company, copies of "The Indian Concrete Journal" which is a well accepted journal on civil engineering and construction, published by the Company which, inter alia, discusses topics on various types of cement and their applications and "ACC Parivar" the house magazine.

A presentation is also shared with the newly appointed director giving an overarching perspective of the cement industry, organizational set up of the Company and governance, the functioning of various divisions/departments, the Company's market share and the markets in which it operates, brand equity, internal control processes and other relevant information pertaining to the Company's business.

The above initiatives help the Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him to effectively fulfill his role.

Directors are also encouraged to visit the plants to have a better insight of the manufacturing processes, facilities and social environment in which the Company functions.

Further, as an ongoing process, the Board of Directors is updated on a regular basis through presentations and discussions on the overall economic trends, the legal and regulatory framework and amendments thereto, the performance of the Company and that of the cement industry, analysis of the circumstances which have helped or adversely impacted the Company's performance, comparison of the Company's performance with its peers in the Industry as available in public domain and the initiatives taken/proposed to be taken to bring about an overall improvement in the performance of the Company, marketing strategy, business risks and mitigation plan, etc.

Details of the programmes for familiarization of Independent Directors with the working of the Company are available on the website of the Company and can be accessed through web link <http://www.acclimited.com/sh/FPID.pdf>

### **PERFORMANCE EVALUATION OF THE BOARD AND INDIVIDUAL DIRECTORS**

Pursuant to the provisions of the Act and the SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance as well as the working of its Audit, Nomination & Remuneration and Compliance Committees. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors covering various aspects of the Board's functioning such as adequacy of the composition of the Board and its Committees, Board culture, execution and performance of specific duties, obligations and governance.

A separate exercise was carried out to evaluate the performance of individual directors. The Chairman of the Board of Directors and the Chairman of Nomination & Remuneration Committee met all the Directors individually to obtain an overview of the functioning of the Board and its committees, inter alia, on the following broad criteria i.e. attendance and level of participation at meetings of the Board/Committees, independence of judgement exercised by Independent Directors, interpersonal relationship etc.

Based on the inputs received from the Directors, an action plan has been drawn up in consultation with the Directors to encourage greater engagement of the Independent Directors with the Company.

### **REMUNERATION OF DIRECTORS**

The policy for payment of remuneration to Directors, Key Managerial Personnel and members of the Executive Committee of Management is set out as Annexure 'D' to the Board's Report.





### Terms of remuneration of Mr Neeraj Akhoury, Managing Director & Chief Executive Officer (MD&CEO)

The terms and conditions for the appointment and remuneration of Mr Neeraj Akhoury, MD&CEO, were approved by the Members of the Company at the Annual General Meeting held on March 29, 2017 and can be accessed through web link <http://www.acclimited.com/sh/NT.pdf>

### Remuneration drawn by the Directors and the Key Managerial Personnel

The remuneration drawn by the Directors during the year is as under:

₹ Lakhs

Name of the Director	Salary	Commission	Sitting Fees	Total
Mr N S Sekhsaria, Chairman	-	50.00	5.80	55.80
Mr Jan Jenisch, Deputy Chairman (appointed w.e.f. 17.10.2017)	-	4.16	-	4.16
Mr Neeraj Akhoury, MD&CEO	415.26	-	-	415.26
Mr Martin Kriegner	-	36.00	8.00	44.00
Mr Shailesh Haribhakti	-	36.00	8.10	44.10
Mr Sushil Kumar Roongta	-	36.00	10.90	46.90
Mr Ashwin Dani	-	36.00	7.60	43.60
Mr Farrokh K Kavarana	-	36.00	11.60	47.60
Mr Vijay Kumar Sharma	-	20.00	1.00	21.00
Mr Arunkumar Gandhi	-	45.00	8.80	53.80
Ms Falguni Nayar	-	20.00	6.40	26.40
Mr Christof Hassig	-	20.00	2.50	22.50
Mr Eric Olsen (resigned w.e.f on 21.09.2017)	-	14.41	1.00	15.47
Mr Harish Badami, CEO&MD (resigned w.e.f. 04.02.2017)	-*	-	-	-

\*The Board of Directors at its Meeting held on December 16, 2016 had approved a severance payment of ₹ 527.12 lakhs to Mr Harish Badami pursuant to the authority conferred on it by the Members of the Company.

None of the Directors of the Company, other than the Managing Director & CEO, have any pecuniary relationship with the Company.

The remuneration drawn by the Key Managerial Personnel during the year, other than the MD&CEO whose remuneration has been stated hereinbefore, is as under:

₹ Lakhs

Name of Key Managerial Personnel	Salary	Commission	Sitting Fees	Total
Mr Sunil Nayak Chief Financial Officer	294.23	-	-	294.23
Mr Ramaswami Kalidas Company Secretary & Head Compliance (appointed w.e.f. 26.09.2017)	24.13	-	-	24.13
Mr Surendra Mehta Company Secretary & Head Compliance (appointed w.e.f. 21.04.2017 and stepped down w.e.f. 26.09.2017)	59.95	-	-	59.95
Mr Burjor D Nariman Company Secretary & Head Compliance (resigned w.e.f. 01.04.2017)	29.62	-	-	29.62

## MEETINGS

### Board Meetings held during the Year

Dates on which the Board Meetings were held	Total Strength of the Board	No of Directors Present
February 3, 2017	13	12
April 21, 2017	12	09
May 5, 2017	12	10
July 17, 2017	12	08
September 25, 2017	11	09
October 17, 2017	12	11
December 08, 2017	12	10

The gap between any two Board Meetings did not exceed one hundred and twenty days in line with the requirements of the Act and the SEBI Listing Regulations.

### Attendance of Directors at Board Meetings and Annual General Meeting

Name of the Director	Attendance at the Board Meetings held on							Attendance at the AGM held on 29.03.2017
	February 3, 2017	April 21, 2017	May 5, 2017	July 17, 2017	September 25, 2017	October 17, 2017	December 8, 2017	
Mr N S Sekhsaria	✓	✓	Leave of Absence	✓	✓	✓	✓	✓
Mr Jan Jenisch (appt. w.e.f. 17.10.2017)	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Leave of Absence	Not Applicable
Mr Neeraj Akhoury	✓	✓	✓	✓	✓	✓	✓	✓
Mr Martin Kriegner	✓	✓	✓	✓	✓	✓	✓	✓
Mr Shailesh Haribhakti	Leave of Absence	✓	✓	✓	✓	✓	✓	✓
Mr Sushil Kumar Roongta	✓	✓	✓	✓	✓	✓	✓	✓
Mr Ashwin Dani	✓	Leave of Absence	✓	✓	✓	✓	✓	-
Mr Farrokh Kavarana	✓	✓	✓	✓	✓	✓	✓	-
Mr Vijay Kumar Sharma	✓	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	✓	Leave of Absence	✓
Mr Arunkumar Gandhi	✓	✓	✓	✓	✓	✓	✓	✓
Ms Falguni Nayar	✓	✓	✓	Leave of Absence	✓	✓	✓	✓
Mr Christof Hassig	✓	✓	✓	Leave of Absence	Leave of Absence	✓	✓	-
Mr Harish Badami (resigned w.e.f. 04.02.2017)	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	Not Applicable	-
Mr Eric Olsen (resigned w.e.f. 21.09.2017)	✓	Leave of Absence	✓	Leave of Absence	Not Applicable	Not Applicable	Not Applicable	-

The Act facilitates the participation of a Director in Board/Committee Meetings through video conference or other audio visual mode. Accordingly, the option to participate in the Meeting through

video conference was made available for the Directors except in respect of such items which are not permitted to be transacted under the statute through such facility.



## Duties and Functions of the Board

The Board of Directors sets the corporate culture and values for the Management, by ensuring high ethical standards. It provides strategic guidance, monitors operational performance and ensures that robust policies and procedures are in place. The Board, through its various Committees, reviews the identified risks and the mitigation measures undertaken/to be undertaken in respect thereof, ensures integrity in the Company's accounting and financial reporting systems, adequacy of internal controls and compliance with all relevant laws and discharges its functions towards CSR. In particular, the Board reviews and approves quarterly/half yearly unaudited financial results and the audited annual financial statements, corporate strategies, business plans, annual budgets, sets corporate objectives and monitors its implementation and oversees the major capital expenditure. It monitors overall operating performance, Health & Safety (H&S) performance and reviews such other items which require Board's attention. It directs and guides the activities of the Management towards achieving set goals and seeks accountability. It also sets standards of corporate behaviour and ensures transparency in corporate dealings. The Agenda for the Board Meetings covers items set out as guidelines in SEBI Listing Regulations to the extent these are relevant and applicable. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions. The Agenda is sent out to the Directors within the period stipulated in the Secretarial Standards. The Board processes are also in consonance with the requirements of the revised Secretarial Standard-1 relating to Meetings of the Board and its Committees, which are in substitution of the earlier version of the standard and have become applicable effective from October 1, 2017.

## COMMITTEES OF THE BOARD

The Company has over the years maintained the highest standards of Corporate Governance processes and practices, way ahead of the prescription of the regulatory provisions. For instance, long before it was mandated by the law, the Board of Directors had constituted the Audit Committee in 1986. A Share Committee was constituted in 1962 to look into various matters relating to the shares of the Company and investor relations, which has transformed into the 'Stakeholders' Relationship Committee'. Likewise, a Compensation Committee was constituted in 1992. This Committee has subsequently been reconstituted as the 'Nomination & Remuneration

Committee' with wider terms of reference as per statutory requirements.

The constitution, terms of reference and the functioning of the existing Committees of the Board is explained herein. Each of these Committees demonstrates highest levels of integrity and has the requisite expertise to handle issues relevant to their field. These Committees spend considerable time and give focused attention to the various issues placed before it and the guidance provided by these Committees lend immense value and enhances the quality of decision making process of the Board. The Board reviews the functioning of these Committees from time to time.

The Meetings of each of these Committees are convened by the respective Chairman of the Committees, who also apprise the Board about the summary of discussions held in the Committee Meetings. The minutes of the Committee Meetings are sent to all the Committee Members individually for their approval/comments as per the prescribed Secretarial Standard-1 and after the Minutes are duly approved are circulated to the Board of Directors' and tabled at the Board Meeting.

### Audit Committee - Mandatory Committee

The Audit Committee acts as an interface between the statutory and internal auditors, the Management and the Board of Directors. It assists the Board in fulfilling its responsibilities of monitoring financial reporting processes, reviewing the Company's established systems and processes for internal financial controls, governance and reviewing the Company's statutory and internal audit activities. More than two thirds of the Members on the Committee, including the Chairman, are Independent Directors. The Committee is governed by a Charter which is in line with the regulatory requirements mandated by the Act and SEBI Listing Regulations. The functions of the Committee, inter alia, include:

#### Financial Reporting and Related Processes

- Effective oversight of the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible.
- Reviewing with the Management (i) the quarterly unaudited financial results drawn up both on a standalone and consolidated basis and the Auditors' Limited Review Reports thereon, (ii) audited annual financial statements (both standalone and consolidated) and Auditors' Reports thereon before submission to the Board for approval. This

would, inter alia, include reviewing changes in the accounting policies and practices and reasons for such changes, major accounting entries involving estimates based on exercise of judgement by the Management.

- Review the Management Discussion & Analysis on the financial condition and results of its operations.
- Discuss with the Statutory Auditors, its judgement about the quality and appropriateness of the Company's accounting principles with reference to relevant Accounting Standards and the relevant Rules under the Act as amended from time to time.
- Scrutiny and review of the investments and inter-corporate loans made by the Company.

#### Internal Financial Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's accounting system and internal financial controls.
- Review and discuss with the Management the Company's major financial risk exposures and steps taken by the Management to monitor and mitigate such risks.
- To oversee and review the functioning of the vigil mechanism (implemented in the Company as a EthicalView Reporting Policy) and to review the findings of investigation into cases of material nature, if any, and the actions taken in respect thereof.

#### Audit function

- Review the scope of the Statutory Auditors, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.

- Review and monitor the auditors' independence, performance and effectiveness of the audit process.
- Review and discuss the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's response thereto.
- Review and recommend to the Board, the appointment / re-appointment of the Statutory Auditors and Cost Auditors considering their independence and effectiveness, their replacement and removal, if necessary.
- Approve such additional services which are to be rendered by the Statutory Auditors except for those enumerated in Section 144 of the Act, and payment for such services.
- Recommend to the Board the remuneration of the Statutory Auditors/Cost Auditors.
- Reviewing the annual Cost Audit Report submitted by the Cost Auditors.

#### Other Functions

- To review the appointment, removal and terms of remuneration of the Chief Internal Auditor and to approve the appointment of the Chief Financial Officer, after assessing the qualifications and experience of the candidate.
- To grant prior approval to all related party transactions including grant of omnibus approvals for related party transactions which are repetitive in nature, are in the ordinary course of business and on an arms' length pricing basis and to review and approve such transactions subject to the approval of the Board or shareholders, as the case may be.

The composition of the Audit Committee as at December 31, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Audit Committee Meetings held on					
		02.02.2017	21.04.2017	17.07.2017	25.09.2017	16.10.2017	06.12.2017
Mr Arunkumar Gandhi, Chairman	Non Executive/ Independent	✓	✓	Leave of Absence	✓	✓	✓
Mr Martin Kriegner	Non Executive/ Non Independent	✓	Leave of Absence	Leave of Absence	✓	Leave of Absence	Leave of Absence
Mr Sushil Kumar Roongta	Non Executive/ Independent	✓	✓	✓	✓	✓	✓
Mr Ashwin Dani	Non Executive/ Independent	✓	Leave of Absence	✓	✓	✓	✓
Mr Farrokh Kavarana	Non Executive/ Independent	✓	✓	✓	✓	✓	✓

The Chairman of the Committee was present at the last Annual General Meeting of the Company.



All the Members of the Audit Committee possess the requisite qualification for appointment on the Committee and have sound knowledge of finance, accounting practices and internal controls.

The representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended the Audit Committee Meetings held during the year in which the financial statements have been placed for review. The representative of the Cost Auditor is invited to attend the Meeting of the Audit Committee at which the Cost Audit Report is tabled for discussion. The Managing Director & Chief Executive Officer (MD&CEO), the Chief Financial Officer (CFO), the Chief Internal Auditor, the Chief Manufacturing Officer attend the Audit Committee Meetings. The Company Secretary is the Secretary to the Committee.

During the year under review, the Audit Committee held separate one-to-one meetings with the Statutory Auditors and the Chief Internal Auditor to get their inputs on significant matters relating to their respective areas of audit without the presence of the MD&CEO and other management representatives.

#### Self Assessment by the Audit Committee

The Audit Committee has set in place a process to measure and benchmark its performance each year. The assessment broadly covers composition, structure and frequency of committee meetings, overview of the financial reporting process, adequacy of internal control systems and overview of internal and external audits. The results of the self assessment are presented to the Audit Committee along with the action plan on the areas requiring improvement, which are suitably implemented.

#### **Stakeholders' Relationship Committee - Mandatory Committee**

The Stakeholders' Relationship Committee comprises of four Members of which three Members are Independent Directors. The Committee is governed by a Charter.

The terms of reference of the Committee are:

- to approve transfer/transmission of shares/debentures and such other securities, as may be issued by the Company from time to time;
- issue of duplicate share certificates for shares/debentures and other securities reported lost, defaced or destroyed, as per the laid down procedure;

- to issue new certificates against subdivision of shares, renewal, split or consolidation of share certificates/certificates relating to other securities;
- to issue and allot right shares/bonus shares pursuant to a Rights Issue/Bonus Issue, subject to such approvals as may be required;
- to oversee the implementation of ESOS scheme, if any, implemented by the Company;
- to issue and allot debentures, bonds, and other securities subject to such approvals as may be required;
- to approve and monitor dematerialization of shares/debentures/other securities and all matters incidental or related thereto;
- to authorize the Company Secretary & Head Compliance/other officers of the Share Department to attend to matters relating to non-receipt of annual reports, notices, non-receipt of declared dividend/interest, change of address for correspondence etc. and to monitor action taken;
- to authorize the Company Secretary & Head Compliance/other officers of the Share Department to attend to matters relating to transfer/transmission of shares, issue of duplicate share certificates for shares reported lost, defaced or destroyed, to issue new certificates against subdivision of shares and renewal, split or consolidation of share certificates;
- to monitor Investor Relation activities of the Company and give guidance on the flow of information from the Company to the Investors;
- to monitor expeditious redressal of grievances of shareholders/security holders including complaints relating to transfer/transmission of shares/securities, non-receipt of declared dividends/Annual Reports, issue of duplicate certificates and other complaints;
- all other matters incidental or related to issue of shares, debentures and other securities of the Company;
- to review reports relating to grievances of investors, shareholding pattern and other reports which are to be submitted to the Stock Exchanges periodically, in line with the requirements of the SEBI Listing Regulations.
- any other matters as may be assigned to the Committee by the Board of Directors.

The composition of the Stakeholders' Relationship Committee as at December 31, 2017 and the details of Members participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Stakeholders' Relationship Committee Meetings held on				
		02.02.2017	18.04.2017	07.07.2017	16.10.2017	06.12.2017
Mr Farrokh Kavarana Chairman	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr Shailesh Haribhakti	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr Arunkumar Gandhi (appointed as Member w.e.f. 08.12.2017)	Non Executive/ Independent	Not applicable	Not applicable	Not applicable	Not applicable	Not applicable
Mr Neeraj Akhoury (appointed as Member w.e.f. 04.02.2017)	Executive	Not applicable	✓	✓	✓	✓
Mr Harish Badami (resigned w.e.f. 04.02.2017)	Executive	✓	Not applicable	Not applicable	Not applicable	Not applicable

Mr Farrokh Kavarana, Chairman of the Stakeholders' Relationship Committee was unable to attend the last Annual General Meeting, and had requested Mr Shailesh Haribhakti to be the authorized representative to respond to the queries of the Members with respect to the functioning of the Stakeholders' Relationship Committee.

Mr Ramaswami Kalidas, Company Secretary & Head Compliance, functions as the Compliance Officer.

During the year, 40 letters were received from shareholders, following up on their pending matters/queries relating to transfers/transmission of shares, issue of duplicate share certificates and related matters. These letters were attended within a period of 30 days of their receipt, except for one complaint which has been relodged by the complainant, despite the fact that it was attended to earlier by the Company.

The Company had 69 share transfers pending as on December 31, 2017. These share transfers were received by the Company on or after December 22, 2017 and have since been acted upon.

#### **Nomination & Remuneration (N&R) Committee-Mandatory Committee**

The Nomination & Remuneration Committee is governed by a Charter. The Chairman of the Committee is an Independent Director and more than half the Members on the Committee are Independent Directors. The Chairman of the Board is a member of the Committee but does not chair the Committee.

The terms of reference of the Committee inter alia, include the following:

- Succession planning of the Board of Directors and Management Executive Committee (ExCo);
- Identifying and selecting candidates who are qualified for appointment as Directors/Independent Directors, based on certain laid down criteria;
- Identifying potential individuals for appointment as Key Managerial Personnel and ExCo Members and to recommend to the Board of Directors their appointment and removal;
- Review the performance of the Board of Directors, Key Managerial Personnel and ExCo Members based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel and ExCo Members, the Committee ensures that the remuneration is reasonable and sufficient to attract, retain and motivate the best managerial talent, the relationship of remuneration to performance is clear and meets appropriate performance benchmarks and that the remuneration involves a balance between fixed and incentive pay reflecting short term and long term objectives of the Company.
- To recommend to the Board of Directors the extension or continuance in office of the independent directors on the basis of the report of their performance evaluation.





The composition of the Nomination & Remuneration Committee as at December 31, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the N&R Committee Meetings held on					
		03.02.2017	21.03.2017	18.04.2017	05.09.2017	17.10.2017	07.12.2017
Mr Ashwin Dani Chairman	Non Executive/ Independent	✓	✓	✓	✓	✓	✓
Mr N S Sekhsaria	Non Executive/ Non Independent	✓	✓	✓	✓	✓	✓
Mr Martin Kriegner	Non Executive/ Non Independent	✓	✓	✓	✓	Leave of Absence	✓
Mr Shailesh Haribhakti	Non Executive/ Independent	Leave of Absence	Leave of Absence	✓	✓	✓	✓
Mr Farrokh Kavarana	Non Executive/ Independent	✓	✓	✓	✓	✓	✓
Mr Eric Olsen (resigned w.e.f. 21.09.2017)	Non Executive/ Non Independent	Leave of Absence	Leave of Absence	Leave of Absence	Leave of Absence	Not Applicable	Not Applicable

Mr Ashwin Dani, Chairman of the Nomination & Remuneration Committee, was unable to attend the last Annual General Meeting, and he had requested Mr Shailesh Haribhakti to be the authorized representative to respond to the queries of the Members with respect to the functioning of the Nomination & Remuneration Committee.

#### Corporate Social Responsibility (CSR) Committee - Mandatory Committee

The Company has always been conscious of its obligations vis-a-vis the communities it impacts and has been pursuing various CSR activities long before it became mandated by law. As required under the Act, a formal Committee of the Board was constituted in 2013

to oversee and give direction to the Company's CSR activities.

The terms of reference of the Corporate Social Responsibility Committee (CSR) broadly includes:

- Reviewing the existing CSR Policy and to make it more comprehensive so as to incorporate the activities which are to be undertaken by the Company, as specified in Schedule VII of the Act;
- Recommending the amount of expenditure to be incurred on the various CSR initiatives;
- Providing guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

The composition of the CSR Committee as at December 31, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at Corporate Social Responsibility Committee Meetings held on	
		18.04.2017	06.12.2017
Mr Shailesh Haribhakti, Chairman	Non Executive/ Independent	✓	✓
Ms Falguni Nayar	Non Executive/ Independent	✓	Leave of Absence
Mr Farrokh Kavarana	Non Executive/ Independent	✓	✓
Mr Neeraj Akhoury (appointed w.e.f. 04.02.2017)	Executive	✓	✓
Mr Harish Badami (resigned w.e.f. 04.02.2017)	Executive	Not Applicable	Not Applicable

The Chairman of the Committee was present at the Annual General Meeting of the Company.

The Company's CSR Policy is comprehensive and is in alignment with the requirements of the Act and the United Nations Sustainable Development Goals. The CSR Policy Statement and the CSR Report forms part of the Board's Report.

#### **Risk Management Committee - Mandatory Committee (as per listing regulations)**

Business Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks as also to identify business opportunities.

The Risk Management Committee was constituted by the Board of Directors in 2014. The Committee is governed by a charter and its objective and scope

broadly comprises of:

- Reviewing and monitoring the risk management processes followed by the Management;
- Reviewing the Business Risk Management (BRM) Policy and framework, in line with legal requirements and SEBI Listing Regulations;
- Reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions and ownership as per a pre-defined cycle;
- Defining framework for identification, assessment, monitoring, mitigation and reporting of risks.
- Within its overall scope as aforesaid, the Committee shall review risks trends, exposure, their potential impact, analysis and mitigation plans.

The composition of the Risk Management Committee as at December 31, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Risk Management Committee Meetings held on	
		07.07.2017	16.10.2017
Mr Shailesh Haribhakti, Chairman	Non Executive/ Independent	✓	✓
Ms Falguni Nayar	Non Executive/ Independent	✓	✓
Mr S K Roongta	Non Executive/ Independent	✓	✓
Mr Neeraj Akhoury (appointed w.e.f. 04.02.2017)	Executive	✓	✓
Mr Harish Badami (resigned w.e.f. 04.02.2017)	Executive	Not Applicable	Not Applicable

#### **Compliance Committee - Non Mandatory Committee**

Recognizing the importance of the Company being compliant with various laws and regulations which impact its business, the Board of Directors constituted a Compliance Committee in 2008. The Compliance Committee plays an important role in building a regime of "zero tolerance" to any form of non-compliance, which is a pre-requisite for sustainable growth.

The terms of reference of the Committee broadly comprises of:

- reviewing the legal environment in which the Company operates with a view to understand the implications of major legislative and regulatory developments and their interpretation by the

Courts of law that may significantly affect the interests of the Company;

- reviewing compliances with the provisions of Competition Law and to provide guidance in regard to the development of the laws in India and abroad;
- reviewing compliance with all applicable statutes, rules and regulations based on reports received from the MD&CEO, Executive Committee Members and the Company Secretary & Head Compliance and recommend corrective actions, if any, where required;
- reviewing significant legal cases filed by and against the Company.



The composition of the Compliance Committee as at December 31, 2017 and the details of Members' participation at the Meetings of the Committee are as under:

Name of the Member	Category	Attendance at the Compliance Committee Meetings held on				
		02.02.2017	18.04.2017	27.04.2017	07.07.2017	16.10.2017
Mr Farrokh Kavarana Chairman	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr Shailesh Haribhakti	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr S K Roongta	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr Neeraj Akhoury (appointed w.e.f. 04.02.2017)	Executive	Not applicable	✓	✓	✓	✓
Mr Harish Badami (resigned w.e.f. 04.02.2017)	Executive	✓	Not applicable	Not applicable	Not applicable	Not applicable

### Special Committee - Non Mandatory Committee

During the year, the Board constituted a Special Committee of Directors to carry out a study on corporate restructuring and the potential merits and challenges associated therewith.

The Committee held five meetings during the year. The composition of the Committee and the attendance of Members constituting the Committee are as under:

Name of the Member	Category	Attendance at the Special Committee Meetings held on				
		11.05.2017	15.05.2017	14.06.2017	14.09.2017	25.09.2017
Mr Arunkumar Gandhi, Chairman	Non Executive/ Independent	✓	✓	✓	✓	✓
Mr N S Sekhsaria	Non Executive/ Non Independent	Leave of Absence	Leave of Absence	Leave of Absence	✓	✓
Mr Martin Kriegner	Non Executive/ Non Independent	✓	Leave of Absence	✓	✓	✓
Mr S K Roongta	Non Executive/ Independent	✓	✓	Leave of Absence	✓	✓
Ms Falguni Nayar	Non Executive/ Independent	✓	✓	✓	✓	✓

### SUBSIDIARY COMPANIES

The Company does not have any "material subsidiary" as defined in the SEBI Listing Regulations, whose income or net worth exceeds 20% of the consolidated income or net worth of the Company in the immediately preceding accounting year.

The Company's policy on "material subsidiary" is placed on the Company's website and can be accessed through weblink <http://www.acclimited.com/sh/DMS.pdf>

The Audited Annual Financial Statements of Subsidiary Companies are tabled at the Meetings of the Audit Committee and Board of Directors of the Company. The quarterly financial results of the subsidiaries are also provided to the Audit Committee for an overview prior to their consolidation with the Parent Company.

Copies of the duly approved Minutes of the Nomination & Remuneration Committee, Audit Committee as

applicable to the Subsidiary Company and the approved Minutes of the Board Meetings of all Subsidiary Companies are provided to ACC Directors and tabled at the Board Meetings of the Parent Company.

### DISCLOSURES

#### INDIAN ACCOUNTING STANDARDS (IND AS)

The Company has adopted the Indian Accounting Standards (Ind AS) Rules, 2015, which became applicable from April 01, 2015. Accordingly, the audited financial statements for the year ended December 31, 2017 have been drawn up in accordance with the above Rules with a transition date of January 01, 2016. For all periods upto and including the year ended December 31, 2016, the Company had prepared its financial statements in accordance with the previously applicable Indian GAAP. The financial results for the year ended December 31, 2016 have been restated in line with the requirements of the Ind AS Rules, 2015.

## RELATED PARTY TRANSACTIONS

All transactions entered into by the Company during the year, with related parties were in the ordinary course of business and on an arm's length pricing basis. These transactions were also subject to scrutiny by an Independent Agency. The policy on related party transactions has been placed on the Company's website and can be accessed at <http://www.acclimited.com/sh/RPT.pdf>

## STRICTURES AND PENALTIES

No strictures or penalties have been imposed on the Company by the Stock Exchanges or by the Securities and Exchange Board of India (SEBI) or by any statutory authority on any matters related to capital markets during the last three years.

## CODE OF BUSINESS CONDUCT

The Board of Directors has approved a Code of Business Conduct which is applicable to the Members of the Board and to all employees. The Company follows a policy of "zero tolerance" to bribery and corruption of any form and the Board has laid down the "Anti Bribery & Corruption Directive" which forms an Appendix to the above Code. The Code has been posted on the Company's website [www.acclimited.com](http://www.acclimited.com)

The Code lays down the standard of conduct which is expected to be followed by the Directors and by the employees in their business dealings and in particular on matters relating to integrity at the work place, in business practices and in dealing with stakeholders. The Code gives guidance through examples on the expected behaviour from an employee in a given situation and the reporting structure.

All the Board Members and the Senior Management Personnel have confirmed compliance with the Code. All Management Staff were required to complete an e-learning module in addition to the face-to-face training conducted by the Company from time to time.

## FAIR COMPETITION DIRECTIVE PROGRAMME

Fair Competition Directive programme which was earlier known as Value Creation in Competitive Environment (VCCE) was introduced in the Company as early as in 2008 and the Company has been carrying out extensive training sessions for creating awareness among relevant employees on fair competitive practices.

Under the fair competition programmes, training sessions are conducted on an annual basis for the employees of the Company, particularly those in

sales and purchase functions, on various aspects of competition law and on behavior aspects for ensuring fair competition in the market place. E-Learning training is imparted to all such employees in addition to face-to-face training. Specific modules on "Do's and Don't's" in a tender bidding process have been added.

In addition to the above, the processes of the Company are subject to periodic reviews and where required have been further strengthened.

## VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company is committed to the high standards of Corporate Governance and stakeholder responsibility.

The Company has an EthicalView Reporting (EVR) Policy to deal with instances of fraud and mismanagement, if any. The EVR Policy ensures that strict confidentiality is maintained whilst dealing with concerns and also ensures that no discrimination is meted out against any person for a genuinely raised concern. Pursuant thereto, a dedicated helpline "ACC Ethics Helpline" has been set-up which is managed by an independent professional organization. The Ethics Helpline can be contacted to report any suspected or confirmed incidence of fraud/misconduct on:

- E-Mail: [acc@ethicalview.com](mailto:acc@ethicalview.com)
- Online reporting on <https://integrity.lafargeholcim.com>
- National Toll Free Number: 18002092008
- Fax Number: +91(22) 66459575
- Address: PO Box 137, Pune 411 001

A high level Committee has been constituted which looks into the complaints raised. The Committee reports directly to the Audit Committee and the Board.

## PREVENTION OF INSIDER TRADING

Pursuant to SEBI (Prohibition of Insider Trading) Regulations, 2015, the Company has formulated the "Code of Internal Procedures and Conduct for Regulating, Monitoring and Reporting of Trading by Insiders" and the "Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information" (ACC Code), which allows the formulation of a trading plan subject to certain conditions and requires pre-clearance for dealing in the Company's shares. It also prohibits the purchase or sale of Company's shares, by the Directors, designated employees and connected persons, while in possession of unpublished price sensitive information in relation to the Company and during the period(s) when the Trading Window to deal in the Company's shares is closed.



The Company Secretary & Head Compliance is responsible for implementation of the ACC Code.

The Board of Directors, designated employees and connected persons have affirmed compliance with the ACC Code.

## MEANS OF COMMUNICATION

The Company follows a robust process of communicating with its stakeholders and investors. For this purpose, it provides multiple channels of communications viz. through dissemination of information on the on-line portal of the Stock Exchanges, Press Releases, the Annual Reports and uploading relevant information on its website.

The unaudited quarterly results (both standalone and consolidated) are announced within forty-five days of the close of the quarter. The audited annual results are announced within sixty days from the close of the financial year, as required under SEBI Listing Regulations. The aforesaid financial results are disseminated to the Stock Exchanges within thirty minutes from the close of the Board Meeting at which these are considered and approved. The results are published in leading English daily newspapers having national circulation and the Marathi translation of the same is published in leading Marathi daily newspapers.

The audited financial statements form a part of the Annual Report which is sent to the Members within the statutory period and well in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly / half yearly results and the annual audited financial statements and the press releases of the Company are also placed on the Company's website: [www.acclimited.com](http://www.acclimited.com) and can be downloaded.

The presentations on the performance of the Company are placed on the Company's website for the benefit of the institutional investors, analysts and other shareholders immediately after the financial results are communicated to the Stock Exchanges.

The Company discloses to the Stock Exchanges, information required to be disclosed under Regulation 30 read with Part A of Schedule III of the SEBI Listing Regulations, including material information which have a bearing on the performance / operations of the Company or which is price sensitive in nature. All information is filed electronically on BSE's online Portal – BSE Listing Centre (Listing Centre) and on NSE

Electronic Application Processing System (NEAPS), the online portal of National Stock Exchange of India Limited.

The Board of Directors has approved a policy for determining materiality of events for the purpose of making disclosure to the Stock Exchanges. An internal Management Committee comprising of the MD&CEO, the Chief Financial Officer and the Company Secretary & Head Compliance has been constituted and empowered to decide on the materiality of information for the purpose of making disclosure to the Stock Exchanges.

All disclosures made to the Stock Exchanges are also made available on the Company's website under the heading 'Announcements' and can be accessed through weblink <http://www.acclimited.com/an>

Facility has been provided by SEBI for investors to place their complaints / grievances on a centralized web-based complaints redress system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: centralized database of all complaints, online upload of Action Taken Reports (ATRs) by the concerned companies and online viewing by investors of actions taken on the complaints and their current status.

A separate dedicated section under 'Corporate Governance' on the Company's website gives information on unclaimed dividends, quarterly compliance reports and other relevant information of interest to the investors/public.

The Company also uploads on the BSE Listing Centre and on NSE NEAPS portals, details of analysts and institutional investor meetings which are either held by the Company or in which the Company participates.

## COMPLIANCE WITH NON-MANDATORY PROVISIONS

The status with regard to compliance by the Company with discretionary requirements as listed out in Part E of Schedule II of SEBI Listing Regulations is as under:

- The position of the Chairman of the Board of Directors and that of the CEO are separate.
- The audit report on the Company's Financial Statements for the year ended December 31, 2017 is unmodified.
- The Chief Internal Auditor reports directly to the Audit Committee.
- The Company follows a robust process of communicating with the shareholders which has been elaborated in the Report under the Heading "Means of Communication".

## GENERAL INFORMATION TO SHAREHOLDERS

### Annual General Meeting

**Date** : June 13, 2018  
**Time** : 03.00 P.M.  
**Venue** : Birla Matushri Sabhagar,  
19, Sir Vithaldas Thackersey Marg,  
Mumbai 400 020  
**Financial Year** : January - December 2017

**Dividend Payment Date:** Within thirty days from the date of declaration.

### Investor Services

The Company has an in-house Share Department located at its Registered Office which offers all share related services to its Members and Investors. These services include transfer/transmission/dematerialization of shares/payment of dividends/sub-division/consolidation/ renewal of share certificates and resolutions of investor grievances.

The Company is registered with SEBI as a Registrar to an Issue / Share Transfer Agent in Category II Share Transfer Agent and the Registration Code is INR000004124.

### Address for Correspondence with the Company

ACC Limited  
Share Department  
"Cement House"  
121, Maharshi Karve Road,  
Mumbai 400020

Telephone No. : (022) 33024469  
Communication by E-mail : sujata.chitre@acclimited.com

### Communication by Members

Members who hold shares in dematerialized form should correspond with the Depository Participant with whom they maintain their Demat Account/s for queries relating to shareholding, updation of change of address, updation of bank details for electronic credit of dividend. However, queries relating to non-receipt of dividend, non-receipt of annual reports or on matters relating to the working of the Company should be addressed to the Company.

Members who hold shares in physical form should address their requests to the Company for change of address, change in bank details, processing of unclaimed dividend, subdivision of shares, renewal / split / consolidation of share certificates, issue of duplicate share certificates and such requests should be signed by the first named Member, as per the specimen signature registered with the Company. The Company may also,

with a view to safeguard the interest of its Members and that of the Company, request for additional supporting documents such as certified copies of PAN Cards and other proof of identity and/or address, as considered appropriate.

Members are requested to state their DP ID & Client ID / Ledger Folio number in their correspondence with the Company and also to provide their Email addresses and telephone numbers to facilitate prompt response from the Company.

### Exclusive E-Mail ID & Toll Free Number

The Company has designated an e-mail ID to enable the Members and Investors to correspond with the Company. The e-mail ID is [ACC-InvestorSupport@acclimited.com](mailto:ACC-InvestorSupport@acclimited.com)

The Company has also set up a toll free number 1800-3002-1001 to facilitate the Members/Investors. The toll free services will be available on all working days during the office hours except Saturdays, Sundays and all public holidays of the Company from 9.15 a.m. till 5.00 p.m.

### Plant Locations

The locations of the Company's Plants are given on page No. 16 of the Annual Report. The details of the Plants along with their addresses and telephone numbers are also available on the Company's website.

## MARKET INFORMATION

### Listing on Stock Exchanges

The Company's shares are listed on the following Stock Exchanges and the Listing Fees for the fiscal year 2017-18 have been paid to the Exchanges:

Name and Address of the Stock Exchanges	Stock Code/ Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	500410	
National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	ACC	INE012A01025

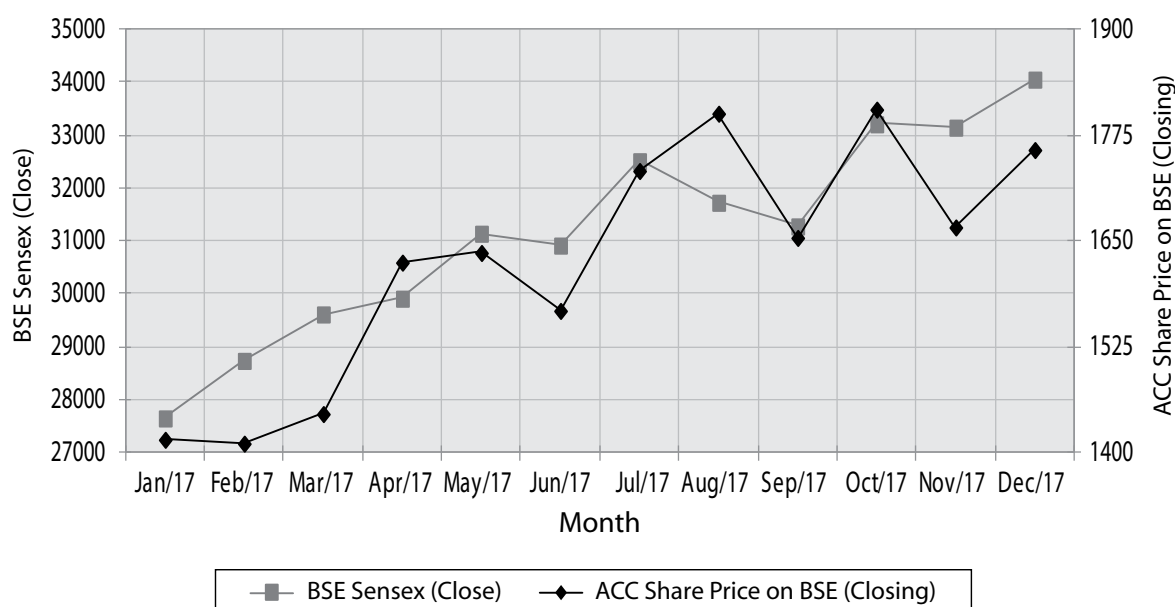




### ACC Share Price on BSE vis-à-vis BSE Sensex January 2017 - December 2017

Month	BSE Sensex (Close)	High (₹)	Low (₹)	Close (₹)	No. of shares traded during the month	Turnover (₹ crores)
January 2017	27,655.96	1,438.00	1,315.60	1,415.75	3,37,797	45.96
February 2017	28,743.32	1,510.80	1,401.40	1,411.20	4,63,114	67.56
March 2017	29,620.50	1,449.00	1,381.50	1,446.15	5,39,448	76.11
April 2017	29,918.40	1,646.90	1,450.05	1,624.95	5,79,958	89.75
May 2017	31,145.80	1,753.85	1,571.00	1,636.35	7,26,633	121.35
June 2017	30,921.61	1,673.45	1,541.55	1,567.95	7,94,298	129.16
July 2017	32,514.94	1,809.80	1,568.00	1,733.15	7,43,517	127.14
August 2017	31,730.49	1,842.00	1,713.20	1,800.80	5,53,000	99.15
September 2017	31,283.72	1,869.00	1,585.05	1,654.15	4,69,261	81.67
October 2017	33,213.13	1,836.00	1,635.50	1,805.60	3,61,486	63.75
November 2017	33,149.35	1,834.50	1,662.00	1,666.50	3,13,384	54.88
December 2017	34,056.83	1,770.85	1,655.60	1,757.90	6,56,757	112.66

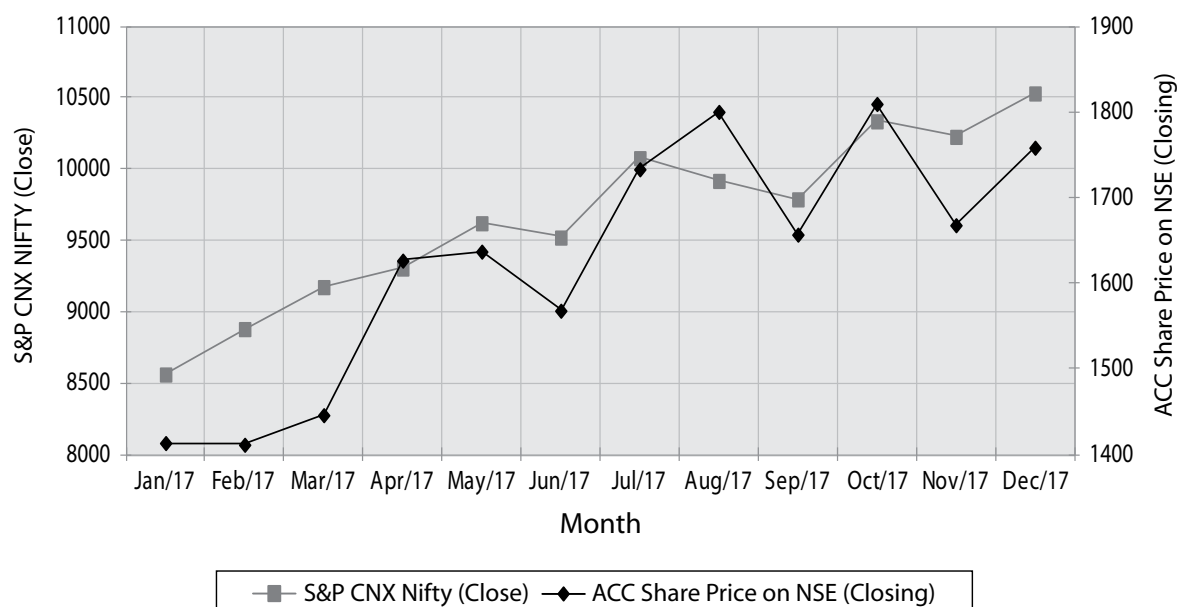
### ACC Share Price on BSE & BSE Sensex



### ACC Share Price on NSE vis-à-vis S & P CNX Nifty January 2017 - December 2017

Month	S & P CNX Nifty (Close)	High (₹)	Low (₹)	Close (₹)	No of shares traded during the month	Turnover (₹ crores)
January 2017	8,561.30	1,440.00	1,314.05	1,413.50	68,27,492	928.05
February 2017	8,879.60	1,512.05	1,402.00	1,411.50	69,13,311	1,006.63
March 2017	9,173.75	1,450.00	1,380.40	1,446.05	70,14,523	990.44
April 2017	9,304.05	1,644.85	1,453.15	1,626.55	84,50,339	1,303.00
May 2017	9,621.25	1,756.70	1,570.00	1,637.05	88,02,222	1,467.34
June 2017	9,520.90	1,674.15	1,541.25	1,568.05	63,52,257	1,027.66
July 2017	10,077.10	1,809.00	1,566.95	1,733.20	1,14,38,710	1,959.26
August 2017	9,917.90	1,837.55	1,712.50	1,800.25	84,20,508	1,509.64
September 2017	9,788.60	1,869.95	1,580.00	1,656.90	1,07,95,036	1,867.24
October 2017	10,335.30	1,837.00	1,633.60	1,809.50	83,99,423	1,474.66
November 2017	10,226.55	1,835.00	1,662.05	1,667.90	69,93,913	1,218.91
December 2017	10,530.70	1,774.35	1,655.50	1,758.40	79,19,458	1,356.47

### ACC Share Price on NSE & S&P CNX NIFTY





## SHARE TRANSFER SYSTEM / DIVIDEND AND OTHER RELATED MATTERS

### i. Share Transfers

Share Transfer Forms (SH-4) for shares held in physical mode, which are received by the Company, complete in all respects are promptly processed and the share certificates are returned to the transferees within a period of fifteen days from the date of receipt of transfer. Share transfer forms which are incomplete or cases where the Company has noticed irregularities in the document are immediately returned to the transferees by registered post.

### ii. Nomination facility for shareholding

As per the provisions of the Act, facility for making nomination is available for Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form, from the Share Department of the Company or download the same from the Company's website. Members holding shares in dematerialized form should contact their Depository Participants (DP) in this regard.

### iii. Permanent Account Number (PAN)

Members who hold shares in physical form are advised that SEBI has made it mandatory that a copy of the PAN card of the transferor(s), transferee(s), surviving joint holders/legal heirs be submitted to the Company while obtaining the services of transfer, transposition, transmission and issue of duplicate share certificates.

### iv. Subdivision of shares

The Company had subdivided the face value of its Equity Shares from ₹100 to ₹10 in the year 1999. The old shares having face value of ₹100 are no longer tradable on the Stock Exchanges. Members still holding share certificates of the face value of ₹100 are requested to send the certificates to the Share Department of the Company for exchange with shares of the face value of ₹10 each.

## v. Dividend

### a. Payment of dividend through Automated Clearing House (ACH)

The Company provides the facility for direct credit of the dividend to the Members' Bank Account. SEBI Listing Regulations also mandate Companies to credit the dividend to the Members electronically. Members are therefore urged to avail of this facility to ensure safe and speedy credit of their dividend into their bank account through the Banks' "Automated Clearing House" mode. Members who hold shares in demat mode should inform their Depository Participant, whereas Members holding shares in physical form should inform the Company of the core banking account details allotted to them by their bankers. In cases where the core banking account details are not made available, the Company will issue the demand drafts mentioning the existing bank details available with the Company.

### b. Unclaimed Dividends

The Company is required to transfer dividends which have remained unpaid/unclaimed for a period of seven years from the date the dividend has become due for payment to the Investor Education & Protection Fund (IEPF) established by the Government. Accordingly, during the year, unclaimed dividends pertaining to the following periods will be transferred to IEPF:

- 73<sup>rd</sup> Final Dividend for the year ended December 31, 2010.
- 74<sup>th</sup> Interim Dividend for the year ended December 31, 2011.

Before transferring the unclaimed dividends to IEPF, individual letters are sent each year to those Members whose unclaimed dividends are due for transfer so as to enable them to claim the dividends before the due date for such transfer. The information on unclaimed dividend is also posted on the website of the Company [www.acclimited.com](http://www.acclimited.com)

**The dates by which the dividend amounts will be transferred to IEPF are as under:**

Financial Year	Date of Declaration	Rate of Dividend per share (₹)	Due date for transfer to IEPF
31.12.2010 (73 <sup>rd</sup> Final)	13.04.2011	20.50	17.06.2018
31.12.2011 (74 <sup>th</sup> Interim)	28.07.2011	11.00	30.09.2018
31.12.2011 (74 <sup>th</sup> Final)	28.03.2012	17.00	01.06.2019
31.12.2012 (75 <sup>th</sup> Interim)	26.07.2012	11.00	29.09.2019
31.12.2012 (75 <sup>th</sup> Final)	05.04.2013	19.00	09.06.2020
31.12.2013 (76 <sup>th</sup> Interim)	25.07.2013	11.00	28.09.2020
31.12.2013 (76 <sup>th</sup> Final)	09.04.2014	19.00	13.06.2021
31.12.2014 (77 <sup>th</sup> Interim)	24.07.2014	15.00	27.09.2021
31.12.2014 (77 <sup>th</sup> Final)	20.03.2015	19.00	24.05.2022
31.12.2015 (78 <sup>th</sup> Interim)	17.07.2015	11.00	20.09.2022
31.12.2015 (78 <sup>th</sup> Final)	20.03.2016	6.00	17.06.2023
31.12.2016 (79 <sup>th</sup> Interim)	26.07.2016	11.00	29.09.2023
31.12.2016 (79 <sup>th</sup> Final)	29.03.2017	6.00	02.06.2024
31.12.2017 (80 <sup>th</sup> Interim)	17.07.2017	11.00	21.09.2024

**vi. Transfer of Shares into Investor Education and Protection Fund (IEPF) (in cases where dividend has not been paid or claimed for seven consecutive years or more)**

In terms of Section 124(6) of the Act, read with Investor Education & Protection Fund (IEPF) Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 and amendments thereto, Notifications issued by the Ministry of Corporate Affairs from time to time, the Company is required to transfer the shares in respect of which dividends have remained unpaid/unclaimed for a period of seven consecutive years or more to the IEPF Account established by the Central Government. As required under the said Rules, the Company has within the due date, transferred the required number of shares during the year to the IEPF.

**Guidelines for Investors to file claim in respect of the Unclaimed Dividend or Shares transferred to the IEPF**

With effect from September 7, 2016, Investors/ Depositors whose unpaid dividends, matured deposits or debentures etc. have been transferred to IEPF under Companies Act, 1956 and/or the Act, can claim the amounts. In addition, claims

can also be made in respect of shares which have been transferred into the IEPF, as per the procedures/guidelines stated below:

- Download the Form No. IEPF-5 from the website of IEPF (<http://www.iepf.gov.in>) for filing the claim for the refund of dividend/shares. Read the instructions provided on the website/instruction kit along with the e-form carefully before filling the form.
- After filling the form, save it on your computer and submit the duly filled form by following the instructions given in the upload link on the website. On successful uploading, an acknowledgement will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.
- Take a print out of the duly filled Form No. IEPF-5 and the acknowledgement issued after uploading the form.
- Submit an indemnity bond in original, copy of the acknowledgement and self attested copy of e-form along with other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its



Registered Office in an envelope marked "Claim for refund from IEPF Authority"/"Claim for shares from IEPF" as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.

- v. Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company's Verification Report, refund will be released by the IEPF Authority in favour of claimants' Aadhar linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

The Nodal Officer of the Company for IEPF Refunds Process is Mr Naresh Motiani whose e-mail id is [naresh.motiani@acclimited.com](mailto:naresh.motiani@acclimited.com).

**vii. Dealing with securities which have remained unclaimed**

Regulation 39(4) of SEBI Listing Regulations, 2015 read with Schedule VI "Manner of dealing with Unclaimed Shares", had directed Companies to dematerialize such shares which have been returned as "Undelivered" by the postal authorities and hold these shares in an "Unclaimed Suspense Account" to be opened with either one of the Depositories viz. NSDL or CDSL.

All corporate benefits on such shares viz. bonus, dividends etc. shall be credited to the unclaimed suspense account as applicable for a period of seven years and thereafter be transferred in accordance with the provisions of Investor Education and Protection Fund Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Companies Act, 2013.

The details of shares transferred to the demat "Unclaimed Suspense A/c" of ACC Limited are as under:

Sr. No.	Particulars	No. of shareholders	No. of shares
1	Aggregate no of shareholders and outstanding shares held in the Unclaimed Suspense Account as on 1.1.2017	2922	372477
2	Number of shareholders/legal heirs who approached the Company for transfer of shares from the Unclaimed Suspense Account	57*	3120
3	Number of shareholders/legal heirs to whom the shares were transferred from the Unclaimed Suspense Account upon receipt and verification of necessary documents	21	1825
4	Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF Authority MCA Demat Suspense Account	976	175198
5	Aggregate number of Shareholders and outstanding shares in the Unclaimed Suspense Account as on 31 <sup>st</sup> December 2017	1925	195454

\* Out of the total claims lodged for reclaiming the shares transferred into the Unclaimed Suspense A/c of ACC Limited, 36 requests in respect of 1295 shares were pending for want of necessary documents from the Shareholders/legal heirs.

Voting rights in respect of the aforesaid 195454 shares held in the Unclaimed Suspense Account are frozen till the time such shares are claimed by the concerned Shareholders and the shares are re-transferred in their names.

**viii. Pending Investors' Grievances**

Any Member/Investor whose grievance has not been resolved satisfactorily, may kindly write to the Company Secretary & Head Compliance at the Registered Office with a copy of the earlier correspondence, if any.

**ix. Reconciliation of Share Capital Audit**

As required by the Securities & Exchange Board of India (SEBI), quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share

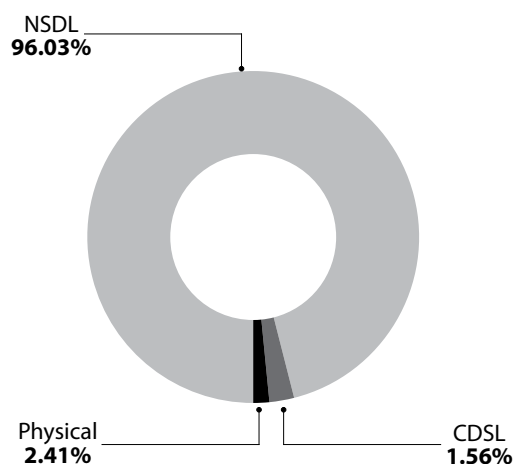
capital admitted with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and held in physical form, with the issued and listed capital. The Auditor's Certificate

in regard to the same is submitted to BSE Limited and National Stock Exchange of India Limited and is also placed before Stakeholders' Relationship Committee and the Board of Directors.

#### Distribution of Shareholding as on December 31, 2017

No. of shares slab	No. of share holders	%	No. of Shares							
			Physical	% of share capital	NSDL	% of share capital	CDSL	% of share capital	Total No. of Shares	% of share capital
1-50	57229	59.10	169459	0.09	633205	0.34	195431	0.10	998095	0.53
51-100	13023	13.45	186343	0.10	729397	0.39	148714	0.08	1064454	0.57
101-200	9477	9.79	302846	0.16	932809	0.50	183521	0.10	1419176	0.76
201-500	8553	8.83	581005	0.31	1895300	1.01	354761	0.19	2831066	1.51
501-1000	4081	4.21	538649	0.29	2067647	1.10	359544	0.19	2965840	1.58
1001-5000	3657	3.78	1227715	0.65	5405929	2.88	825999	0.44	7459643	3.97
5001-10000	410	0.42	363476	0.19	2199316	1.17	277033	0.15	2839825	1.51
>10000	406	0.42	1163667	0.62	166460055	88.64	585442	0.31	168209164	89.57
Total	96836	100.00	4533160	2.41	180323658	96.03	2930445	1.56	187787263	100.00

#### DISTRIBUTION OF SHAREHOLDING AS ON DECEMBER 31, 2017



The Company has entered into agreements with both National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL), whereby Members have an option to dematerialize their shares with either of the depositories.

Members holding shares in Physical mode are urged in their own interest to hold these shares in dematerialized form with any Depository Participant.

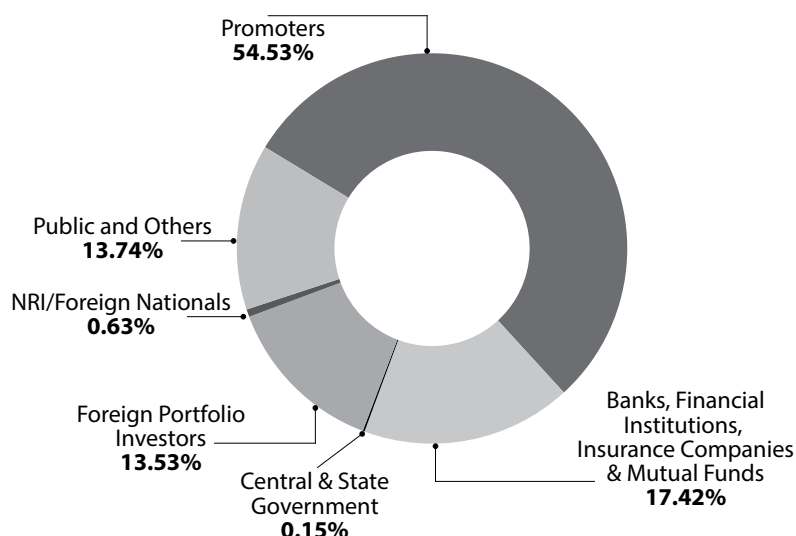




### Shareholding Pattern as on December 31, 2017

Category	No. of Shares held	%
<b>Promoters</b>		
i. Ambuja Cements Limited	93984120	50.05
ii. Holderind Investments Ltd.	8411000	4.48
		<b>54.53</b>
<b>Banks, Financial Institutions, Insurance Companies &amp; Mutual Funds</b>		
i. Banks	735199	0.39
ii. Financial Institutions	21619014	11.51
iii. Insurance Companies	2298522	1.22
iv. Mutual Funds	8071892	4.30
		<b>17.42</b>
Central & State Governments	287815	0.15
Foreign Portfolio Investors	25407391	13.53
NRIs / Foreign Nationals	1185963	0.63
Directors	3100	0.00
Public and Others	25783247	13.74
<b>TOTAL</b>	<b>187787263</b>	<b>100.00</b>

### SHAREHOLDING PATTERN AS ON DECEMBER 31, 2017



The Company is a subsidiary of Ambuja Cements Limited and an ultimate subsidiary of LafargeHolcim Ltd., Switzerland.

**Statement showing Shareholding of more than 1% of the Capital as on December 31, 2017**

Sr. No.	Names of the shareholders		Number of shares	Percentage of Capital
1	Ambuja Cements Limited (Promoter)	93984120	102395120	54.53
	Holderind Investments Ltd (Promoter)	8411000		
2	Life Insurance Corporation of India		19405142	10.33
3	Europacific Growth Fund		2340000	1.25
4	Smallcap World Fund, Inc		2147653	1.14
TOTAL			126287915	67.25

**Global Depository Receipts (GDR) or any Convertible instrument, conversion dates and likely impact on Equity.**

NIL

**Commodity price risks or foreign exchange risks and hedging activities**

The Company does not have any exposure to commodity price risk. However, foreign exchange exposure risks have not been hedged by any derivative instrument or otherwise.

**Particulars of past three Annual General Meetings**

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
81 <sup>st</sup>	Calendar Year 2016		29.03.2017	3.00 p.m.	No Special Resolution was passed
80 <sup>th</sup>	Calendar Year 2015	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020	13.04.2016	3.00 p.m.	Special Resolution for adoption of new Articles of Association was passed
79 <sup>th</sup>	Calendar Year 2014		20.03.2015	3.00 p.m.	No Special Resolution was passed

**Extraordinary General Meeting (EGM)**

No Extraordinary General Meeting was held during the period under reference.

**Details of Resolution passed through postal ballot, the persons who conducted the postal ballot exercise and details of the voting pattern**

During the year under review, no resolution has been passed through the exercise of postal ballot.



## Financial Calendar 2017

Particulars	Timelines
Board Meeting for consideration of Accounts for the financial year ended December 31, 2017 and recommendation of dividend	February 08, 2018
Posting of Annual Reports	On or before May 18, 2018
Book Closure Dates	May 21, 2018 to May 25, 2018 (both days inclusive)
Last date for receipt of Proxy Forms	June 11, 2018 before 3.00 p.m.
Date, Time and Venue of the 82 <sup>nd</sup> Annual General Meeting	Wednesday, June 13, 2018 at 03.00 p.m. Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai 400 020
Dividend Payment Date	June 15, 2018
Probable date of despatch of warrants	From June 14, 2018
Board Meeting for consideration of unaudited quarterly results for the financial year ended December 31, 2018	Within forty five days from the end of the quarter, as stipulated under the SEBI Listing Regulations with the Stock Exchanges
Audited results for the current financial year ending December 31, 2018	Within sixty days from the end of the last quarter, as stipulated under the SEBI Listing Regulations with the Stock Exchanges

For and on behalf of the Board

N S Sekhsaria  
Chairman

Mumbai  
April 18, 2018

## COMPLIANCE WITH CODE OF BUSINESS CONDUCT AND ETHICS

As provided under SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015, the Board Members and the Senior Management Personnel have confirmed compliance with the Code of Conduct for the year ended December 31, 2017.

For ACC Limited

Mumbai  
February 08, 2018

Neeraj Akhoury  
Managing Director & Chief Executive Officer

## CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

We the undersigned, in our respective capacities as Chief Executive Officer & Managing Director and Chief Financial Officer of ACC Limited ("the Company") to the best of our knowledge and belief certify that:

- a. We have reviewed financial statements and the cash flow statement for the financial year ended December 31, 2017 and that to the best of our knowledge and belief, we state that:
  - i. these statements do not contain any materially untrue statement or omit any material fact or contain any statements that might be misleading;
  - ii. these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- b. We further state that to the best of our knowledge and belief, there are no transactions entered into by the Company during the year, which are fraudulent, illegal or violative of the Company's Code of Business Conduct.
- c. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting of the Company and have disclosed to the Auditors and Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or proposed to take to rectify these deficiencies.
- d. We have indicated, wherever applicable, to the Auditors and the Audit Committee:
  - i. significant changes, if any, in internal control over financial reporting during the year;
  - ii. significant changes, if any, in the accounting policies during the year and that the same has been disclosed in the notes to the financial statements; and
  - iii. instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over the financial reporting.

Neeraj Akhoury  
Managing Director & Chief Executive Officer

Sunil Nayak  
Chief Financial Officer

Mumbai  
February 08, 2018



## INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

To  
The Members of ACC LIMITED

1. This Certificate is issued in accordance with the terms of our engagement letter dated April 10, 2017.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **ACC LIMITED** ("the Company") have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

### Management's Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions, of Corporate Governance stipulated in the Listing Regulations.

### Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

### Opinion

8. On December 16, 2016 the Board approved the appointment of the MD & CEO (Designate) as an additional director resulting technically in an excess of one non-independent director until February 04, 2017 when the resignation of the previous Chief Executive Officer & Managing Director took effect. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended December 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Deloitte Haskins & Sells LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

**B. P. Shroff**

Partner

(Membership No. 34382)

Place : Mumbai

Date : April 18, 2018

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1. **Corporate Identity Number (CIN)** : L26940MH1936PLC002515
2. **Name of the Company** : ACC Limited
3. **Registered Address** : Cement House  
121, Maharshi Karve Road  
Mumbai 400 020
4. **Website** : www.acclimited.com
5. **E-mail id** : brr.info@acclimited.com
6. **Financial Year reported** : 1<sup>st</sup> January, 2017 to 31<sup>st</sup> December 2017

7. **Sector(s) that the Company is engaged in (industrial activity code wise):**

Group	Class	Sub class	Description
269	2694	26942	Manufacture of Portland Cement

8. **List three key products/services that the Company manufactures/provides (as in balance sheet):**

The Company manufactures cement of various kinds viz. Ordinary Portland Cement (OPC), Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) and Ready Mixed Concrete (RMX)

9. **Total number of locations where business activity is undertaken by the Company:**

- i. **Number of international locations** : Nil
- ii. **Number of national locations** : 17 cement plants, 62 Ready Mix Concrete Plants, and 27 offices including Registered Office, Regional Offices and Sales Offices

10. **Markets served by the Company** : Pan India across all markets in India.

## Section B: Financial Details of the Company

1. **Paid up capital (INR)** : ₹187.79 Crore
2. **Total turnover (INR)** : ₹13,846.54 Crore
3. **Total profit after taxes (INR)** : ₹924.41 Crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

The Company's total spending on CSR is 2.33% of the average net profit of the previous three financial years.

5. **List of activities in which expenditure in 4 above has been incurred:**

**Livelihood**

- a. ACC DISHA - for Youth Employability
- b. ACC Swawlamban - focusing on women empowerment and livelihood
- c. ACC LEISA - for Farmer's Livelihood (Low External Input Sustainability Agriculture)





### Education

- d. ACC VidyaUtkarsh (Quality of Education in Government Schools)
- e. ACC Vidyasaarathi (Scholarship for Students)

### WASH (Water, Sanitation and Health)

- f. ACC Arogyam (Preventive, Promotive and Curative health care)
- g. ACC Sampurna Swachhata (Towards open defecation free villages)

### Conservation of Environment

- h. ACC Sanrakshit Paryavaran (Solar, Biodiversity and Soil & water conservation)

### Promoting Local Arts and Culture

- i. ACC Drona (To promote rural sports and traditional Indian culture)

## Section C: Other Details

### 1. Does the Company have any Subsidiary Company / Companies?

Yes, the Company has 5 subsidiaries, viz:

- a. ACC Mineral Resources Limited
- b. Bulk Cement Corporation (India) Limited
- c. Lucky Minmat Limited
- d. National Limestone Company Private Limited
- e. Singhania Minerals Private Limited

### 2. Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?

Business Responsibility initiatives of the parent company are applied by Bulk Cement Corporation (India) Limited, the Company's Subsidiary. The remaining four Subsidiaries are inoperative.

### 3. Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with participate in the BR initiatives of the Company? If yes then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]

CSR initiative "ACC ki Laadli" under the VidyaUtkarsh project is a flagship education initiative out of ACC's CSR reach in Northern and Eastern India. In partnership with an NGO, this initiative has been undertaken to establish learning centres for girl children in the age group of 6-14 years. About 1415 girl children, especially those who have dropped out of schools and belong to the marginalized and deprived sections of the society have been enrolled in these schools and provided quality primary education. The aim is to mainstream these girls, and prepare them to take the class V exam at the State level.

The Project receives contributions from ACC Cement Dealers in the form of "Lakshya points" secured by them in appreciation of their achievements of business targets from ACC. The points are then redeemed as financial inputs into this project.

The project implementation started in October 2013. So far 50 learning centres have been set up in different blocks of UP, HP, MP, Punjab, Rajasthan, Haryana, Uttarakhand and Bihar. Educating needy girls at these centres has been in progress since inception of the project.

However, these together comprise less than 30% of such total entities.

## Section D: BR Information

### 1. Details of Director / Directors responsible for BR:

Details of the Director / Directors responsible for implementation of the BR policy / policies:

Director Identification Number (DIN): 07419090

Name: Mr Neeraj Akhoury

Designation: Managing Director and Chief Executive Officer

#### Details of the BR head:

Sr. No	Particulars	Details
1	DIN Number ( if applicable)	NA
2	Name	Mr Ramaswami Kalidas
3	Designation	Company Secretary and Head Compliance
4	Telephone Number	(022) 3302 4321 / 3302 4329
5	E mail Id	brr.info@acclimited.com

#### Principle-wise (as per NVGs) BR Policy / policies (Reply in Y/N):

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business (NVGs) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

- P1 -** Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.
- P2 -** Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.
- P3 -** Businesses should promote the well- being of all employees
- P4 -** Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.
- P5 -** Businesses should respect and promote human rights
- P6 -** Businesses should respect, protect and make efforts to restore the environment.
- P7 -** Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.
- P8 -** Businesses should support inclusive growth and equitable development
- P9 -** Businesses should engage with and provide value to their customers and consumers in a responsible manner.



Sr No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for....	Y	Y The policy is embedded in the Company's quality & environment policies which inter-alia relate to manufacture of safe and sustainable products	Y	Y	The policy is embedded in the Company's Code of Business Conduct, HR Policies & other various HR practices	Y	N	Y	N
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
3	Does the policy conform to any national / international standards? If yes, specify?	Y	Y Bureau of Indian Standards (BIS)	Y	Y This policy conforms to the provisions of the Companies Act, 2013. In addition the Policy is also in conformity with the Sustainability Development Goals (SDGs). All our projects are mapped to concerned SDGs and its related targets	-	Y This policy conforms to the MoEF guidelines of Corporate Environment Responsibility under EIA Notification, 2006	-	Y Policy conforms to provisions of the Companies Act, 2013. In addition the Policy is also in conformity with the Sustainability Development Goals (SDGs). All our projects are mapped to concerned SDGs and its related targets	-

Sr No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
4	Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	Y	-	N	Y	-	Y	-	Y	-
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	Y	Y At Executive Committee Meetings	Y	Y	-	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	<a href="http://www.acclimited.com/sh/CCFS.pdf">http://www.acclimited.com/sh/CCFS.pdf</a>	-	-	<a href="http://www.acclimited.com/sh/CMCN.pdf">http://www.acclimited.com/sh/CMCN.pdf</a>	-	<a href="http://www.acclimited.com/sh/EN.pdf">http://www.acclimited.com/sh/EN.pdf</a>	-	<a href="http://www.acclimited.com/sh/CMCN.pdf">http://www.acclimited.com/sh/CMCN.pdf</a>	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	-	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	-	Y	-	Y	-



Sr No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/policies?	Y	The Company has a redressal mechanism to address product related complaints i.e. customer complaint portal	Y	Y	-	Y	-	Y	-
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y The implementation of the policy is subject to an Independent Audit by the Statutory Auditors and also has an oversight mechanism from the parent Company	-	N	Y	-	Y	-	Y	-

**2a. If answer to Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

Sr No	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles	--	--	--	--	--	--	--	--	--
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	--	--	--	--	--	--	--	--	--
3	The Company does not have financial or manpower resources available for the task	--	--	--	--	--	--	--	--	--
4	It is planned to be done within next six months	--	--	--	--	--	--	--	--	--
5	It is planned to be done within next one year	--	--	--	--	--	--	--	--	--
6	Any other reason (please specify)	--	--	--	--	--	--	The Company has a track record of pioneering achievements, sustained experience and leadership position which has benefitted the cement industry at large in initiating dialogues with the Government. However, no need for a formal policy has been felt.	--	The Company has a systematic process of assessing customer needs and fulfilling them with innovative products and services. It also has customer complaint redressal system.

**3. Governance related to BR:**

**Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

3 to 6 months

**Does the Company publish a BR or a Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?:**

Yes, the Company publishes printed versions of its Sustainability Report annually. An electronic version of the report is also uploaded on the Company's website to serve as a web version. This report constitutes the Company's sixth Business Responsibility Report. The hyperlink for viewing the Sustainability Report of the Company is as under:

**<http://www.acclimited.com/sh/SR.pdf>**





## Section E: Principle-wise Performance

### Principle 1: Business should conduct and govern themselves with Ethics, Transparency and Accountability.

#### 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

The Company considers Corporate Governance as an integral part of good management. The Company has a Code of Business Conduct (along with Anti- Bribery and Corruption Directive) and a vigil mechanism named EthicalView Reporting Policy that have been approved by the Board of Directors. These are applicable to all Board Members and employees of the Company and all its subsidiaries, and an annual affirmation is taken from the designated employees. The Anti-Bribery and Corruption Directive and the EthicalView Reporting Policy also extend to the Company's business partners viz. vendors/service providers/customers. The Code is available on the Company's website at this web address <http://www.acclimited.com/sh/CCFS.pdf>

#### 2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

The Company received 64 complaints under the EthicalView Reporting Policy, out of which 51 were resolved and the balance 13 complaints are under various stages of investigation and completion.

### Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

#### 1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

1. **Blended cements:** The Company manufactures Blended cements viz. Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC) which are environmentally better than the conventional OPC. Industrial wastes such as flyash and slag, which are otherwise not environmental friendly are suitably used in the manufacture of PPC and PSC which result in partial replacement of virgin limestone and reduction of associated CO<sub>2</sub> emissions.

2. **Co-processing services:** The Company provides waste management solutions, under the brand name of 'Geocycle', to waste generating industries and organizations in the country through co-processing of wastes in cement kilns. This not only ensures a safe and environmentally sustainable solution for the disposal of hazardous and non-hazardous wastes but it also results in creating environmental and social benefits such as resource conservation, reduction of GHG emissions, local employment, etc.

3. **Green Building Centers:** "Green Building Centers" is the Company's initiative to facilitate low-cost housing development in India, by promoting sustainable materials, building techniques and locally trained workforce. The production of green building materials is carried out in a modern production environment with main emphasis on Quality and Service. The Green Building Centers have positively impacted the climate, water and nature as well as the communities at large. The impact on the environment can be easily measured by reduction in CO<sub>2</sub> emission, fertile top soil conservation and utilization of waste materials.

#### 2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):

##### i. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain

Consumption per unit of production	Current Year (January – December 2017)	Previous Year (January – December 2016)
Electrical Energy (kWh/ Tonne of Cement)	84.33	88.66
Thermal Energy (K Cal / kg of Clinker)	742	748
CO <sub>2</sub> Emissions (kg CO <sub>2</sub> / Tonne of Cement)	525	545

**ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

The Company's products do not have any broad based impact on energy during usage phase. However, as the cement manufacturing process is energy intensive, the Company takes several measures to reduce thermal and electrical energy consumption during manufacturing stage.

**3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

Yes, the Company has all its manufacturing plants close to limestone mines which helps minimize transportation of the primary raw material. The Company deploys sustainable mining practices. Most bulk materials are transported inward by rail. Blended Cements are manufactured using flyash / slag which are by-products / wastes of other industries. Fly ash and slag are not environmentally friendly and need to be disposed off in a careful manner. In the manufacture of clinker, the Company utilizes Alternative Fuel and Raw Materials (AFR) which help it to conserve natural resources. The Company encourages procurement through vendors who adopt sustainable practices.

**4. Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?**

The Company has a policy of procuring goods and services like horticulture, housekeeping and the like from nearby suitable sources of supply.

**5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of recycling of products and waste? (Separately as < 5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so.**

The cement manufacturing process does not directly discharge any significant effluent or waste. ACC has the facility of consuming used and torn cement bags as Alternate Fuel in some of the manufacturing units. As the location of cement plants are far away from markets, a very low percentage of used bags get recycled at the Plants. About 85% of cement manufactured by the Company comprises of blended cement which is produced using slag and fly ash which are wastes from other industrial processes. Recognizing the urgent need to address global problems of increasing paucity of fossil fuels and rampant practices of unsustainable waste disposal, the Company has pioneered the use of industrial, municipal and agricultural wastes as Alternative Fuels and Raw Materials (AFR) in India.

**Principle 3: Businesses should promote the well-being of all employees**

**1. Please indicate total number of employees:**

Sr. No.	Category of Employees	No. of Employees
1.	Management Staff	4070
2.	Shop Floor Associates	3325
<b>Total</b>		<b>7395</b>

**2. Please indicate total number of employees hired on temporary/contractual/casual basis:**

Sr. No.	Category of Employees	No. of Employees
1.	Third Party Employees	7809
2.	Casual Employees	27
<b>Total</b>		<b>7836</b>



**3. Please indicate the number of permanent women employees:**

Number of permanent women employees: 277

**4. Please indicate the number of permanent employees with disabilities.**

Number of permanent employees with disabilities: 17

**5. Do you have an employee association that is recognized by the Management?**

Yes, there are recognized trade unions which are affiliated to various central trade union bodies. Company's Shop Floor Associates and Office Associates are members of their respective unions.

**6. What percentage of permanent employees are members of this recognized employee association?**

Approximately 45% of permanent employees are members of recognized employee associations.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and those pending as on the end of the financial year.**

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	Nil	Nil
2	Sexual Harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

**8. What Percentage of under mentioned employees were given safety and skill up-gradation training in the last year?**

A.	Permanent employees	:	61%
B.	Permanent women employees	:	75%
C.	Casual/Temporary/Contractual employee	:	Nil
D.	Employees with disabilities	:	35%

**Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.**

**1. Has the Company mapped its internal and external stakeholders? Yes/No**

Yes, the Company has mapped its stakeholders through materiality matrix as a part of its stakeholder engagement strategy development process.

**2. Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

Yes, the Company has identified the disadvantaged, vulnerable and marginalized stakeholders with the help of Participatory Rural Appraisal tool based on village micro plans and secondary socio-demographic data of the community.

**3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

Yes, all CSR interventions of the Company are intended to target the disadvantaged, vulnerable and marginalized stakeholders. For instance the education projects of the Company are largely focused on government schools situated in remote rural pockets of India. The scholarship initiative of the Company named Vidyasaarathi that has been rolled out in 14 districts of Company operations situated in 12 states of India, targets disadvantaged students who need financial support to pursue their dreams of higher education.

The Company continues to run two Anti-Retroviral Therapy (ART) centers to support people affected by HIV/AIDS through medical treatment and counseling. The Company has also supported patients by organizing

them in Self Help Groups and through life skills development programmes and providing nutrition support to HIV infected as well as affected family members. Moreover, quality education is also being provided to school going children from the affected families.

The Company has enhanced access to healthcare for the community through health camps and mobile health clinics. The Company also jointly works with the local district administration for promoting national campaigns on Open Defecation Free, Skilling and Water Conservation measures.

The Company continues to engage with the vulnerable and marginalized stakeholders for their sustainable livelihood. Skill training was provided to 3745 youth, Low External Sustainable Agriculture projects for farmers, institutionalizing women SHG registered federations and achieving four open defecation free villages are some of the accomplishments during 2017.

#### **Principle 5: Businesses should respect and promote human rights**

**1. Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

All aspects of the human rights are in-built and covered under the Code of Business Conduct as well as in various human resource practices/policies.

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

Nil

#### **Principle 6: Businesses should respect, protect and make efforts to restore the environment**

**1. Does the policy pertaining to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?**

The Company's Corporate Environment Policy extends to cover the Company and its subsidiaries.

**2. Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyper-link for webpage etc.**

Yes, the Company is committed to reduce GHGs emissions and has identified five key levers to achieve the reduction of GHGs:

- Clinker substitution by making Blended Cements
- Alternative Fuel and Raw Materials (AFR);
- Thermal and electrical energy efficiency;
- Waste Heat Recovery Systems (WHRS) and
- Newer technologies and renewable energy

This information is available in our webpage: <http://www.acclimited.com/ee>

**3. Does the Company identify and assess potential environmental risks? Y/N**

Yes, the Company has a mechanism to identify and assess potential environmental risks at plant level as well as corporate level. Potential Environmental risks also form a part of Business Risk Management Model, where all business related risks are identified and their mitigation strategies and plans are worked upon. For details, Please refer to BRM section of the Annual Report.

**4. Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

Yes, the Company has three registered projects under the Clean Development Mechanism (CDM) and Environmental Compliance Report (Validation & Verification Reports) have been filed and Certified Emission Reductions Reports were issued.



**5. Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc? Y/N. If yes, provide hyper-link to web page etc.**

Yes, we have made significant strides in attaining energy efficiency in our cement plants/ captive power plants by following initiatives:

1. Three wind farms – one each in Maharashtra, Tamil Nadu and Rajasthan with total capacity of 19 MW
2. Waste Heat Recovery System (WHRS) at Gagal Cement Works
3. Waste Co-processing in cement plants.
4. Various energy efficiency improvement initiatives in operations

Details on the above initiatives can be seen at the link: <http://www.acclimited.com/ee>

**6. Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

Yes, the emissions/waste generated by the Company were all within the permissible limits given by CPCB/SPCB.

**7. Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

The Cement industry was earlier given the dead line for compliance with new emission norms by 31<sup>st</sup> March 2017 which was later revised upto 31<sup>st</sup> August 2018.

Thus, legal notices which were received by some of the plants during the interim period have become invalid after the extension of the deadline

**Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner**

**1. Is your Company a member of any trade and chambers of association? If yes, name only those major ones that your business deals with.**

The Company is a Member of:

1. Confederation of Indian Industry (CII)
2. Federation of Indian Chambers of Commerce and Industry (FICCI)
3. Bombay Chamber of Commerce and Industry (BCCI)
4. Indian Merchants' Chambers (IMC)
5. PHD Chamber of Commerce
6. Indian Geological Congress
7. Federation of Indian Mineral Industries (FIMI)
8. National Safety Council (NSC)

**2. Have you advocated / lobbied through above associations for the advancement or improvement of**

**public good? Yes/No; If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

Yes, the company advocates with the above associations on the following broad areas:

1. Sustainable Mining Practices
2. Co-processing of municipal & industrial hazardous & non hazardous wastes
3. Sustainable Construction
4. Use of recycled waste materials (construction & demolition waste) in cement and concrete
5. New environment regulations
6. RPO-REC regulations for cement and power plants
7. PAT and Ecerts regulations
8. Development of new product standards for low carbon cement and concrete products
9. Green Buildings
10. Flyash based pre-fab building materials
11. Manufactured Sand and aggregate from industrial waste
12. Promotion of Concrete Roads

**Principle 8: Businesses should support inclusive growth and equitable development**

**1. Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes details thereof.**

Yes, the Company has the specific programs / initiatives / projects in pursuance of its CSR policy (Ref. <http://www.acclimited.com/sh/CMCN.pdf>)

All sections in the host communities are engaged by the Company for developing their village micro plans through Participatory Methods of planning. Individual projects are thereafter designed to address the various needs of the host communities as per the priority expressed by the communities. Conscious efforts were made to prioritize women headed, landless, small & marginal land holding families. Special drive for exclusive skilling of women and ensuring that half of the scholarships for higher education are granted to girls has been ensured. HIV+ and differently abled beneficiaries are specially tracked to be brought within the ambit of all social and business measures.

Implementation of these projects are thereafter monitored by the representatives of the villagers at all locations and course correction measures as suggested are implemented. A Community Advisory Panel (CAP) has been set up to help at all stages of CSR Interventions i.e planning of CSR projects and process monitoring. The Company has also organised third party social audit committee by taking people from different sectors to spearhead annual evaluations through rigorous field visits and secondary data analysis. The CSR project participants include the disadvantaged, vulnerable and marginalized sections of the society.

The Company has carried out CSR projects in pursuance of inclusive development, primarily focusing on:

- a. Sustainable Livelihood
- b. Quality of Elementary Education
- c. Water Sanitation and Health (WASH)

**2. Are the programmes/projects undertaken through in-house team / own foundation /external NGO/**





### Govt. structure /any other organization?

The Company's CSR projects are implemented through its in-house CSR Department, ACC Ayushman Trust and through engagement with other Corporates, Academic and Government Institutions.

### 3. Have you done any impact assessment of your initiative?

Yes, the Company has conducted impact assessments of its CSR initiatives. A third party Social Audit of 100% CSR expenses was done for the fourth consecutive year.

Social Audit Committee, constituted with renowned experts from social sector and academic institutions assisted by a team of social sector professionals, has conducted the social audit of CSR work at all ACC plant sites and based on field findings on parameters of Compliance, Relevance, Effectiveness, Efficiency, Rigor of Implementation and Sustainability, each Plant location was provided a performance score for the year 2017. As a measure of good governance practice this score was imbibed in the ACC's Performance Management System. The social audit at ACC takes about 30 days of field assessment and reporting.

### 4. What is the Company's direct contribution to community development projects – Amount in INR and details of the projects undertaken?

The Company spent an amount of ₹21.82 Crores on development projects as mentioned below:

S. No.	Focus Areas	Expenditure (₹ in Cr)
1	ACC DISHA - for Youth Employability	3.71
2	ACC Swavlamban - focusing on women empowerment and livelihood	2.06
3	ACC LEISA - for Farmer's Livelihood (Low External Input Sustainability Agriculture)	2.18
4	ACC VidyaUtkarsh (Quality of Education in Government Schools)	3.59
5	ACC Vidyasaarathi (Scholarship for Students)	1.55
6	ACC Arogyam (Preventive, Promotive and Curative health care)	1.61
7	ACC Sampurna Swachhata (Towards open defecation free villages)	3.89
8	ACC Sanrakshit Paryavaran (Solar, Biodiversity and Soil & water conservation)	2.41
9	ACC Drona (To promote rural sports and traditional Indian culture)	0.82
<b>Total</b>		<b>21.82</b>

### 5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words.

Yes, all the community development initiatives of the Company are implemented through a participatory approach. The portfolio of CSR projects are drawn up from need assessments done by third parties through participatory rural appraisal method based micro plan. A Community Advisory Panel (CAP), comprising of different stakeholders from community representatives and opinion leaders of the community i.e. functional at ACC plant locations, regularly monitors the implementation of CSR initiatives and suggests measures for course corrections. Community ownership and sustainability are the criteria that are built in CSR initiatives from the beginning by creating community managed organizations. Community contribution is always a priority as it ensures continuance of the project through the self- governance model.

Communities management principles are inbuilt in all the CSR projects from need assessment stage till the project graduation stage. Capacity building and institutional sustainability are integral part of all CSR projects. Stakeholder Engagement Surveys (SES) during Social Audit is conducted annually to collect written feedbacks

of the community. Required modifications are carried out to ongoing initiatives and project outcomes are assessed. This helps in fostering ownership amongst local communities.

**Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.**

**1. What Percentage of customer complaints / consumer cases are pending as on the end of financial year 2017?**

A total of 954 complaints were received from customers (end-consumers) in 2017, out of which 34 (amounting to <4%) were pending as of 31<sup>st</sup> December, 2017.

**2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information)**

No, the Company only displays information as mandated by local laws. No additional information is being provided on the cement bags or other products.

**3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

The Director, Supplies and Disposals, Haryana (DSDH) filed an information in 2013 against seven cement manufacturers, regarding a tender for supply of 4 lakhs MT of cement, alleging that cement companies had violated the provisions of the Competition Act, 2002. Competition Commission of India (CCI) by its order dated January 19, 2017, held that the cement manufacturers have contravened and imposed penalty. The Competition Appellate Tribunal (COMPAT) in appeal, by its order dated March 24, 2017 has put a stay on the aforesaid order of CCI.

All matters before COMPAT (including the Builders Association of India matter) have been transferred to National Company Law Appellate Tribunal (NCLAT) and the appeal is pending hearing.

**4. Did your Company carry out any consumer survey / consumer satisfaction trends?**

Yes, a Customer Satisfaction Survey is carried out by the Company every year.



## ANALYSIS OF STANDALONE FINANCIAL

The following table sets forth the breakup of the Company's expenses as part of the Revenue from operations (net)

Amount in ₹ Crore

	2017	% of Revenue from operations	2016	% of Revenue from operations
Net Sales	12,908.94	97.33	10,772.08	97.98
Other operating revenue	353.65	2.67	221.93	2.02
<b>Revenue from operations (net)</b>	<b>13,262.59</b>	<b>100.00</b>	10,994.01	100.00
Other Income	131.65	0.99	128.34	1.17
Cost of material consumed	1,982.52	14.95	1,587.26	14.44
Purchase of Stock-in-Trade	0.84	0.01	2.52	0.02
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(14.90)	(0.11)	16.99	0.15
Employee benefits expense	818.95	6.17	754.60	6.86
Power and fuel	2,714.45	20.47	2,157.10	19.62
Freight and Forwarding expense	3,450.97	26.02	2,654.66	24.15
Finance costs	102.30	0.77	82.63	0.75
Depreciation and amortisation expense	640.12	4.83	605.16	5.50
Other expenses (including net of Excise duty paid and recovery)	2,400.63	18.11	2,347.15	21.35
<b>Profit before exceptional item and tax</b>	<b>1,298.36</b>	<b>9.79</b>	914.28	8.32
Exceptional item	-	-	42.81	0.39
<b>Profit before tax</b>	<b>1,298.36</b>	<b>9.79</b>	871.47	7.93
Tax expenses	382.91	2.89	224.42	2.04
<b>Profit for the year</b>	<b>915.45</b>	<b>6.90</b>	647.05	5.89
Other Comprehensive Income for the year, net of tax	2.37	0.02	(15.63)	(0.14)
<b>Total Comprehensive Income for the year</b>	<b>917.82</b>	<b>6.92</b>	631.42	5.75

During the year 2017, the Company has recorded a profit after tax of ₹ 915 Crore as compared to ₹ 647 Crore in 2016. Despite market challenges, the Company has achieved strong performance by increased focus on premium products & targeted approach to customers delivering robust revenue growth and focus on cost efficiency improvement.

The analysis of major items of the financial statements is given below:

### 1. REVENUE FROM OPERATIONS (NET):

Amount in ₹ Crore

	2017	2016	Change	Change%
Cement and Clinker*	11,768.46	9,805.11	1,963.35	20.02
Ready Mix Concrete	1,131.45	953.83	177.62	18.62
Sale of services (RMX)	9.03	13.14	(4.11)	(31.28)
Other operating revenue	353.65	221.93	131.72	59.36
<b>TOTAL</b>	<b>13,262.59</b>	10,994.01	<b>2,268.58</b>	<b>20.63</b>

\* Does not include cement sale to RMX

Revenue from operations has increased due to following reasons:

- The Company achieved highest ever sales in current year. The Company's cement sales volume is at 26.21 million tonnes as compared to 22.99 million tonnes during previous year.
- Additional volume from expanded capacity at Jamul and Sindri plants strengthened market presence in East.
- Despite continued pricing pressure, average selling prices of cement increased by 5% in 2017 over 2016.
- Continued thrust on promotion of the company's range of premium products, yielded an increase of about 20% in the sales volume of these products during the year.
- The Company's Ready Mix Concrete business showed positive momentum throughout the year, achieving overall growth of 11% in sales volume during the year. Sale of Ready Mix Concrete has increased from 25.90 Lakh Cubic Metres to 28.77 Lakh Cubic Metres.

Other operating revenue includes accrual of incentive from State Governments under incentive schemes, write back of provision which is no longer required, scrap sales and other miscellaneous Income.

Other operating revenue has increased due to following reasons:

- Incentives under various State Investment Promotion Schemes has increased by ₹ 86 Crore including an accrual of ₹ 67 Crore incentive for new Sindri plant in the State of Jharkhand in the current year.
- Insurance claims are accounted for on the basis of claims admitted and to the extent that the amounts recoverable can be measured reliably and it is reasonable to expect the ultimate collection. Insurance claims on account of break down of Property, Plant and Equipment has increased by ₹ 31 Crore in the current year as compared to previous year.

## 2. OTHER INCOME:

Amount in ₹ Crore

	2017	2016	Change	Change %
Other income	131.65	128.34	3.31	2.58

Other income consists of income on investment of surplus funds, interest on Income Tax, gain on sale and fair valuation of financial assets, dividend from non-current investments and net gain on disposal of Property, Plant and Equipment.

Other income has increased marginally due to following offsetting reasons:

- Higher Interest on bank deposits by ₹ 9 Crore due to increase in surplus funds. Interest on Income Tax has also increased by ₹ 15 Crore as a result of conclusion of assessments and other proceedings relating to earlier years.
- In the previous year, Net gain on disposal of Property, Plant and Equipment was ₹ 20 Crore.

## 3. COST OF MATERIAL CONSUMED:

Amount in ₹ Crore

	2017	2016	Change	Change %
Cost of material consumed	1,982.52	1,587.26	395.26	24.90

Cost of material consumed has increased due to following reasons:

- Cement production has increased by 15% from 23.18 million tonnes to 26.56 million tonnes. Cost of material consumed of cement has increased from ₹ 506/t to 564/t (up by 12%).
- Ready Mix Concrete Production has increased by 12% from 24.43 Lakh Cubic Metres to 27.29 Lakh Cubic Metres.
- Slag prices up by 38% due to surge in demand and consequential need to procure long lead sources. Overall cost of consumption of slag has increased by ₹ 143 Crore.
- The landed cost of flyash increased by 7% over 2016 as it had to be procured over long leads, following a drop in availability from sources closer to our plants.



- Increased usage of cheaper activated gypsum and change in mix optimization resulted in reducing the gypsum cost by 8%.
- Purchase of Limestone has increased by ₹ 16 Crore.
- Constant efforts were made to reduce the clinker factor by producing a higher share of blended cements which in turn had a positive impact on the contribution despite steep increases in the cost of flyash and slag.

#### 4. CHANGES IN INVENTORIES:

Amount in ₹ Crore

	2017	2016	Change	Change %
Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	(14.90)	16.99	(31.89)	(187.70)

- Movement in change in inventories is mainly on account of increase in finished goods stock.

#### 5. EMPLOYEE BENEFITS EXPENSE:

Amount in ₹ Crore

	2017	2016	Change	Change %
Employee benefits expense	818.95	754.60	64.35	8.53

- Employee costs registered an increase of 8.53% which is in line with the normal annual increments with effect from April 01, 2017.

#### 6. POWER AND FUEL:

Amount in ₹ Crore

	2017	2016	Change	Change%
Power and Fuel	2,714.45	2,157.10	557.35	25.84

Power and fuel cost has increased due to following reasons:

- Clinker production has increased by 14% as compared to previous year. Power and Fuel cost in cement has increased from ₹ 932/t to 1030/t (up 11%).
- Overall fuel cost impacted adversely due to increase in prices of pet coke, imported and domestic coal. International petcoke price increased from previous year in the average range of \$44-\$62 MT to \$85-91 MT and same trend has been observed in prices of domestic petcoke.
- Consumption of imported coal & e-auction coal has increased due to limited availability of FSA Linkage coal. Temporary ban on Petcoke in Rajasthan in October 2017 led to higher consumption of imported coal at Lakheri plant. The ban was eased in December 2017.
- The Company continued fuel mix optimization during the year. Usage of petcoke has increased to 67% in 2017 as compared to 60% in 2016. Usage of Alternate Fuel has increased to 4% from 3% in 2016.
- The cost of generation at our thermal power plants (TPP) is gone up by 11% to ₹ 5.05 per KWH in 2017 against ₹ 4.56 per KWH in 2016, mainly due to increase in CPP coal prices and non-availability of linkage coal.
- The average cost of purchased power during the year was ₹ 6.53 per kwh as compared to ₹ 6.23 per kwh in the previous year. Grid Power tariff has gone up in the range of 7%-12% with effect from April 2017 in few states.
- Power consumption is improved from 88.70 Kwh/t in 2016 to 84.30 Kwh/t in 2017. This to a large extent helped in mitigating the adverse impact of increase in coal prices.
- Power generated by the Company's Waste Heat Recovery plant of 7.5 MW at Galgal delivered the savings of ₹ 22 Crore (Previous year - ₹ 22 Crore).

- Despite increase in fuel prices, the Company constantly endeavors to reduce fuel costs by judicious procurement of market coal from through e auctions and imports, better fuel mix, higher use of petcoke and use of alternative fuels.

## 7. FREIGHT AND FORWARDING EXPENSE :

Amount in ₹ Crore

	2017	2016	Change	Change%
Freight and Forwarding expense				
On Clinker transfer	480.83	452.86	27.97	6.18
On finished products - Cement	2,858.13	2,107.16	750.97	35.64
Ready Mix Concrete	112.01	94.64	17.37	18.35
<b>TOTAL</b>	<b>3,450.97</b>	<b>2,654.66</b>	<b>796.31</b>	<b>30.00</b>

Freight and Forwarding expenses has increased due to following reasons:

- Cement despatches increased by 14.81% as compared to previous year. Freight and Forwarding cost of cement has increased from ₹ 916/t to 1090/t (up by 19%). Like for like increase is 3%.
- Increased FOR sales against ex-works sales resulted into increase in cement freight cost by approx 16%.
- Diesel prices up by 12% as compared to previous year.
- Continuous efforts are made to contain the costs through improved evacuation efficiency, lead reduction by increasing the market share in key home markets, long Term Traffic Contract with Railways and renegotiation of contracts with the transporters.
- Freight cost on sale of Ready Mix Concrete has gone up due to increase in volumes.

## 8. FINANCE COSTS:

Amount in ₹ Crore

	2017	2016	Change	Change %
Interest				
- On Income tax	52.99	24.68	28.31	114.71
- On Defined benefit obligation	8.22	8.45	(0.23)	(2.72)
- Others (Including interest on deposits from dealers)	39.49	48.18	(8.69)	(18.04)
Unwinding of site restoration provision	1.60	1.32	0.28	21.21
<b>TOTAL</b>	<b>102.30</b>	<b>82.63</b>	<b>19.67</b>	<b>23.80</b>

Finance cost has increased due to followings reasons:

- Interest on income tax has increased as a result of conclusion of assessments and other proceedings for earlier years.
- Consequent to the reduction in market interest rate, interest paid on dealers deposit has decreased as compared to previous year.

## 9. DEPRECIATION AND AMORTIZATION EXPENSE:

Amount in ₹ Crore

	2017	2016	Change	Change%
Depreciation on Property, Plant and Equipment	636.92	601.97	34.95	5.81
Amortisation of intangible assets	3.20	3.19	0.01	0.31
<b>TOTAL</b>	<b>640.12</b>	<b>605.16</b>	<b>34.96</b>	<b>5.78</b>

Depreciation in 2017 is higher mainly due to increase in depreciation on account of capitalisation of Jamul project in Quarter 3, 2016 and Sindri project in Quarter 4, 2016. Increase in depreciation is partially offset by Property, Plant and Equipment retired / fully depreciated during the previous year.





## 10. OTHER EXPENSES:

Amount in ₹ Crore

	2017	2016	Change	Change %
Consumption of stores and spare parts	331.14	361.49	(30.35)	(8.39)
Consumption of packing materials	434.36	353.84	80.53	22.76
Rent	139.79	132.92	6.87	5.17
Rates and taxes	151.85	149.04	2.81	1.89
Repairs	170.25	168.65	1.60	0.95
Insurance	21.79	24.60	(2.81)	(11.42)
Royalties on minerals	224.12	216.80	7.32	3.38
Advertisement	87.42	80.57	6.85	8.51
Technology and Know-how fees	128.37	107.98	20.39	18.88
Miscellaneous expenses	739.68	752.93	(13.26)	(1.76)
Excise duty variation on opening and closing stock	(22.01)	4.29	(26.30)	(613.05)
Self-Consumption of cement	(6.13)	(5.96)	(0.17)	2.85
<b>TOTAL</b>	<b>2,400.63</b>	<b>2,347.15</b>	<b>53.48</b>	<b>2.28</b>

- Consumption of Stores and spares parts has decreased mainly on account lower maintenance cost as compared to previous year. During the year, the Company has optimized the shutdown cost.
- Consumption of packing material cost has increased mainly due to increase in volumes. Average price of packing bags also increased by 7% mainly due to increase in prices of poly propylene granules.
- Current year royalties on minerals expenses is net of ₹ 34 Crore related to provision for contribution towards District Mineral Foundation (DMF) under the Mines and Minerals (Development and Regulation) Amendment Act, 2015, written back on the basis of Supreme Court's favourable Judgement dated October 23, 2017. Royalties on minerals has increased due to increase in extraction of limestone which is in line with increase in production.
- Advertisement expenses increased due to increase in various promotional activities.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd.
- Miscellaneous expenses include commission on sales paid to third party, information technology services, travelling expenses, corporate social responsibility expenses, other third party services, etc. Effective cost control measures have resulted in reduction of overall miscellaneous expenses by 2%.

## 11. EXCEPTIONAL ITEM:

Amount in ₹ Crore

	2017	2016	Change	Change%
Exceptional item	-	42.81	(42.81)	(100.00)

- Impairment of ₹ 42.81 Crore for non-current investments in a subsidiary company was made in previous year considering inordinate delay in realising its investments in coal blocks which were cancelled in 2015.

## 12. TAX EXPENSES:

Amount in ₹ Crore

	2017	2016	Change	Change%
Current tax	351.12	235.04	116.08	49.39
Deferred tax charge / (credit)	31.79	(10.62)	42.41	(399.34)
<b>TOTAL</b>	<b>382.91</b>	<b>224.42</b>	<b>158.49</b>	<b>70.62</b>

Effective income tax rate for 2017 is 29.49% as compared to 25.76% in previous year. Investment allowance on new plant and machinery was higher in previous year due to capitalization of Jamul and Sindri projects.

- Current tax has increased by ₹ 116 Crore mainly due to increase in taxable profit.

Deferred tax has increased by ₹ 42 Crore due to the following reason:

- Minimum alternative tax (MAT) credit of ₹ 59 Crore recognised in current year as compared to ₹ 118 Crore in previous year.

### 13. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Property, Plant and Equipment	7,201.25	7,497.36	(296.11)	(3.95)
Capital work-in-progress	261.72	260.82	0.90	0.34
Other Intangible assets	39.77	27.59	12.18	44.15
<b>TOTAL</b>	<b>7,502.74</b>	<b>7,785.77</b>	<b>(283.03)</b>	<b>(3.64)</b>

Property, Plant and Equipment has decreased due to following offsetting reasons:

- Decrease in Property, Plant and Equipment is on account of depreciation and amortisation expenses of ₹ 640 Crore for the year 2017.
- During the year, the Company has capitalised Property, Plant and Equipment of ₹ 377 Crore mainly consisting of capitalization of remaining capital job at Jamul and Sindri projects which were commissioned in 2016.

### 14. INVESTMENTS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Investments in subsidiaries, associates and joint ventures	226.45	226.45	-	-
Other Non-current investments	3.70	32.05	(28.35)	(88.46)
<b>TOTAL</b>	<b>230.15</b>	<b>258.50</b>	<b>(28.35)</b>	<b>(10.97)</b>

Other Non-current investment has decreased due to following reason:

- During the year, the Company has sold its equity investment in Shiva Cement limited. Gain of ₹ 10 Crore is recognised under the head other income.

### 15. FINANCIAL ASSETS - LOANS AND ADVANCES:

Amount in ₹ Crore

	2017	2016	Change	Change%
Non-current loans	215.88	184.58	31.30	16.96
Current loans	40.96	28.88	12.08	41.83
<b>TOTAL</b>	<b>256.84</b>	<b>213.46</b>	<b>43.38</b>	<b>20.32</b>

- Non-current loans and current loans have increased mainly on account of increase in security deposits given for supply of raw materials.

### 16. OTHER ASSETS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Other non-current assets	1,026.77	835.41	191.36	22.91
Other current assets	787.35	320.47	466.88	145.69
<b>TOTAL</b>	<b>1,814.12</b>	<b>1,155.88</b>	<b>658.24</b>	<b>56.95</b>

Other non-current assets have gone up due to following reasons:

- Incentive receivables from State Governments under various state investment promotion schemes has increased by ₹ 74 Crore (net of payment received). During the year, the Company has accrued incentive of ₹ 67 Crore related to new Sindri plant which was commissioned in 2016.
- Capital advance has gone up by ₹ 121 Crore due to routine maintenance Capex.



Other current assets have gone up due to following reasons:

- ❑ Advance to suppliers has gone up by ₹ 301 Crore due to advance given for supply of linkage coal from Coal companies and other raw materials.
- ❑ Balances with statutory / government authorities has gone up by ₹ 144 Crore mainly due to GST paid on input materials and goods transferred from one state to another state.

## 17. INVENTORIES:

Amount in ₹ Crore

	2017	2016	Change	Change%
Raw Materials	153.96	131.07	22.89	17.46
Work-in-Progress	230.87	238.74	(7.87)	(3.30)
Finished Goods	161.26	138.64	22.62	16.32
Stock-in-trade	0.17	0.02	0.15	750.00
Stores and Spare Parts	383.22	301.41	81.81	27.14
Packing Materials	25.79	19.08	6.71	35.17
Fuels	448.68	394.79	53.89	13.65
<b>TOTAL</b>	<b>1,403.95</b>	<b>1,223.75</b>	<b>180.20</b>	<b>14.73</b>

- ❑ Average inventory turnover in sales days has decreased from 41 days in 2016 to 37 days in 2017.
- ❑ Raw material has increased mainly due to increase in inventory of additives (activated Gypsum).
- ❑ Increase in stores and spares are primarily for new Jamul and Sindri plants.
- ❑ Petcoke inventory has increased due to increase in planned usage of Petcoke as compared to other alternatives. Further, due to temporary ban of petcoke usage in Rajasthan in October 2017, petcoke stock remains unconsumed in Lakheri plant as at December 31, 2017.

## 18. TRADE RECEIVABLES:

Amount in ₹ Crore

	2017	2016	Change	Change%
Trade receivables - Cement	403.09	321.08	82.01	25.54
Trade receivables - Ready Mix Concrete	265.11	215.02	50.09	23.30
<b>TOTAL</b>	<b>668.20</b>	<b>536.10</b>	<b>132.10</b>	<b>24.64</b>

- ❑ Trade receivable for cement as well as Ready Mix Concrete business has increased mainly due to increase in sales. The Company has been able to control the overall receivable through better collections performance.
- ❑ The average trade receivables in sales days outstanding for cement sales as on December 31, 2017 is 11 which is maintained at same level of 2016.
- ❑ The average trade receivables in sales days for Ready Mix Concrete business as on December 31, 2017 is 77 as compared to 78 as on December 31, 2016.

## 19. CASH AND CASH EQUIVALENTS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Cash and Cash Equivalents	2,526.74	1,777.78	748.96	42.13

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition.

Cash and Cash Equivalents improved by 42% to 2,527 Crore. The improvement is driven by strong performance and better working management by efficient inventory management, better collection performance and implementing appropriate payment norms for suppliers.

## 20. PROVISIONS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Non-current provisions	142.03	141.36	0.67	0.47
Current provisions	51.19	52.02	(0.83)	(1.60)
<b>TOTAL</b>	<b>193.22</b>	<b>193.38</b>	<b>(0.16)</b>	<b>(0.08)</b>

- Provision includes employee benefits and site restoration. There is no major variation in provisions.

## 21. SHORT-TERM BORROWINGS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Short term borrowings	59.17	50.02	9.15	18.30

- Short term Borrowings consist of loan from ACC Mineral Resources Limited, a wholly owned subsidiary Company.

## 22. TRADE PAYABLES:

Amount in ₹ Crore

	2017	2016	Change	Change%
Trade Payables	1,810.49	1,256.93	553.56	44.04

- Increase in trade payables is result of improvising on working capital management by negotiating better credit terms with suppliers.
- Average trade payable in sales days has increased from 36 days in 2016 to 43 days in 2017.

## 23. OTHER CURRENT LIABILITIES:

Amount in ₹ Crore

	2017	2016	Change	Change%
<b>Other current financial liabilities</b>				
Interest accrued but not due on borrowings	-	1.70	(1.70)	(100.00)
Unpaid dividend & Deposit	31.65	32.36	(0.71)	(2.19)
Security deposits and retention money	530.56	533.81	(3.25)	(0.61)
Liability for capital expenditure	59.85	96.95	(37.10)	(38.27)
Other financial liabilities	96.75	166.39	(69.64)	(41.85)
<b>Other current liabilities</b>				
Statutory dues	595.44	414.85	180.59	43.53
Advance from customers	188.63	201.77	(13.14)	(6.51)
Other payables	948.59	793.66	154.93	19.52
<b>TOTAL</b>	<b>2,451.47</b>	<b>2,241.49</b>	<b>209.98</b>	<b>9.37</b>

### Other current financial liabilities

- Liability for capital expenditure has decreased due to completion of Jamul and Sindri projects.
- Other financial liabilities decreased as Del Credere balances are netted off from trade receivables in current year upon meeting the criteria for derecognition of financial asset. In the previous year same was shown under other financial liabilities.

### Other current liabilities

- Liability for Statutory dues has increased mainly due to GST liability.
- Other payables increased mainly due to increase in liability for rebates to customers and interest on income tax.



## 24. CASH FLOWS:

Amount in ₹ Crore

	2017	2016	Change	Change%
Net cash flow from operating activities	<b>1,554.76</b>	1,380.10	174.66	12.66

Net cash from operating activities has increased as compared to previous year due to following reasons

- The Cash operating profit before working capital changes has increased by ₹ 386 Crore due to strong performance in current year.
- Direct tax paid - (Net of refunds) has decreased by ₹ 54 Crore. During the current year, the Company has received income tax refund of ₹ 130 Crore for earlier years on completion of assessment years.
- Impact on cash flow from operating activities due to above reasons partially offset by increase in working capital by ₹ 89 Crore as compared to reduction of ₹ 176 Crore in previous year. Inventory for stores and spare parts and fuel has gone up as compared to previous year.

Amount in ₹ Crore

	2017	2016	Change	Change%
Net cash used for investing activities	<b>384.58</b>	539.10	(154.52)	(28.66)

Net cash used for investing activities has reduced as compared to previous year due to following reasons:

- During the current year, the Company has sold its equity investment in Shiva Cement Limited for a consideration of ₹ 38.67 Crore
- In the previous year, the Company deposited an amount of ₹ 115 Crore related to CCI matter and ₹ 20 Crore as margin money against bank guarantees given to Government authorities.
- Capex spent has increased by ₹ 15 Crore in current year due to increase in capital advance.

Amount in ₹ Crore

	2017	2016	Change	Change%
Net cash used for financing activities	<b>422.10</b>	420.06	2.04	0.49

- There is no variation in cash used for financing activities as compared to previous year. Dividend paid is maintained at same level as in the previous year.

# INDEPENDENT AUDITOR'S REPORT

## To The Members of ACC Limited

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of ACC Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing

standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.





## Emphasis of Matters

We draw attention to Notes 43(A)b and 43(A)c to the standalone Ind AS financial statements which describes the following matters:

- a) In terms of order dated August 31, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹ 1,147.59 Crore for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Company. On the Company's appeal, Competition Appellate Tribunal (COMPAT) had stayed the penalty with a condition to deposit 10% of the penalty amount, which was deposited. The Company is awaiting decision by NCLAT.
- b) In a separate matter, pursuant to a reference filed by the Government of Haryana, the CCI by its order dated January 19, 2017, had imposed a penalty of ₹ 35.32 Crore on the Company for alleged contravention of the provisions of the Competition Act. On Company's filing an appeal together with application for interim stay against payment of penalty, COMPAT has stayed the penalty pending hearing of the application. This matter is listed before NCLAT for hearing.

Effective May 26, 2017 COMPAT ceased to exist and appellate function under the Competition Act is now conferred to the NCLAT. Based on the advice of external legal counsel, no provision has been considered necessary by the Company in respect of these matters.

Our opinion is not modified in respect of these matters.

## Other Matter

The comparative financial information of the Company for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 prepared in accordance with Ind AS included in these standalone Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information and the said opening balance sheet dated October 17, 2017 expressed an unmodified opinion.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of this matter.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on December 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 43(A) to the standalone Ind AS financial statements.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company other than ₹ 1.16 Crore which have since been paid.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

**For Deloitte Haskins & Sells LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W-100018)

**B. P. Shroff**

*Partner*

(Membership No. 034382)

Place: Mumbai

Date: February 08, 2018

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

**(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

We have audited the internal financial controls over financial reporting of ACC Limited (“the Company”) as of December 31, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

### **Management’s Responsibility for Internal Financial Controls**

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable

assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal

financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **For Deloitte Haskins & Sells LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W-100018)

### **B. P. Shroff**

*Partner*

(Membership No. 034382)

Place: Mumbai

Date: February 08, 2018

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner i.e. at least once every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the registered sale deed / transfer deed / conveyance deed / other documents evidencing title of the Company, we report that the title deeds of all the immovable properties of land and buildings which are freehold, other than self-constructed buildings, included in the property, plant and equipment are held in the name of the Company as at the Balance Sheet date, except for the following which are not held in the name of the Company as given below:

(₹ in Crore)

Particulars of the land and building	Gross Carrying Value as at December 31, 2017	Net Carrying Value as at December 31, 2017	Remarks
Freehold Land	1.76	1.76	Title deeds are in name of the entities which got merged with the Company.
Buildings	5.53	5.09	
Buildings	21.26	20.46	Title deeds are pending to be registered in the name of Company and necessary steps are being taken in this regard to transfer the title in the name of the Company.

In respect of immovable properties of land that have been taken on lease and disclosed as property, plant and equipment in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at Balance Sheet date, except for the following which are not held in the name of the Company as given below:

(₹ in Crore)

Particulars of the land	Gross Carrying Value as at December 31, 2017	Net Carrying Value as at December 31, 2017	Remarks
Leasehold Land	3.72	2.79	Title deeds are in name of the entities which got merged with the Company.
Leasehold Land	1.19	1.12	Title deeds not available in physical custody of the Company.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees

to directors or companies in which directors are interested which are covered under Section 185. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for manufacture of Cement. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have

been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at December 31, 2017 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on December 31, 2017 on account of disputes are given below:

(₹ in Crore)

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Unpaid
Income Tax Act, 1961	Income Tax and Interest	Commissioner	2009-2010	29.00
			2011-2012	203.00
			2012-2013	236.00
Sales Tax / Value Added Tax	Sales Tax, VAT, Penalty and Interest	High Court	1984-2016	127.35
		Appellate Authorities & Tribunal	1984-2016	150.63
		Commissioner	1990-2016	31.75
Central Excise Act, 1944	Excise Duty, Penalty and Interest	Supreme Court	1994-2000	2.34
		High Court	2000-2013	0.98
		Appellate Authorities & Tribunal	1994-2016	72.40
		Commissioner	2000-2013	5.57
Finance Act, 1994	Service Tax, Penalty and Interest	High Court	2001-2013	0.73
		Appellate Authorities & Tribunal	2001-2013	20.82
		Commissioner	2001-2016	11.79
Custom Act, 1962	Custom Duty, Penalty and Interest	Appellate Authorities & Tribunal	2000-2013	0.47





- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
  - (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
  - (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
  - (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
  - (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
  - (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
  - (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
  - (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
  - (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.
- For Deloitte Haskins & Sells LLP**  
*Chartered Accountants*  
(Firm's Registration No. 117366W/W-100018)
- B. P. Shroff**  
*Partner*  
(Membership No. 034382)
- Place: Mumbai  
Date: February 08, 2018

## BALANCE SHEET as at December 31, 2017

Particulars	Note No.	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>A. ASSETS</b>				
<b>1) Non-current assets</b>				
a) Property, Plant and Equipment	2	7,201.25	7,497.36	5,293.53
b) Capital work-in-progress		261.72	260.82	2,370.96
c) Other Intangible assets	3	39.77	27.59	25.91
d) Investments in subsidiaries, associates and joint ventures	4	226.45	226.45	268.76
e) Financial Assets				
(i) Investments	5	3.70	32.05	17.05
(ii) Loans	6	215.88	184.58	205.54
(iii) Other financial assets	7	0.06	0.06	0.11
f) Non-Current Tax Assets (Net)	8	295.44	303.91	305.16
g) Other non-current assets	9	1,026.77	835.41	1,024.78
<b>Total Non-current assets</b>		<b>9,271.04</b>	<b>9,368.23</b>	<b>9,511.80</b>
<b>2) Current assets</b>				
a) Inventories	10	1,403.95	1,223.75	1,188.60
b) Financial Assets				
(i) Investments	11	-	-	3.70
(ii) Trade receivables	12	668.20	536.10	484.35
(iii) Cash and Cash Equivalents	13	2,526.74	1,777.78	1,355.63
(iv) Bank balances other than Cash and Cash Equivalents	14	168.66	167.29	33.44
(v) Loans	15	40.96	28.88	26.72
(vi) Other financial assets	16	8.87	5.05	7.82
c) Other current assets	17	787.35	320.47	227.21
		<b>5,604.73</b>	<b>4,059.32</b>	<b>3,327.47</b>
d) Non-current assets classified as held for sale	18	13.08	12.03	12.83
<b>Total Current assets</b>		<b>5,617.81</b>	<b>4,071.35</b>	<b>3,340.30</b>
<b>TOTAL - ASSETS</b>		<b>14,888.85</b>	<b>13,439.58</b>	<b>12,852.10</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	19	187.99	187.99	187.95
b) Other Equity	20	9,177.47	8,643.88	8,396.46
<b>Total Equity</b>		<b>9,365.46</b>	<b>8,831.87</b>	<b>8,584.41</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a) Provisions	21	142.03	141.36	128.21
b) Deferred tax liabilities (Net)	22	541.36	447.37	466.27
<b>Total Non-current liabilities</b>		<b>683.39</b>	<b>588.73</b>	<b>594.48</b>
<b>Current liabilities</b>				
a) Financial Liabilities				
(i) Borrowings	23	59.17	50.02	35.50
(ii) Trade payables	24	1,810.49	1,256.93	874.11
(iii) Other financial liabilities	25	718.81	831.21	939.28
b) Other current liabilities	26	1,732.66	1,410.28	1,320.57
c) Provisions	27	51.19	52.02	49.09
d) Current Tax Liabilities (Net)		467.68	418.52	454.66
<b>Total Current liabilities</b>		<b>4,840.00</b>	<b>4,018.98</b>	<b>3,673.21</b>
<b>Total liabilities</b>		<b>5,523.39</b>	<b>4,607.71</b>	<b>4,267.69</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>14,888.85</b>	<b>13,439.58</b>	<b>12,852.10</b>
Significant accounting policies	1			

See accompanying notes to the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**

Partner

Membership No. 034382

**N. S. SEKHSARIA**

Chairman

DIN: 00276351

**NEERAJ AKHOURY**

Managing Director & CEO

DIN: 07419090

**SUNIL K. NAYAK**

Chief Financial Officer

**RAMASWAMI KALIDAS**

Company Secretary

FCS - 2440

For and on behalf of the Board of Directors of ACC Limited,

**ARUNKUMAR R GANDHI**

Director

DIN: 00007597

**SUSHIL KUMAR ROONGTA**

Director

DIN: 00309302

**FARROKH K. KAVARANA**

Director

DIN: 00027689

**MARTIN KRIEGNER**

Director

DIN: 00077715

**ASHWIN DANI**

Director

DIN: 00009126

**FALGUNI NAYAR**

Director

DIN: 00003633

Mumbai, February 08, 2018

## STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2017

Particulars		Note No.	For the Year ended December 31, 2017		For the Year ended December 31, 2016
			₹ Crore	₹ Crore	₹ Crore
<b>INCOME</b>					
1	Revenue from operations	28	14,200.19		12,523.39
2	Other Income	29	131.65		128.34
3	<b>Total Income (1+2)</b>			<b>14,331.84</b>	<b>12,651.73</b>
<b>EXPENSES</b>					
	a) Cost of material consumed	30	1,982.52		1,587.26
	b) Purchase of Stock-in-Trade	31	0.84		2.52
	c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	32	(14.90)		16.99
	d) Employee benefits expense	33	818.95		754.60
	e) Power and fuel		2,714.45		2,157.10
	f) Freight and Forwarding expense	34	3,450.97		2,654.66
	g) Excise duty		915.59		1,533.67
	h) Finance costs	35	102.30		82.63
	i) Depreciation and amortisation expense	36	640.12		605.16
	j) Other expenses	37	2,428.77		2,348.82
			13,039.61		11,743.41
	Self Consumption of Cement		(6.13)		(5.96)
	<b>Total Expenses</b>			<b>13,033.48</b>	<b>11,737.45</b>
5	<b>Profit before exceptional item and tax (3-4)</b>			<b>1,298.36</b>	<b>914.28</b>
6	Exceptional item	38		-	42.81
7	<b>Profit before tax (5-6)</b>			<b>1,298.36</b>	<b>871.47</b>
8	<b>Tax expense</b>				
	a) Current tax		351.12		235.04
	b) Deferred tax charge / (credit)	22	31.79		(10.62)
				382.91	224.42
9	<b>Profit for the year (7-8)</b>			<b>915.45</b>	<b>647.05</b>
10	<b>Other Comprehensive Income (OCI)</b>				
	(i) Items that will not be reclassified to profit and loss:				
	Re-measurement gain / (loss) on defined benefit plans			3.62	(23.91)
	(ii) Income tax relating to items that will not be reclassified to profit and loss	22		(1.25)	8.28
	<b>Other Comprehensive Income for the year, net of tax</b>			<b>2.37</b>	<b>(15.63)</b>
11	<b>Total Comprehensive Income for the year (9+10)</b>			<b>917.82</b>	<b>631.42</b>
12	<b>Earnings per equity share of ₹ 10 each:</b>	39			
	Basic	₹		48.75	34.46
	Diluted	₹		48.63	34.37
	Significant accounting policies	1			

See accompanying notes to the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**

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DIN: 00009126

**FALGUNI NAYAR**

Director

DIN: 00003633

Mumbai, February 08, 2018

## STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2017

### A. Equity Share Capital

	₹ Crore
At January 01, 2016	187.95
Issue of equity shares	0.04
At December 31, 2016	187.99
Issue of equity shares	-
<b>At December 31, 2017</b>	<b>187.99</b>

### B. Other Equity

#### For the year ended December 31, 2017

	Reserves and surplus (Refer Note - 20)				Items of Other Comprehensive Income (OCI)	Total Other Equity
	Capital Reserve ₹ Crore	Securities premium Reserve ₹ Crore	General Reserve ₹ Crore	Retained Earnings ₹ Crore		
<b>As at January 01, 2017</b>	67.81	845.03	2,723.30	5,023.37	(15.63)	8,643.88
Profit for the year	-	-	-	915.45	-	915.45
Other Comprehensive Income for the year, net of tax	-	-	-	-	2.37	2.37
<b>Total comprehensive income for the year</b>				5,938.82	(13.26)	9,561.70
Interim dividend paid	-	-	-	(206.57)	-	(206.57)
Final dividend paid	-	-	-	(112.67)	-	(112.67)
Dividend distribution tax on dividend	-	-	-	(64.99)	-	(64.99)
<b>As at December 31, 2017</b>	<b>67.81</b>	<b>845.03</b>	<b>2,723.30</b>	<b>5,554.59</b>	<b>(13.26)</b>	<b>9,177.47</b>

## STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2017 (Contd.)

### B. Other Equity (Contd.)

For the year ended December 31, 2016

	Reserves and surplus (Refer Note - 20)				Items of Other Comprehensive Income (OCI)	Total Other Equity
	Capital Reserve ₹ Crore	Securities premium Reserve ₹ Crore	General Reserve ₹ Crore	Retained Earnings ₹ Crore	Re-measurement gain / (loss) on defined benefit plans ₹ Crore	
<b>As at January 1, 2016</b>	67.81	844.84	2,693.30	4,790.51	-	8,396.46
Profit for the year	-	-	-	647.05	-	647.05
Other Comprehensive Income for the year, net of tax	-	-	-	-	(15.63)	(15.63)
<b>Total comprehensive income for the year</b>	-	-	-	5,437.56	(15.63)	9,027.88
Interim dividend paid	-	-	-	(206.57)	-	(206.57)
Final dividend paid	-	-	-	(112.65)	-	(112.65)
Dividend distribution tax on dividend	-	-	-	(64.97)	-	(64.97)
Transfer from retained earnings	-	-	30.00	(30.00)	-	-
Premium on equity shares issued out of held in abeyance	-	0.19	-	-	-	0.19
<b>As at December 31, 2016</b>	<b>67.81</b>	<b>845.03</b>	<b>2,723.30</b>	<b>5,023.37</b>	<b>(15.63)</b>	<b>8,643.88</b>

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants  
ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**

Partner  
Membership No. 034382

Mumbai, February 08, 2018

For and on behalf of the Board of Directors of ACC Limited,

**N. S. SEKHSARIA**  
Chairman  
DIN: 00276351

**NEERAJ AKHOURY**  
Managing Director & CEO  
DIN: 07419090

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**ASHWIN DANI**  
Director  
DIN: 00009126

**FALGUNI NAYAR**  
Director  
DIN: 00003633

## STATEMENT OF CASH FLOW for the year ended December 31, 2017

Particulars	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>A. Cash flow from operating activities</b>		
Profit before Tax	1,298.36	871.47
Adjustments for:		
Depreciation and amortisation expense	640.12	605.16
Loss / (Profit) on sale / write off of Property, Plant and Equipment (net)	2.89	(20.46)
Gain on sale of non-current financial assets measured at FVTPL	(10.32)	-
Gain on sale of current financial assets measured at FVTPL	(23.78)	(21.15)
Impairment of Non-current Investment in subsidiary company (Refer Note - 38)	-	42.81
Dividend income	(4.75)	(7.64)
Interest income	(91.92)	(65.57)
Finance costs	102.30	82.63
Provision for doubtful debts and advances (Net)	(2.80)	10.24
Bad debts written off (Net of provision)	-	0.51
Provision for slow and non moving Stores & Spares parts	(6.39)	12.69
Provision no longer required written back (including write back of royalty on minerals)	(45.01)	(23.68)
Net gain on fair valuation of current financial assets measured at FVTPL	(0.88)	(12.51)
Amortisation of operating lease rental	3.72	3.72
Unrealised exchange gain (net)	(0.12)	(2.80)
Operating profit before working capital changes	1,861.42	1,475.42
Changes in Working Capital:		
Adjustments for Decrease / (Increase) in operating assets:		
Decrease / (Increase) in Trade receivable, loans and advances and other assets	(778.19)	(77.57)
Decrease / (Increase) in Inventories	(173.81)	(47.84)
Adjustments for Increase / (Decrease) in operating liabilities:		
Increase / (Decrease) in Trade payables, Other liabilities and Provisions	863.02	301.80
Cash generated from operations	1,772.44	1,651.81
Direct tax paid - (Net of refunds)	(217.68)	(271.71)
<b>Net Cash flow from operating activities</b>	<b>1,554.76</b>	<b>1,380.10</b>
<b>B. Cash flow from investing activities</b>		
Loans to subsidiary companies	(0.10)	(0.20)
Purchase of Property, Plant and Equipments (Including Capital work-in-progress and Capital Advances)	(533.79)	(518.88)
Proceeds from sale of Property, Plant and Equipment	14.42	21.33
Proceeds from sale of non current investments in Shiva Cement Limited	38.67	-
Net Proceeds from current investments	23.78	21.15
Purchase of Investment in subsidiary company	-	(0.50)



## STATEMENT OF CASH FLOW for the year ended December 31, 2017 (contd.)

Particulars	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Redemption of bank deposits (having original maturity for more than 3 months)	-	0.05
Investment in bank deposits (having original maturity for more than 3 months)	(2.06)	(134.95)
Dividend received from Associates	4.75	7.64
Interest received	69.75	65.26
<b>Net cash used in investing activities</b>	<b>(384.58)</b>	<b>(539.10)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from Issuance of equity shares (including Securities premium)	-	0.23
Interest paid	(42.02)	(47.80)
Proceeds from short-term borrowing from Subsidiary Company	4.15	11.70
Dividend paid	(319.24)	(319.21)
Dividend Distribution Tax paid	(64.99)	(64.98)
<b>Net cash used in financing activities</b>	<b>(422.10)</b>	<b>(420.06)</b>
<b>Net increase in cash and cash equivalents</b>	<b>748.08</b>	<b>420.94</b>
Cash and cash equivalents at the beginning of the year (Refer note - 13)	1,777.78	1,355.63
<b>Cash and cash equivalents at the end of the year</b> (Refer note - 13)	<b>2,526.74</b>	<b>1,777.78</b>
Adjustment for gain on fair valuation of current financial assets measured at FVTPL	(0.88)	(1.21)
	<b>2,525.86</b>	<b>1,776.57</b>

The accompanying notes are an integral part of the financial statements

Note : 1 Cash flow statement has been prepared under the indirect method as set out in Ind AS-7 on Cash Flow Statements.

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**  
Partner  
Membership No. 034382

Mumbai, February 08, 2018

For and on behalf of the Board of Directors of ACC Limited,

**N. S. SEKHSARIA**  
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DIN: 00276351

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Managing Director & CEO  
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Director  
DIN: 00003633

# NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017

## Company Overview and Significant Accounting Policies:

### Corporate Information

ACC Limited ("the Company"), is a public company domiciled in India and was incorporated on August 01, 1936 under the provisions of the Companies Act, 1913 applicable in India. Its shares are listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) of India. The registered office of the Company is located at Cement House, 121 Maharshi Karve Road, Mumbai – 400020 India.

The Company is principally engaged in the business of manufacturing and selling of Cement and Ready mix concrete. The Company has manufacturing facilities across India and caters mainly to the domestic market.

### 1. Significant Accounting Policies

#### I. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including for the year ended December 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP'). These are the Company's first financial statements prepared in accordance with Ind AS. The date of transition to Ind AS is January 01, 2016 (hereinafter referred to as the 'transition date').

The financial statements for the year ended December 31, 2016 and the opening Balance Sheet as at January 01, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Company's Balance Sheet, Statement of Profit and Loss (including Comprehensive Income) and Statement of Cash Flows are provided in Note - 55.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors on February 08, 2018.

#### II. Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for the following material items in the balance sheet:

- a) Certain financial assets and liabilities are measured at fair value (refer accounting policy regarding financial instruments)
- b) Asset held for sale are measured at lower of its carrying amount and fair value less cost to sell; and
- c) Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

- i. Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. Level 2 — inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 — inputs that are unobservable for the asset or liability

### III. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (₹) which is the functional currency of the Company.

All financial information presented in Indian rupees has been rounded to the nearest Crore, except otherwise indicated.

### IV. Classification of Current / Non-Current Assets and Liabilities

All the assets and liabilities have been classified as current or non current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets/ liabilities are classified as non-current.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

### V. Property, plant and equipment

#### Recognition and measurement

- a) Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any (except freehold non-mining land which is carried at cost less impairment losses if any).

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Cost comprises the purchase price, including import duties and non-refundable purchase taxes (net of taxes credit wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use, including relevant borrowing costs.

The present value of the expected cost for the decommissioning of an asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

- b) Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the statement of Profit and Loss during the reporting period in which they are incurred.
- d) Spares which meet the definition of property, plant and equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalized on such date.
- e) Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of Property, plant and equipment when completed and ready for intended use. Advances given towards acquisition/construction of Property, plant and equipment outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other non-current assets".
- f) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of Profit and Loss when the asset is derecognised.
- g) The Company has elected to continue with the carrying value of all its property, plant and equipment as recognised in the financial statements as at transition date to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at transition date pursuant to the exemption under Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

### Depreciation and amortisation

- a) Leasehold non-mining land held under finance lease is amortised over the period of lease on a straight line basis.
- b) Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in the proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non-mining land is not depreciated.
- c) Depreciation on property, plant and equipment, other than plant and equipment assets related to Captive Power Plant (CPP assets), is provided using the straight line method and on CPP assets using the written down value method based on their respective estimated useful lives.

The Company identifies and determines cost of each component / part of the asset and depreciates separately, if the component / part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Estimated useful lives of assets are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The estimated useful lives are as follows:

Assets	Useful Life
Buildings	3-60 years
Plant and Equipment	8-30 years
Railway sidings	8-15 years
Furniture & Fixtures and Office equipment	3-10 years
Vehicles	6-8 years

The useful life as estimated above is aligned to the prescribed useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation is different in the following case:

Particulars	Useful Life estimated by the management	Useful Life as per Schedule II
Plant and Equipment related to Captive Power Plant	20 years	40 years

- d) Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
- e) Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided upto the date on which such item of property, plant and equipment is sold, discarded, demolished or scrapped.
- f) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- g) The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

### VI. Intangible assets

#### Recognition and Measurement

- a) Mining rights and computer software acquired is measured on initial recognition at cost. Cost comprises the purchase price (net of taxes credit wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

- b) Gains or losses arising from derecognition of an item of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the such item of intangible asset and are recognised in the statement of Profit and Loss when the asset is derecognised.
- c) The Company has elected to continue with the carrying value of all its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

#### Amortisation

A summary of the policies applied to the intangible assets is, as follows:

Intangible assets	Useful life	Amortisation method used
Computer software	Finite (3 years)	Amortised on a straight-line basis over the useful life
Mining Rights		Over the period of the respective mining agreement

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

### **VII. Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or which are not yet available for use, an impairment test is performed as at each Balance Sheet date (irrespective of impairment indicator) and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or group of assets.

The future cash flows are derived from the detailed budgets and forecast for the next three years, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated.

An impairment loss is recognised in the statement of Profit and Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal of impairment loss is recognised in the Statement of Profit and Loss.

### **VIII. Business combinations and goodwill**

The Company uses the acquisition method of accounting to account for business combinations. The Company measures goodwill as of the acquisition date at the difference of the fair value of consideration transferred (including fair value of previously held interest and contingent consideration) less the net fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed. When such difference results into deficit, the excess is recognised in equity as capital reserve.

Business combination involving entities or businesses under common control is accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of combining entities are reflected at their carrying amount and no adjustments are made to reflect fair values.

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### IX. Inventories

Inventories are valued after providing for obsolescence, as follows:

a) Raw Materials, Stores & Spare parts, Packing Material and Fuels

At lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Work-in-progress, Finished goods and Stock-in-Trade

At lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Cost of Stock-in-Trade includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition. Cost is determined on a weighted average basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### X. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

The Company's financial assets comprise the following:

- i. Current financial assets mainly consisting of (a) trade receivables, (b) mutual funds, (c) cash and bank balances, (d) investment in certificates of deposit, (e) fixed deposits with bank and financial institutions and (f) other short-term receivables and deposits.
- ii. Non-current financial assets mainly consisting of (a) financial investments – equity, bond and fixed deposits, (b) other long-term receivables and deposits.

#### Initial recognition and measurement

The Company recognised a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

#### Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified in the following categories:

i. Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the statement of Profit and Loss. The losses arising from impairment are recognised in the statement of Profit and Loss. This category generally applies to trade and other receivables.

### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The Company does not own any financial asset classified at fair value through other comprehensive income.

### iii. Financial assets at fair value through profit or loss (FVTPL)

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

A Financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in statement of Profit and Loss. The net gain or loss recognised in statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item of statement of Profit and Loss.

#### Equity instruments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at FVTPL with all changes in fair value recognised in the statement of Profit and Loss. The net gain or loss recognised in the statement of Profit and Loss incorporates any dividend earned on the equity instruments and is included in the 'other income' line item of statement of Profit and Loss.

For all investments in equity instruments other than held for trading, at initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

The Company has not designated investment in any equity instruments FVTOCI.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's financial statements) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - (a) the Company has transferred substantially all the risks and rewards of the asset, or
  - (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

On Derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

### Impairment of financial assets

In accordance with Ind AS 109 "Financial Instruments", the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, bond and
- b) trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables resulting from transactions within the scope of Ind-AS 18 "Revenue", if they do not contain a significant financing component.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR).

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/expense in the statement of Profit and Loss. This amount is reflected in a separate line in the statement of Profit and Loss as an impairment gain or loss.

For financial assets measured at amortised cost, ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

### **b) Financial liabilities and equity instruments**

#### Classification as debt or equity

An instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Dividend paid on equity instruments are directly reduced from equity.

#### Financial liabilities

The Company's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

#### **Initial recognition and measurement**

The Company recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost (loans and borrowings, and payables) as appropriate.

#### **Subsequent measurement**

#### Financial liabilities at amortised cost

This is the category most relevant to the Company. All the financial liabilities of the Company are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Standalone statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of Profit and Loss.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- i. such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- ii. the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- iii. it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

The Company does not owe any financial liability which is either classified or designated at fair value through profit or loss.

### Derecognition of financial liabilities

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liability) is primarily derecognised (i.e. removed from the Company's financial statements) when, and only when, the obligation under the liability is discharged or cancelled or expires.

An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of Profit and Loss.

### **Embedded derivatives**

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 "financial instruments" to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

### **Offsetting a financial asset and a financial liability**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously on a net basis.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### XI. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income/ interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/ payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### XII. Investment in subsidiaries, associates and joint ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company has elected to measure its investments in subsidiaries, associates and joint ventures at the Previous GAAP carrying amount and use it as its deemed cost on the transition date.

### XIII. Provisions and Contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

These estimates are reviewed at each Balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. The Company does not recognize a contingent asset (if any) but disclose in financial statements.

### XIV. Site restoration and other environmental provisions

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

The site restoration provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the statements of Profit and Loss.

### XV. Foreign Currency Transactions / Translations

These financial statements are presented in Indian Rupees (₹).

Transactions in currencies other than Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

### XVI. Revenue recognition

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, rebates and other similar allowances as applicable. The Company collects sales tax and value added tax (VAT) and Goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Hence, they are excluded from revenue.

#### Rendering of services

Revenue from services is recognised with reference to the stage of completion of a contract when outcome can be measured reliably. Stage of completion is measured by the services performed till Balance Sheet date as a percentage of total services contracted.

#### Interest income and royalties

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

#### Dividends

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

### XVII. Retirement and other employee benefits

#### a) Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined Contribution Plans:

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plans and the same are charged to the Statement of Profit and Loss for the year in which the employee renders the related service.

c) Defined Benefit Plans:

The Company's gratuity scheme, additional gratuity scheme and post-employment benefit scheme are considered as defined benefit plans. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at the Balance Sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate with reference to the market yield on government bonds at the end of reporting period.

Defined benefit costs are categorised as follows:

- i. The current service cost of the defined benefit plans, recognised in the statement of Profit and Loss in employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognised immediately in the statement of Profit and Loss when they occur.
- ii. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Finance cost in the statement of Profit and Loss.
- iii. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to statement of Profit and Loss in subsequent periods.

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. Periodic contributions to the Fund are charged to the Statement of Profit and Loss. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognised in the Statement of Profit and Loss. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

d) Accumulated Compensated absences, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are treated as short term employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

e) Other long-term benefits:

Long service awards and accumulated compensated absences which are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service are treated as other long term employee benefits for measurement purposes.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

The Company's liability is determined on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Re-measurements are immediately recognised in the Statement of Profit and Loss.

f) Termination benefits:

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

- a. when the Company can no longer withdraw the offer of those benefits; and
- b. when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

g) Presentation and disclosure:

For the purpose of presentation of Defined benefit plans, the allocation between the current and non-current provisions has been made as determined by an actuary. The Company presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

### XVIII. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

### XIX. Borrowing Costs

Borrowing cost directly attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### XX. Taxation

Tax expense comprises of current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

#### Current income tax

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 including the relevant Transfer Pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Current income tax relating to items recognised outside Profit and Loss is recognised outside Profit and Loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

### Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- i. When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised, except:

- i. When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- ii. In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income tax levied by the same taxation authority.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### Minimum Alternate Tax

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilized. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. MAT credit is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### XXI. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases and included in and included in property, plant and equipment. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. incurred by the Company in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

### XXII. Segment Reporting

#### Identification of segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available.

The board of directors of the Company has appointed Executive Committee (ExCo) which has been identified as being the CODM. The ExCo assesses the financial performance and position of the Company and makes strategic decisions.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

### **Allocation of common costs**

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

### **Inter-segment transfers**

Inter-segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

### **Unallocated items**

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

### **Segment Policies**

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Operating segment is reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

## **XXIII. Cash and Cash equivalents**

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition. These short-term highly liquid instruments are open-ended debt funds and certificate of deposits that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

## **XXIV. Government Grants and Subsidies**

- a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.
- b) Where the government grant / subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grant and subsidy receivable against an expense are deducted from such expense.
- c) Where the grant or subsidy relates to an asset, it is recognised as income on a systematic basis over the expected useful life of the related asset.

## **XXV. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.





## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### XXVI. Use of Estimates and Judgements

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarized below:

#### **Impairment of non-financial assets**

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates such as discount rates and growth rates.

#### **Defined benefit plans**

The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

#### **Recognition of deferred tax assets**

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized.

#### **Measurement of site restoration provisions**

The measurement of site restoration provisions requires long-term assumptions regarding the phasing of the restoration work to be carried out and the appropriate discount rate to be used.

#### **Provisions**

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Company is exposed are assessed by management and in certain cases with the support of external specialized lawyers.

The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

### Fair value measurement of financial instruments

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

### Useful lives of property, plant and equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

### Impairment of investments in subsidiaries, joint- ventures and associates

Determining whether the investments in subsidiaries, joint ventures and associates are impaired requires an estimate in the value in use of investments. In considering the value in use, the management has anticipated the capacity utilization of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses / operations of the investee companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

## XXVII. Recent accounting pronouncements

### Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from January 01, 2018.

### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. However, this amendment is not applicable to the Company.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 2. PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	Depreciation charge for the year	Disposals	As at December 31, 2017
<b>Tangible Assets :</b>								
Freehold Non-Mining Land	130.61	-	-	130.61	-	-	-	130.61
Freehold Mining Land	302.01	2.44	-	304.45	0.24	0.27	-	301.77
Leasehold Land	36.34	2.87	-	39.21	0.28	0.51	-	38.42
Buildings	1,573.99	35.71	1.13	1,608.57	64.47	77.23	0.28	1,467.15
Plant and Equipment	5,743.89	251.41	22.28	5,973.02	495.54	512.02	4.69	4,970.15
Railway Sidings	192.97	50.34	-	243.31	13.69	19.80	-	209.82
Furniture and Fixtures	22.46	2.58	0.19	24.85	4.62	4.48	0.12	15.87
Vehicles	50.57	7.01	0.51	57.07	8.71	9.29	0.24	39.31
Office equipment	45.83	7.30	0.44	52.69	13.76	13.32	0.37	25.98
<b>TOTAL</b>	<b>8,098.67</b>	<b>359.66</b>	<b>24.55</b>	<b>8,433.78</b>	<b>601.31</b>	<b>636.92</b>	<b>5.70</b>	<b>7,201.25</b>

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	Depreciation charge for the year	Disposals	As at December 31, 2016
<b>Tangible Assets :</b>								
Freehold Non-Mining Land	123.69	6.92	-	130.61	-	-	-	130.61
Freehold Mining Land	295.53	6.48	-	302.01	-	0.24	-	301.77
Leasehold Land	14.28	23.35	1.29	36.34	-	0.29	0.01	36.06
Buildings	925.76	648.47	0.24	1,573.99	-	64.48	0.01	1,509.52
Plant and Equipment	3,744.96	2,004.32	5.39	5,743.89	-	496.26	0.72	4,970.15
Railway Sidings	105.79	87.18	-	192.97	-	13.69	-	179.28
Furniture and Fixtures	18.64	3.85	0.03	22.46	-	4.63	0.01	17.84
Vehicles	33.72	17.00	0.15	50.57	-	8.77	0.06	41.86
Office equipment	31.16	14.73	0.06	45.83	-	13.78	0.02	32.07
<b>TOTAL</b>	<b>5,293.53</b>	<b>2,812.30</b>	<b>7.16</b>	<b>8,098.67</b>	<b>-</b>	<b>602.14</b>	<b>0.83</b>	<b>7,497.36</b>

#### Notes:-

- (i) Buildings include cost of shares ₹ 4,120 (December 31, 2016 - ₹ 4,120, January 01, 2016 - ₹ 4,960) in various Co-operative Housing Societies, in respect of 8 (December 31, 2016 - 8, January 01, 2016 - 10) residential flats.
- (ii) Depreciation charge for the year include ₹ Nil (Previous year - ₹ 0.17 Crore) capitalised as pre-operative expenses.
- (iii) Major additions in tangible assets in the year 2016 is relate to capitalisation of Clinkering Facility of 2.79 MTPA and Cement facility of 1.1 MTPA at Jamul in State of Chhattisgarh and Cement grinding facility of 1.35 MTPA at Sindri in State of Jharkhand.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 3. OTHER INTANGIBLE ASSETS

₹ Crore

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	Amortisation charge for the year	Disposals	As at December 31, 2017	As at December 31, 2016
<b>Intangible Assets:</b>									
Computer Software	3.83	0.35	1.56	2.62	0.30	0.74	-	1.58	3.53
Mining Rights	26.95	16.59	-	43.54	2.89	2.46	-	38.19	24.06
<b>TOTAL</b>	<b>30.78</b>	<b>16.94</b>	<b>1.56</b>	<b>46.16</b>	<b>3.19</b>	<b>3.20</b>	<b>-</b>	<b>39.77</b>	<b>27.59</b>

₹ Crore

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	Amortisation charge for the year	Disposals	As at December 31, 2016	As at January 01, 2016
<b>Intangible Assets:</b>									
Computer Software	0.20	3.63	-	3.83	-	0.30	-	3.53	0.20
Mining Rights	25.71	1.24	-	26.95	-	2.89	-	24.06	25.71
<b>TOTAL</b>	<b>25.91</b>	<b>4.87</b>	<b>-</b>	<b>30.78</b>	<b>-</b>	<b>3.19</b>	<b>-</b>	<b>27.59</b>	<b>25.91</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Following statement explains the transition of Property, Plant and Equipment and Other Intangible assets from Previous GAAP to Ind AS as at transition date.

₹ Crore

Particulars	Previous GAAP			Ind AS adjustments {Refer Note - 55 (ii)}	Deemed Cost
	Gross Block	Accumulated Depreciation	Net Block considered as Deemed Cost		
<b>Tangible Assets</b>					
Freehold Non-Mining Land	92.69	-	92.69	31.00	123.69
Freehold Mining Land	297.77	2.24	295.53	-	295.53
Leasehold Land	85.41	45.42	39.99	(25.71)	14.28
Buildings	1,455.85	533.55	922.30	3.46	925.76
Plant and Equipment	8,938.47	5,193.51	3,744.96	-	3,744.96
Railway Sidings	174.55	68.76	105.79	-	105.79
Furniture and Fixtures	44.35	25.71	18.64	-	18.64
Vehicles	70.73	37.01	33.72	-	33.72
Office equipment	133.66	102.50	31.16	-	31.16
<b>TOTAL</b>	<b>11,293.48</b>	<b>6,008.70</b>	<b>5,284.78</b>	<b>8.75</b>	<b>5,293.53</b>

₹ Crore

Particulars	Previous GAAP			Ind AS adjustments {Refer Note - 55 (ii)}	Deemed Cost
	Gross Block	Accumulated Amortisation	Net Block considered as Deemed Cost		
<b>Other Intangible Assets</b>					
Computer Software	58.97	58.77	0.20	-	0.20
Mining Rights	-	-	-	25.71	25.71
<b>TOTAL</b>	<b>58.97</b>	<b>58.77</b>	<b>0.20</b>	<b>25.71</b>	<b>25.91</b>

### Note

The Company has elected to continue with the carrying value of all its Property, Plant and Equipment and other intangible assets as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 4. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (measured at cost)

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Numbers	₹ Crore	Numbers	₹ Crore	Numbers	₹ Crore
<b>Investment in Unquoted equity instruments</b>						
<b>Investment in subsidiaries</b>						
<b>Face value ₹ 10 each</b>						
Bulk Cement Corporation (India) Limited	3,18,42,050	37.27	3,18,42,050	37.27	3,18,42,050	37.27
Singhania Minerals Private Limited (5,00,000 shares subscribed for ₹ 0.50 Crore during the previous year)	5,20,000	5.50	5,20,000	5.50	20,000	5.00
<b>Face value ₹ 100 each</b> (Refer Note - 47)						
Lucky Minmat Limited	3,25,000	38.10	3,25,000	38.10	3,25,000	38.10
ACC Mineral Resources Limited	1,21,95,000	106.80	1,21,95,000	106.80	1,21,95,000	106.80
Less: Accumulated impairment		42.81		42.81		-
		63.99		63.99		106.80
National Limestone Company Private Limited	2,00,000	14.02	2,00,000	14.02	2,00,000	14.02
<b>Investment in Associates</b>						
<b>Face value ₹ 10 each</b>						
Alcon Cement Company Private Limited	4,08,001	22.25	4,08,001	22.25	4,08,001	22.25
Asian Concretes and Cements Private Limited	81,00,000	36.81	81,00,000	36.81	81,00,000	36.81
<b>Investment in Joint Ventures</b>						
<b>Face value ₹ 10 each</b>						
Aakaash Manufacturing Company Private Limited	4,401	6.01	4,401	6.01	4,401	6.01
OneIndia BSC Private Limited	25,01,000	2.50	25,01,000	2.50	25,01,000	2.50
<b>TOTAL</b>		<b>226.45</b>		<b>226.45</b>		<b>268.76</b>

Notes

(I)	Aggregate amount of unquoted Investments	226.45	226.45	268.76
(II)	Aggregate amount of impairment in value of investments in unquoted equity shares	42.81	42.81	-



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 5. NON-CURRENT - INVESTMENTS

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Numbers	₹ Crore	Numbers	₹ Crore	Numbers	₹ Crore
<b>Investment at fair value through profit or loss (FVTPL)</b>						
Investment in equity instruments (fully paid)						
<b>(i) Quoted</b>						
<b>Face value ₹ 2 each</b>						
Shiva Cement Limited	2,36,50,000	28.35	2,36,50,000	28.35	2,36,50,000	17.05
Less: Sold during the year	2,36,50,000	28.35		-		-
		-		<b>28.35</b>		<b>17.05</b>
<b>(ii) Unquoted*</b>						
<b>Face value ₹ 10 each</b>						
Kanoria Sugar & General Mfg. Company Limited	4	-	4	-	4	-
Gujarat Composites Limited	60	-	60	-	60	-
Rohtas Industries Limited	220	-	220	-	220	-
The Jaipur Udyog Limited	120	-	120	-	120	-
Digvijay Finlease Limited	90	-	90	-	90	-
The Travancore Cement Company Limited	100	-	100	-	100	-
Ashoka Cement Limited	50	-	50	-	50	-
<b>Face value ₹ 5 each</b>						
The Sone Valley Portland Cement Company Limited	100	-	100	-	100	-
		-		<b>28.35</b>		<b>17.05</b>
<b>Investment at amortized cost</b>						
Investment in Unquoted bonds						
<b>Face value ₹ 1,000,000 each</b>						
5.13% Himachal Pradesh Infrastructure						
Development Board Bonds	37	3.70	37	3.70	37	3.70
Less: Current portion of non-current investments {included under the head "Current Investments" - (Refer note - 11)}		-		-	37	3.70
		3.70		3.70		-
<b>TOTAL</b>		<b>3.70</b>		<b>32.05</b>		<b>17.05</b>

#### Notes

- (I) Aggregate amount of quoted investments and market value - 28.35 17.05
- (II) Aggregate value of unquoted investments 3.70 3.70 -
- (III) \* Each of such investments is carried at value less than ₹ 50,000

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 6. NON-CURRENT LOANS

Unsecured, considered good

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Security deposits	202.65	170.18	190.53
Loans to Employees	13.23	14.40	15.01
<b>TOTAL</b>	<b>215.88</b>	<b>184.58</b>	<b>205.54</b>

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.

No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

### 7. OTHER NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Bank deposits with more than 12 months maturity	0.06	0.06	0.11
<b>TOTAL</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>

### 8. NON-CURRENT TAX ASSETS (NET)

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Advance tax (Net of provision for tax)	295.44	303.91	305.16
<b>TOTAL</b>	<b>295.44</b>	<b>303.91</b>	<b>305.16</b>

### 9. OTHER NON-CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Incentives under Government schemes and other receivables			
Unsecured, considered good	556.78	482.99	465.82
Considered doubtful	4.38	4.60	6.39
Less: Allowance for doubtful receivables	(4.38)	(4.60)	(6.39)
	556.78	482.99	465.82
Deposits with Government Bodies and Others			
Unsecured, considered good	252.23	251.70	250.17
Considered doubtful	3.33	8.33	9.78
Less: Allowance for doubtful deposits	(3.33)	(8.33)	(9.78)
	252.23	251.70	250.17
Lease Prepayments	2.78	6.49	10.21
Capital Advances	214.98	94.23	298.58
<b>TOTAL</b>	<b>1,026.77</b>	<b>835.41</b>	<b>1,024.78</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 10. INVENTORIES

At lower of cost and net realizable value

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Raw Materials	153.96	131.07	132.01
{Including goods-in-transit ₹ 10.85 Crore (December 31, 2016 - ₹ 2.87 Crore, January 01, 2016 - ₹ 3.83 Crore)}			
Work-in-Progress	230.87	238.74	241.20
Finished Goods	161.26	138.64	152.54
Stock-in-trade	0.17	0.02	0.65
Stores & Spare Parts	383.22	301.41	265.84
{Including goods-in-transit ₹ 16.19 Crore (December 31, 2016 - ₹ 9.27 Crore, January 01, 2016 - ₹ 7.08 Crore)}			
Packing Materials	25.79	19.08	18.24
Fuels	448.68	394.79	378.12
{Including goods-in-transit ₹ 51.78 Crore (December 31, 2016 - ₹ 22.10 Crore, January 01, 2016 - ₹ 6.43 Crore)}			
<b>TOTAL</b>	<b>1,403.95</b>	<b>1,223.75</b>	<b>1,188.60</b>

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. The reversal of write-down of inventories of ₹ 6.39 Crore in the current year is consequent to consumption of inventories which were earlier written down (Previous year - charge of ₹ 12.69 Crore)

### 11. CURRENT INVESTMENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Investment at amortized cost</b>			
<b>Investment in Unquoted Bonds</b>			
<b>Face value ₹ 10,00,000 each</b>			
5.13% Himachal Pradesh Infrastructure Development Board Bonds (December 31, 2016 - 37 numbers, January 01, 2016 - 37 numbers)	-	3.70	3.70
Less: Transferred to non-current investments (included under the head "Non-current financial assets - Investments" - (Refer note - 5))	-	(3.70)	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3.70</b>
Aggregate value of unquoted investments	-	-	3.70

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 12. TRADE RECEIVABLES (Refer Note - 53)

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Secured, considered good	85.38	55.78	77.88
Unsecured, considered good	582.82	480.32	406.47
Considered doubtful	29.03	36.98	34.86
	697.23	573.08	519.21
Less : Allowance for doubtful receivable	(29.03)	(36.98)	(34.86)
<b>TOTAL</b>	<b>668.20</b>	<b>536.10</b>	<b>484.35</b>

No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

### 13. CASH AND CASH EQUIVALENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Balances with banks:</b>			
In current accounts	209.79	58.23	58.04
Deposits with original maturity of less than three months	500.00	50.00	-
	<b>709.79</b>	<b>108.23</b>	<b>58.04</b>
Cash on hand	0.01	0.05	0.11
Deposit with other than banks with original maturity of less than three months	100.00	100.00	100.00
Post office saving accounts	0.01	0.01	0.01
	<b>809.81</b>	<b>208.29</b>	<b>158.16</b>
Investments in liquid mutual funds	952.10	731.22	65.02
Certificates of deposits with original maturity of less than three months	764.83	838.27	1,132.45
<b>TOTAL</b>	<b>2,526.74</b>	<b>1,777.78</b>	<b>1,355.63</b>

### 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Other bank balances</b>			
*Deposits with original maturity for more than 3 months but less than 12 months	121.32	115.01	-
**Margin money deposit	15.69	19.94	-
#On unpaid dividend account	31.65	32.34	33.44
<b>TOTAL</b>	<b>168.66</b>	<b>167.29</b>	<b>33.44</b>

\* Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) of ₹ 121.21 Crore {(December 31, 2016 - ₹ 114.76 Crore, January 01, 2016 - ₹ Nil) - Refer Note - 43 (A) (b)}.

\*\* Margin money deposit is against bank guarantees given to Government authorities.

# These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 15. CURRENT LOANS

Unsecured, considered good

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Security deposits	34.16	21.73	19.30
Loans and advances to related parties (Refer Note - 44)	0.66	0.56	0.36
Loans to Employees	6.14	6.59	7.06
<b>TOTAL</b>	<b>40.96</b>	<b>28.88</b>	<b>26.72</b>

No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

### 16. OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Interest Accrued on Investments	7.69	3.72	6.53
Other Accrued Interest	1.18	1.33	1.29
<b>TOTAL</b>	<b>8.87</b>	<b>5.05</b>	<b>7.82</b>

### 17. OTHER CURRENT ASSETS

Unsecured, Considered Good

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Advances other than capital advances			
Advance to suppliers	428.31	127.32	66.03
Prepaid expenses	22.16	20.36	32.87
Other receivables			
Balances with statutory / government authorities	292.50	148.66	116.57
Lease Prepayments	3.72	3.72	3.72
Others	40.66	20.41	8.02
<b>TOTAL</b>	<b>787.35</b>	<b>320.47</b>	<b>227.21</b>

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Plant and equipment (i)	7.69	6.07	6.97
Building (ii)	5.39	5.96	5.86
<b>TOTAL</b>	<b>13.08</b>	<b>12.03</b>	<b>12.83</b>

- (i) The Company intends to dispose off plant and equipment in the next 12 months which it no longer intends to utilise. It was previously used in its manufacturing facility at plants. A selection of potential buyers is underway. No impairment loss was recognised on reclassification of the plant & equipment as held for sale and the Company expects the fair value less cost to sell to be higher than carrying amount.
- (ii) The Company intends to dispose off Building (mainly residential flats) in the next 12 months which it no longer intends to utilise. These were previously used for residential purpose. A selection of potential buyers is underway. Impairment loss of ₹ 0.28 Crore (*Previous year - ₹ Nil*) is recognised in the Statement of Profit and Loss under other expenses.

### 19. EQUITY SHARE CAPITAL

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Authorised</b>			
22,50,00,000 ( <i>December 31, 2016 - 22,50,00,000, January 01, 2016 - 22,50,00,000</i> ) Equity shares of ₹ 10 each	225.00	225.00	225.00
10,00,00,000 ( <i>December 31, 2016 - 10,00,00,000, January 01, 2016 - 10,00,00,000</i> ) Preference shares of ₹ 10 each	100.00	100.00	100.00
<b>Issued</b>			
18,87,93,243 ( <i>December 31, 2016 - 18,87,93,243, January 01, 2016 - 18,87,93,243</i> ) Equity shares of ₹ 10 each	188.79	188.79	188.79
<b>Subscribed &amp; Paid-up</b>			
18,77,87,263 ( <i>December 31, 2016 - 18,77,87,263 January 01, 2016 - 18,77,45,356</i> ) Equity shares of ₹ 10 each fully paid	187.79	187.79	187.75
Add : 3,84,060 ( <i>December 31, 2016 - 3,84,060, January 01, 2016 - 3,84,060</i> ) Equity shares of ₹ 10 each forfeited - amount originally paid	0.20	0.20	0.20
<b>TOTAL</b>	<b>187.99</b>	<b>187.99</b>	<b>187.95</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 19. EQUITY SHARE CAPITAL (contd.)

#### i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	₹ Crore
<b>At January 01, 2016</b>	<b>18,77,45,356</b>	<b>187.75</b>
Increase/ (decrease) during the year*	41,907	0.04
<b>At December 31, 2016</b>	<b>18,77,87,263</b>	<b>187.79</b>
Increase/ (decrease) during the year	-	-
<b>At December 31, 2017</b>	<b>18,77,87,263</b>	<b>187.79</b>

\*Pursuant to the Orders passed by the Special Court (TORTS) the Company has allotted Nil (*Previous year - 41,907*) equity shares out of the shares kept in abeyance of Rights Issue 1999.

#### ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

#### iii) Equity shares held by holding company/ ultimate holding company and/ or their subsidiaries/ associates

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Ambuja Cements Limited, the Holding company# 9,39,84,120 ( <i>December 31, 2016 - 9,39,84,120, January 01, 2016 - Nil</i> ) Equity shares ₹ 10 each fully paid	93.98	93.98	-
Holcim (India) Private Limited, the Holding company# Nil ( <i>December 31, 2016 - Nil, January 01, 2016 - 9,38,88,120</i> ) equity shares ₹ 10 each fully paid	-	-	93.89
Holderind Investments Ltd, Mauritius, the Holding company of Ambuja Cements Limited 84,11,000 ( <i>December 31, 2016 - 84,11,000, January 01, 2016 - 5,41,000</i> ) equity shares ₹ 10 each fully paid	8.41	8.41	0.54

Companies referred above are subsidiaries of LafargeHolcim Ltd, Switzerland, the ultimate holding company.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 19. EQUITY SHARE CAPITAL (contd.)

#### iv) Details of shareholders holding more than 5% shares in the Company

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Ambuja Cements Limited, the holding company#	9,39,84,120	50.05	9,39,84,120	50.05	-	-
Holcim (India) Private Limited, holding company#	-	-	-	-	9,38,88,120	50.01
Life Insurance Corporation of India	1,94,05,142	10.33	2,12,26,841	11.30	2,21,74,751	11.81

- v) There are no shares allotted as fully paid up by way of bonus shares or allotted as fully paid up pursuant to contract without payment being received in cash, or bought back during the period of five years immediately preceding the reporting date.

There are no securities which are convertible into equity shares.

**Note:** # The Company was a subsidiary of Holcim (India) Private Limited. Pursuant to the amalgamation of Holcim (India) Private Limited into Ambuja Cements Limited, effective August 12, 2016, the Company became a subsidiary of Ambuja Cements Limited.

### 20. OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Capital Reserve	67.81	67.81	67.81
Securities Premium Reserve	845.03	845.03	844.84
General Reserve	2,723.30	2,723.30	2,693.30
Retained earnings	5,554.59	5,023.37	4,790.51
Other Comprehensive Income	(13.26)	(15.63)	-
<b>TOTAL</b>	<b>9,177.47</b>	<b>8,643.88</b>	<b>8,396.46</b>

The Description of the nature and purpose of each reserve within equity is as follows:

**Capital Reserve:** It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transaction in earlier years.

**Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve is utilised in accordance with the specific provision of the Companies Act, 2013.

**General Reserve:** The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss. As per Companies Act 2013, transfer of profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Company.

**Retained Earnings:** Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained Earnings is a free reserve available to the Company.

**Other Comprehensive Income:** Other Comprehensive Income includes re-measurement loss on defined benefit plans, net of taxes that will not be reclassified to profit and loss.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 21. NON-CURRENT PROVISIONS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Provision for employee benefits (Refer Note - 40)			
Provision for gratuity and staff benefit schemes	104.50	103.79	93.01
Long service award	5.44	6.75	6.39
Other Provisions			
Provision for Mines Restoration	32.09	30.82	28.81
<b>TOTAL</b>	<b>142.03</b>	<b>141.36</b>	<b>128.21</b>

#### 21.1 Movement of provisions during the year as required by Ind AS-37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore
Opening Balance	30.82	28.81
Provision / (Reversal) during the year	(0.05)	0.71
Utilised during the year	(0.28)	(0.02)
Unwinding of discount and changes in the discount rate	1.60	1.32
<b>Closing Balance</b>	<b>32.09</b>	<b>30.82</b>

#### Provision for Site Restoration

Site restoration expenditure is incurred on an ongoing basis and until the closure of the site. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.

### 22. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2017:

	For the year ended December 31, 2017		For the year ended December 31, 2016	
	₹ Crore	In %	₹ Crore	In %
<b>Profit before tax</b>	1,298.36		871.47	
At India's statutory income tax rate	449.36	34.61%	301.62	34.61%
<b>Effect of Allowances for tax purpose</b>				
- Investment allowance on new plant and Machinery	(33.29)	(2.56%)	(79.50)	(9.12%)
- Tax Holiday claim	(54.92)	(4.23%)	(25.18)	(2.89%)
<b>Effect of Non-Deductible expenses</b>				
- Corporate social responsibility expenses	7.94	0.61%	9.39	1.08%
- Impairment of non-current investment	-	-	14.82	1.70%
- Others	15.47	1.19%	5.91	0.68%
Effect of Tax Exempt Income - Dividend	(1.65)	(0.13%)	(2.64)	(0.30%)
	<b>(66.45)</b>	<b>(5.12%)</b>	<b>(77.20)</b>	<b>(8.85%)</b>
<b>At the effective income tax rate</b>	382.91	29.49%	224.42	25.76%
Income tax expense reported in the statement of profit and loss	382.91	29.49%	224.42	25.76%

The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profits under Indian tax law.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 22. INCOME TAX (contd.)

#### Deferred tax:

Deferred tax relates to the following:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Deferred Tax Liabilities:</b>			
Depreciation and amortisation differences	861.13	775.68	652.65
	861.13	775.68	652.65
<b>Deferred Tax Assets:</b>			
MAT Credit Entitlement	115.73	117.55	-
Provision for employee benefits	41.71	44.08	27.57
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	105.44	105.59	101.32
Allowance for obsolescence of Stores and Spare Parts	9.88	9.88	9.88
Allowance for doubtful debts, advances and other assets	13.07	17.27	17.66
Others	33.94	33.94	29.95
	319.77	328.31	186.38
<b>Net deferred tax liabilities</b>	<b>541.36</b>	<b>447.37</b>	<b>466.27</b>

The major components of deferred tax liabilities / assets arising on account of timing differences are as follows:

₹ Crore

	Net Balance as on January 01, 2017	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2017
<b>Deferred Tax Liabilities:</b>					
Depreciation and amortisation differences	775.68	85.45	-	-	861.13
	<b>775.68</b>	<b>85.45</b>	-	-	<b>861.13</b>
<b>Deferred Tax Assets:</b>					
MAT Credit Entitlement	117.55	59.13	-	(60.95)	115.73
Provision for employee benefits	44.08	(1.12)	(1.25)	-	41.71
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	105.59	(0.15)	-	-	105.44
Allowance for obsolescence of Stores and Spare Parts	9.88	-	-	-	9.88
Allowance for doubtful debts, advances and other assets	17.27	(4.20)	-	-	13.07
Others	33.94	-	-	-	33.94
	<b>328.31</b>	<b>53.66</b>	<b>(1.25)</b>	<b>(60.95)</b>	<b>319.77</b>
<b>Net deferred tax liabilities</b>	<b>447.37</b>	<b>31.79</b>	<b>1.25</b>	<b>60.95</b>	<b>541.36</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 22. INCOME TAX (contd.)

₹ Crore

	Net Balance as on January 01, 2016	Recognised in profit or loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2016
<b>Deferred Tax Liabilities:</b>					
Depreciation and amortisation differences	652.65	123.03	-	-	775.68
	<b>652.65</b>	<b>123.03</b>	<b>-</b>	<b>-</b>	<b>775.68</b>
<b>Deferred Tax Assets:</b>					
MAT Credit Entitlement	-	117.55	-	-	117.55
Provision for employee benefits	27.57	8.23	8.28	-	44.08
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	101.32	4.27	-	-	105.59
Allowance for obsolescence of Stores and Spare Parts	9.88	-	-	-	9.88
Allowance for doubtful debts, advances and other assets	17.66	(0.39)	-	-	17.27
Others	29.95	3.99	-	-	33.94
	<b>186.38</b>	<b>133.65</b>	<b>8.28</b>	<b>-</b>	<b>328.31</b>
<b>Net deferred tax liabilities</b>	<b>466.27</b>	<b>(10.62)</b>	<b>(8.28)</b>	<b>-</b>	<b>447.37</b>

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority.

The Company expects to utilize the MAT credit within next year

### 23. CURRENT BORROWINGS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Unsecured</b>			
Loan from a related party (Refer Note - 44) (From a wholly owned subsidiary)	59.17	50.02	35.50
<b>TOTAL</b>	<b>59.17</b>	<b>50.02</b>	<b>35.50</b>

The above loan is repayable on demand and carries rate of interest in the range of 7% to 7.5% (Previous year - 9% to 9.5% p.a.)

### 24. TRADE PAYABLES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>At amortised cost</b>			
Due to Micro and Small Enterprises (Refer Note - 46)	4.81	7.54	4.12
Due to Other than Micro and Small Enterprises	1,805.68	1,249.39	869.99
<b>TOTAL</b>	<b>1,810.49</b>	<b>1,256.93</b>	<b>874.11</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 25. OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Financial Liabilities at amortised cost			
Interest accrued but not due on borrowings	-	1.70	2.44
Investor Education and Protection Fund*			
Unpaid dividend	31.65	32.34	33.44
Unpaid Matured Deposits	-	0.02	0.02
Security deposits and retention money	530.56	533.81	666.77
Liability for capital expenditure	59.85	96.95	113.13
Others	96.75	166.39	123.48
<b>TOTAL</b>	<b>718.81</b>	<b>831.21</b>	<b>939.28</b>

\*Does not include any amounts due and outstanding to be credited to Investor Education and Protection Fund

### 26. OTHER CURRENT NON-FINANCIAL LIABILITIES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Statutory dues	595.44	414.85	378.50
Advance from customers	188.63	201.77	137.81
Other payables (including Rebates to customers, interest on income tax, etc.)	948.59	793.66	804.26
<b>TOTAL</b>	<b>1,732.66</b>	<b>1,410.28</b>	<b>1,320.57</b>

### 27. CURRENT PROVISIONS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Provision for gratuity and staff benefit schemes (Refer Note - 40)	29.55	23.11	9.87
Provision for compensated absences	20.81	28.03	38.44
Long service award	0.83	0.88	0.78
<b>TOTAL</b>	<b>51.19</b>	<b>52.02</b>	<b>49.09</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 28. REVENUE FROM OPERATIONS

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Sale of products (including excise duty)	13,837.51	12,288.32
Sale of Services	9.03	13.14
Sale of products and services (gross)	13,846.54	12,301.46
Other Operating Revenue		
Provision no longer required written back	10.81	23.68
Sale of Surplus generated Power	-	13.11
Scrap Sales	29.26	26.85
Incentives*	151.57	65.89
Miscellaneous Income (including insurance claim, other services, etc.)	162.01	92.40
<b>TOTAL</b>	<b>14,200.19</b>	<b>12,523.39</b>

The Government of India introduced the Goods and Services tax (GST) with effect from July 01, 2017.

Sales for the current year includes excise duty up to June 30, 2017 of ₹ 937.60 Crore (Previous year - ₹ 1,529.38 Crore).

\*Incentives under various State Investment Promotion Scheme

### 29. OTHER INCOME

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Interest income using the effective interest rate method		
Interest on bank deposits	67.13	58.31
Interest on Income Tax	14.86	-
Other interest income	9.93	7.26
	91.92	65.57
Dividend from non-current investments from associates	4.75	7.64
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	23.78	21.15
Net gain on fair valuation of current financial assets measured at FVTPL*	0.88	12.51
Gain on sale of non-current financial assets measured at FVTPL	10.32	-
Net gain on disposal of Property, Plant and Equipment	-	20.46
Net foreign exchange gain	-	1.01
<b>TOTAL</b>	<b>131.65</b>	<b>128.34</b>

\* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 30. COST OF MATERIALS CONSUMED

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Inventories at the beginning of the year	131.07	132.01
Add: Purchases	2,005.41	1,586.32
	2,136.48	1,718.33
Less: Inventories at the end of the year	153.96	131.07
<b>TOTAL</b>	<b>1,982.52</b>	<b>1,587.26</b>

#### Details of cost of materials consumed

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Slag	326.94	184.41
Gypsum	343.23	288.90
Fly Ash	384.54	311.96
Cement	82.92	80.11
Aggregates	195.59	154.71
Others*	649.30	567.17
<b>TOTAL</b>	<b>1,982.52</b>	<b>1,587.26</b>

\*includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

### 31. PURCHASES OF STOCK-IN-TRADE

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Cement	0.16	-
Ready Mix Concrete	0.68	2.52
<b>TOTAL</b>	<b>0.84</b>	<b>2.52</b>

### 32. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>Inventories at the end of the year</b>		
Stock-in-Trade	0.17	0.02
Finished Goods	161.26	138.64
Work-in-progress	230.87	238.74
	<b>392.30</b>	<b>377.40</b>
<b>Inventories at the beginning of the year</b>		
Stock-in-Trade	0.02	0.65
Finished Goods	138.64	152.54
Work-in-progress	238.74	241.20
	<b>377.40</b>	<b>394.39</b>
	<b>(14.90)</b>	<b>16.99</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 33. EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Salaries and Wages	708.81	659.20
Contributions to Provident and other Funds	58.20	46.46
Staff welfare expenses	51.94	48.94
<b>TOTAL</b>	<b>818.95</b>	<b>754.60</b>

### 34. FREIGHT AND FORWARDING EXPENSE

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
On Clinker transfer	480.83	452.86
On finished products	2,970.14	2,201.80
<b>TOTAL</b>	<b>3,450.97</b>	<b>2,654.66</b>

### 35. FINANCE COSTS

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Interest		
- On income tax	52.99	24.68
- On Defined benefit obligation	8.22	8.45
- Others (Including Interest on Deposits from Dealers)	39.49	48.18
Unwinding of site Restoration provision (Refer Note - 21.1)	1.60	1.32
<b>TOTAL</b>	<b>102.30</b>	<b>82.63</b>

### 36. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Depreciation on Property, Plant and Equipment	636.92	601.97
Amortisation of intangible assets	3.20	3.19
<b>TOTAL</b>	<b>640.12</b>	<b>605.16</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 37. OTHER EXPENSES

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Consumption of stores and spare parts	331.14	361.49
Consumption of packing materials	434.36	353.84
Rent	139.79	132.92
Rates and taxes	151.85	149.04
Repairs	170.25	168.65
Insurance	21.79	24.60
Royalties on minerals (Refer Note 1 below)	224.12	216.80
Advertisement	87.42	80.57
Technology and Know-how fees	128.37	107.98
Miscellaneous expenses (Refer Note 2 below)	739.68	752.93
<b>TOTAL</b>	<b>2,428.77</b>	<b>2,348.82</b>

#### Notes

- Royalties on minerals expenses is net of ₹ 34.20 Crore (*Previous year - ₹ Nil*) related to provision for contribution towards District Mineral Foundation (DMF) under the Mines and Minerals (Development and Regulation) Amendment Act, 2015, written back on the basis of Supreme Court's favourable Judgement dated October 23, 2017.
- Does not include any item of expenditure with a value of more than 1% of turnover.
  - Miscellaneous expenses includes Grinding facility charges, Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.
  - Miscellaneous expenses includes net loss of ₹ 4.23 Crore (*Previous year - ₹ Nil*) on foreign currency transaction and translation.
  - Miscellaneous expenses includes Loss on sale / write off of Property, Plant and Equipment (net) of ₹ 2.89 Crore (*Previous year - ₹ Nil*).
  - Payment to Statutory Auditors (excluding applicable taxes)

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>As auditors</b>		
Audit fees (including Quarterly Limited Review)	2.49	3.57
Audit fees for tax financial statements	-	0.63
Fees for other services	-	0.12
Out of pocket expenses	0.04	0.17
<b>TOTAL</b>	<b>2.53</b>	<b>4.49</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 37. OTHER EXPENSES (Contd.)

(vi) Details of Corporate Social Responsibility expenses:

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility and shown in the respective heads of account is as follows:

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Miscellaneous expenses	21.82	22.27
<b>TOTAL</b>	<b>21.82</b>	<b>22.27</b>

No amount has been spent on construction/ acquisition of an asset of the company.

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ₹ 18.73 Crore (*Previous year - ₹ 21.47 Crore*) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

### 38. EXCEPTIONAL ITEM

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Impairment of non-current investment {Refer Note - 47 (iii)}	-	42.81
<b>TOTAL</b>	<b>-</b>	<b>42.81</b>

Impairment of ₹ 42.81 Crore for non-current investments in a subsidiary company was made in previous year considering inordinate delay in realising its investments in coal blocks which were cancelled in 2015.

### 39. EARNINGS PER SHARE [EPS]

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by weighted average number of Equity shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Profit attributable to equity shareholders (as per Statement of profit and loss)	915.45	647.05
Weighted average number of equity shares for Earnings Per Share computation		
Shares for Basic Earnings Per Share	18,77,87,263	18,77,71,233
Effect of dilution:		
Shares held in abeyance (Movement in number of shares is on account of change in fair value of share)	4,76,618	4,75,207
Weighted average number of Equity shares adjusted for the effect of dilution	18,82,63,881	18,82,46,440
<b>Earnings Per Share</b>		
Face value per Share ₹	10.00	10.00
Basic ₹	48.75	34.46
Diluted ₹	48.63	34.37

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS

- a) **Defined Contribution Plans** – Amount recognized and included in note 33 “Contributions to Provident and other Funds” of Statement of profit and loss ₹ 17.94 Crore (Previous year - ₹ 17.26 Crore)
- b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2017

The company has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan as given below:

- Every employee who has completed minimum five years of service is entitled to gratuity at 15 days salary for each completed year of service in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies.
- Every employee who has joined before December 01, 2005 and separates from service of the Company on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non-Funded.
- Benefits under Post Employment Medical Benefit plans are payable for actual domiciliary treatment/ hospitalization for employees and their specified relatives. The scheme is Non-Funded.

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk** - As the plan assets include significant investments in quoted debt and equity instruments, the Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

**Interest risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

#### Defined Benefit Plans as per Actuarial valuation on December 31, 2017

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non-Funded	
		₹ Crore	₹ Crore	₹ Crore
I	<b>Expense recognized in the Statement of Profit and Loss – for the year ended December 31, 2017</b>			
	<b>Components recognised in the Statement of Profit and Loss</b>			
1	Current Service cost	13.75 11.91	7.96 6.95	0.03 0.04
2	Net Interest Cost	0.94 0.82	6.87 7.17	0.41 0.46
3	Employee Contributions	- -	- -	(0.33) (0.32)
4	Net benefit expense	14.69 12.73	14.83 14.12	0.11 0.18

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non-Funded	
		₹ Crore	₹ Crore	₹ Crore
	<b>Components recognised in other comprehensive income</b>			
5	Due to change in financial assumptions	(9.61) 15.00	(6.49) 6.48	(0.42) 0.67
6	Due to change in experience adjustments	4.36 5.71	5.94 (0.14)	2.18 0.72
7	(Return) on plan assets (Excluding interest income)	0.42 (4.53)	- -	- -
8	Sub-total - Included in OCI	(4.83) 16.18	(0.55) 6.34	1.76 1.39
9	Total expense (4 + 8)	9.86 28.91	14.28 20.46	1.87 1.57
<b>II</b>	<b>Amount recognised in Balance Sheet</b>			
1	Present value of Defined Benefit Obligation	(197.92) (204.21)	(109.75) (106.11)	(7.37) (6.53)
2	Fair value of plan assets	180.99 189.95	- -	- -
3	Funded status {Surplus/(Deficit)}	(16.93) (14.26)	(109.75) (106.11)	(7.37) (6.53)
4	Net asset/(liability) as at December 31, 2017	(16.93) (14.26)	(109.75) (106.11)	(7.37) (6.53)
<b>III</b>	<b>Present Value of Defined Benefit Obligation</b>			
1	Present value of Defined Benefit Obligation at beginning of the year	204.21 188.74	106.11 96.03	6.53 5.72
2	Current Service cost	13.75 11.91	7.96 6.95	0.03 0.04
3	Interest Cost	12.80 13.60	6.87 7.17	0.41 0.46
4	Employee Contributions	- -	- -	(0.33) (0.32)
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(9.61) 15.00	(6.49) 6.48	(0.42) 0.67
6	Actuarial (Gains) / Losses arising from experience adjustments	4.36 5.71	5.94 (0.14)	2.18 0.72
7	Benefits Payments	(27.59) (30.55)	(10.64) (10.38)	(1.03) (0.76)
8	Increase/ (decrease) due to effect of any business combination, divestitures, transfers	- (0.20)	- -	- -
9	Present value of Defined Benefit Obligation at the end of the year	197.92 204.21	109.75 106.11	7.37 6.53



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non-Funded	
		₹ Crore	₹ Crore	₹ Crore
<b>IV</b>	<b>Fair Value of Plan Assets</b>			
1	Plan assets at the beginning of the year	189.95 <i>187.61</i>	- -	- -
2	Interest income	11.86 <i>12.78</i>	- -	- -
3	Contributions by Employer	7.19 <i>16.78</i>	- -	- -
4	Actual benefits paid	(27.59) <i>(31.75)</i>	- -	- -
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(0.42) <i>4.53</i>	- -	- -
6	Plan assets at the end of the year	180.99 <i>189.95</i>	- -	- -
<b>V</b>	<b>Weighted Average duration of Defined benefit obligation</b>	7 Years <i>7 Years</i>	8.8 Years <i>8.4 Years</i>	8.7 Years <i>9.3 Years</i>

(Figures in italics pertain to previous year)

#### VI Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

#### Sensitivity Analysis as at December 31, 2017

Particulars	₹ Crore					
	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(12.13)	13.78	(8.22)	9.43	(0.52)	0.77
Future salary growth (1% movement)	12.98	(12.01)	7.42	(7.16)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.75	(0.68)

#### Sensitivity Analysis as at December 31, 2016

Particulars	₹ Crore					
	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(12.64)	14.39	(8.06)	9.25	(0.54)	0.69
Future salary growth (1% movement)	13.17	(11.80)	7.22	(6.85)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.85	(0.77)

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

#### Sensitivity Analysis as at January 01, 2016

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.68)	13.30	(7.15)	8.19	(0.47)	0.59
Future salary growth (1% movement)	12.17	(10.90)	6.38	(6.05)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.73	(0.66)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.

### VII The major categories of plan assets as a percentage of total plan (%)

	Gratuity		
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
<b>Investments quoted in active markets:</b>			
<b>Debt instruments</b>			
Government securities	56%	52%	50%
Debentures and bonds	35%	27%	29%
Equity shares	6%	10%	9%
<b>Cash and cash equivalents:</b>			
Fixed deposits	3%	11%	12%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

### VIII Actuarial Assumptions:

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
<b>a) Financial Assumptions</b>			
1 Discount Rate	7.30%	6.60%	7.80%
2 Expected rate of return on plan assets	7.30%	6.60%	7.80%
3 Salary increase rate	7.00%	7.00%	7.00%
<b>b) Demographic Assumptions</b>			
1 Retirement age	60 years	60 years	60 years
2 Expected average remaining working lives of employees	10 years	10 years	10 years
3 Disability rate	5.00%	5.00%	5.00%
4 Medical premium inflation	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

- c) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in Life Insurance Corporation (LIC) of India's Group Gratuity-cum-Life Assurance cash accumulation policy and HDFC Standard Life's Group Unit Linked Plan - For Defined Benefit Scheme. The Trust formed by the Company manages the investments of provident fund plan.

- d) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.
- e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- f) Expected cash flows:

	Funded Gratuity			Unfunded Gratuity			PRMB		
	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
1. Expected employer contribution in the next year	14.10	18.00	11.00	-	-	-	-	-	-
2. Expected benefit payments									
Year 1	19.66	20.62	25.43	11.54	8.23	8.07	1.08	0.72	0.55
Year 2	27.81	27.22	25.03	10.91	10.54	10.36	1.00	0.66	0.61
Year 3	27.94	29.00	27.68	11.74	11.79	11.92	1.04	0.71	0.66
Year 4	26.78	27.17	27.73	11.24	10.92	12.20	1.03	0.75	0.71
Year 5	27.77	26.03	25.92	12.05	10.63	11.53	1.02	0.79	0.77
Next 5 years	125.28	126.81	122.72	55.95	50.84	52.01	4.70	4.21	4.60
<b>Total expected payments</b>	<b>255.24</b>	<b>256.85</b>	<b>254.51</b>	<b>113.43</b>	<b>102.95</b>	<b>106.09</b>	<b>9.87</b>	<b>7.84</b>	<b>7.90</b>

- g) Post employment defined benefit plan expenses are included under employee benefit expenses in the Statement of profit and loss.
- h) Amount recognised as an expense under employee benefit expenses in the Statement of profit and loss in respect of other benefits is ₹ 9.07 Crore (*Previous year - ₹ 12.31 Crore*).

#### c) Provident Fund

Provident fund for certain eligible employees is managed by the Company through a trust "The Provident Fund of ACC Ltd.", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee. The minimum interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and there is no shortfall.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

#### Defined benefit plans as per actuarial valuation on December 31, 2017

		Provident Fund
		₹ Crore
<b>I</b>	<b>Components of expense recognized in the Statement of Profit and Loss – for the year ended December 31, 2017</b>	
1	Current Service cost	23.14 20.92
2	Total expense	23.14 20.92
<b>II</b>	<b>Amount recognised in Balance Sheet</b>	
1	Present value of Defined Benefit Obligation	(714.09) (630.11)
2	Fair value of plan assets	717.43 638.60
3	Funded status {Surplus/(Deficit)}	3.34 8.49
4	Net asset/(liability) as at December 31, 2017*	3.34 8.49
<b>III</b>	<b>Present Value of Defined Benefit Obligation</b>	
1	Present value of Defined Benefit Obligation at beginning of the year	630.11 557.29
2	Current Service cost	23.14 20.92
3	Interest Cost	39.77 43.82
4	Employee Contributions	60.06 54.75
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(1.88) 5.00
6	Actuarial (Gains) / Losses arising from experience adjustments	11.82 14.50
7	Benefits Payments	(55.13) (14.15)
8	Increase/ (decrease) due to effect of any business combination, divestitures, transfers	6.20 (52.02)
9	Present value of Defined Benefit Obligation at the end of the year	714.09 630.11

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

		Provident Fund
		₹ Crore
<b>IV</b>	<b>Fair Value of Plan Assets</b>	
1	Plan assets at the beginning of the year	638.60 574.31
2	Interest income	43.25 48.04
3	Contributions by Employer	22.35 20.52
4	Contributions by Employee	60.06 54.75
5	Actual benefits paid	(55.13) (14.15)
6	Net transfer in / (out)	6.20 (52.02)
7	Actual return on plan assets	2.10 7.15
8	Plan assets at the end of the year	717.43 638.60
<b>V</b>	<b>Weighted Average duration of Defined benefit obligation</b>	7 years 7 years

(Figures in italics pertain to previous year)

\*In respect of Provident Fund, since there is surplus the same has not been recognised in Balance Sheet, only liability recognised in Balance Sheet.

### VI The major categories of plan assets as a percentage of total plan

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Investments quoted in active markets:			
<b>Debt instruments</b>			
Government securities	44%	52%	50%
Debentures and bonds	56%	48%	50%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

### VII The assumption used in determining the present value of obligation of the interest rate guarantee are:

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Discounting rate	7.30%	6.60%	7.80%
Guaranteed interest rate	8.65%	8.65%	8.65%
Yield on assets based on the Purchase price and outstanding term of maturity	9.02%	8.98%	9.31%

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. EMPLOYEE BENEFITS (contd.)

#### VIII Sensitivity analysis for factors mentioned in Actuarial Assumptions

₹ Crore

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.35)	1.62	(1.34)	1.59	(0.65)	0.77
Interest rate guarantee (1% movement)	33.59	(11.64)	32.05	(11.54)	21.06	(5.85)

IX The Company expects to contribute ₹ 24.95 Crore (December 31, 2016 - ₹ 23 Crore; January 01, 2016 - ₹ 18.84 Crore) to trust managed provident fund in next year.

### 41. LEASES

#### Operating lease commitments — Company as lessee

The Company has entered into operating leases on certain assets (grinding facility, godowns, flats, office premises and other premises). The Company has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Future lease rentals are determined on the basis of agreed terms. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

Operating lease payment recognized in the Statement of profit and loss amounts to ₹ 139.79 Crore (Previous year - ₹ 132.92 Crore).

#### a) Future minimum rental payables under non-cancellable operating leases

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i) Not later than one year	33.67	33.94	24.75
(ii) Later than one year and not later than five years	31.65	70.04	94.09
(iii) Later than five years	-	-	1.16
	<b>65.32</b>	<b>103.98</b>	<b>120.00</b>

The Company has arrangement with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. The Company has evaluated such arrangement based on facts and circumstances existing at the date of transition to Ind AS and have identified them in the nature of lease as the company takes more than an insignificant amount of the cement that will be produced or generated by the asset during the term of the arrangement and the price for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output. The Company has further assessed the other terms of the arrangement for classification as operating or finance lease and the arrangement classified as operating lease.

The Company has concluded that it is impracticable to separate the lease payments from other payments made under this arrangement reliably and hence all payments under the arrangement is considered as lease payments.

#### Finance lease

The Company has entered into long-term leasing arrangements for land which has been assessed as finance lease since the present value of the minimum lease payments is substantially similar to the fair value of the leasehold land. These arrangements do not involve any material recurring payments, hence other disclosures are not given.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 42. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
A) Estimated value of contracts in capital account remaining to be executed (Net of advance)	59.74	141.22	292.88
B) For commitments relating to lease arrangements, refer note - 41			

### 43 (A) CONTINGENT LIABILITIES NOT PROVIDED FOR -

Disputed claims / levies in respect of:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Sales tax	37.27	25.16	28.16
Customs demand	30.97	30.97	30.97
Claim by Suppliers	36.79	36.79	36.79
Claims for mining lease rent	73.46	73.46	73.46
Royalty on Limestone (Refers Note a below)	8.01	114.45	114.24
CCI Matter (Refer Note b & C below)	1,366.65	1,228.81	-
Others	32.73	34.08	25.62
	<b>1,585.88</b>	<b>1,543.72</b>	<b>309.24</b>

In respect of above matters, future cash outflows are determinable only on receipt of judgments pending at various forums / authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities

- The Company had filed writ / appeal petitions against the orders / notices of various authorities towards demand of additional Royalty on Limestone based on the ratio of 1.6 tonnes of Limestone to 1 tonne of Cement produced at its factories in Chattisgarh and on cement produced vis a vis consumption of limestone at its factory in Tamil Nadu. During the current year, the Chattisgarh High Court has decided this matter in favour of the Company by directing the Authorities to only demand Royalty based on quantity of Limestone actually mined and recorded through statutory documentation, and not based on any ratio.

The Company holds the view that the payment of royalty on limestone is correctly made by the Company based on the actual quantity of limestone extracted, and feels that similar relief can also be expected from the Judiciary and / or Authorities in the cases of Tamil Nadu Unit. In view of the demand being legally unjustifiable, and due to the decision of the Chattisgarh High Court, directly on this issue, the Company does not expect any liability in above matter.

- In 2012, the Competition Commission of India ('CCI') issued an Order imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 1,147.59 Crore on the Company. On Company's appeal, Competition Appellate Tribunal ('COMPAT'), initially stayed the penalty, and by its final order dated December 11, 2015, set aside the order of the



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 43 CONTINGENT LIABILITIES NOT PROVIDED FOR - (Contd.)

CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order. After hearing the matter, the CCI has, by its order dated August 31, 2016, imposed a penalty of ₹ 1,147.59 Crore on the Company. The Company has filed an appeal against the said Order with Competition Appellate Tribunal ('COMPAT'). Pending final disposal of the appeal, the COMPAT has stayed the penalty with a condition to deposit 10% of the penalty amount, which has been deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant. Interest amount on penalty as on December 31, 2017 is ₹ 183.74 Crore (upto December 31, 2016 - ₹ 45.90 Crore).

The Competition Appellate Tribunal (COMPAT) has ceased to exist effective 26 May 2017. The appellate function under the Competition Act, 2002 (Competition Act) is now conferred to the National Company Law Appellate Tribunal (NCLAT). The matter is accordingly listed before the NCLAT. NCLAT has heard the arguments of all the appellant cement manufacturers and also of the respondent CCI. The decision has been reserved by NCLAT. Based on the advice of external legal counsel, the Company believes it has good grounds for successful appeal. Accordingly, no provision is considered necessary.

- c) In a separate matter, pursuant to a reference filed by the Government of Haryana, The Competition Commission of India issued an Order dated January 19, 2017 imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 35.32 Crore on the Company. On Company's filing an appeal, Competition Appellate Tribunal (COMPAT) has stayed the penalty.

The Competition Appellate Tribunal (COMPAT) has ceased to exist effective 26 May 2017. The appellate function under the Competition Act, 2002 (Competition Act) is now conferred to the National Company Law Appellate Tribunal (NCLAT). Matter is now listed before NCLAT and is pending hearing.

Based on the advice of external legal counsel, the Company believes it has good grounds for successful appeal. Accordingly, no provision is considered necessary.

- d. Guarantees other than Financial Guarantees

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Guarantees given to Government Bodies on behalf of subsidiary companies	0.16	0.16	0.12

### (B) Material demands and disputes relating to assets and liabilities considered as remote by the Company

- a) The Company had availed sales tax incentives in respect of its new 1 MTPA Plant (Gagal II) under the Himachal Pradesh (HP) State Industrial Policy, 1991. The Company had accrued sales tax incentives aggregating ₹ 56 Crore. The Sales tax authorities introduced certain restrictive conditions after commissioning of the unit stipulating that incentive is available only for incremental amount over the base revenue and production of Gagal I prior to the commissioning of Gagal II. The Company contends that such restrictions are not applicable to the unit as Gagal II is a new unit, as decided by the HP Hon'ble High Court and confirmed by the Hon'ble Supreme Court while determining the eligibility for transport subsidy. The Department recovered ₹ 64 Crore (tax of ₹ 56 Crore and interest of ₹ 8 Crore) which is considered as recoverable.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 43 CONTINGENT LIABILITIES NOT PROVIDED FOR - (Contd.)

The HP Hon'ble High Court, had, in 2012, dismissed the Company's appeal. The Company believes the Hon'ble High Court's judgment was based on an erroneous understanding of certain facts and legal positions and that it also failed to consider certain key facts. The Company has been advised by legal experts that there is no change in the merits of the Company's case. Based on such advice, the Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, which is pending for hearing.

- b) The Company was eligible for certain incentives in respect of its investment towards modernization and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid for each financial year. However, no disbursements were made (except an amount of ₹ 7 Crore representing part of the One Time Lumpsum capital subsidy claim of ₹ 15 Crore) as the authorities have raised new conditions and restrictions, that were extraneous to the approvals and confirmations expressly received by the Company. The Company had filed two writ appeals before the Jharkhand Hon'ble High Court against these conditions, restrictions and disputes to the extent of the eligible claims which are now being sought to be effected/ raised by the Government.

The Division Bench of the Jharkhand Hon'ble High Court, while dealing with appeals by both the Company and the State Government, against a single bench order only partially allowing the Company's claim, in its order dated February 24, 2015, allowed the Company's appeal in totality while dismissing the Government's appeal, thereby confirming that the entire amount claimed by the Company is correct and hence payable immediately.

The Government of Jharkhand had filed an Special Leave petition (SLP) in the Hon'ble Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due. Consequently, as of date, the Company received only ₹ 64 Crore out of total ₹ 235 Crore in part disbursement from the Government of Jharkhand.

The Company is pursuing the matter of disbursement of further amounts outstanding.

The Company is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP shall be rejected upholding the order of the Division bench of the Jharkhand Hon'ble High Court by the Apex Court.

- c) The Company is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The scheme inter alia, includes refund of royalty paid by the Company on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed the Company's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to the Company, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. The Company maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. The Company has accrued an amount of ₹ 133 Crore (December 31, 2016 - ₹ 133 Crore, January 01, 2016 - ₹ 106 Crore) on this account. The Company has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted and pending before the High Court for hearing on merit. The Company believes that the merits of the claim are strong.
- d) The Company had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co. Ltd., in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. The Company had purchased another captive power plant ('Wadi TG 3', set up by Tata Power Co. Ltd. in the year 2002-03) in 2004-05. Both these power plants were eligible for

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

tax holiday under the provisions of Section 80-IA of the Income-tax Act, 1961. The Income tax department has disputed the Company's claim of deduction under Section 80-IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹ 56.66 Crore (net of provision) (*Previous Year - ₹ 56.66 Crore*), the Company is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 Crore (*Previous Year - ₹ 115.62 Crore*), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the Company. The Company believes that the merits of the claims are strong and will be allowed.

- e) One of the Company's cement manufacturing plants located in Himachal Pradesh was eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured at that plant. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Company to such deferment on the ground that the Company also manufactures an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was in the negative list. A demand of ₹ 82.37 Crore (*Previous year - ₹ 82.37 Crore*) was raised. The Company filed a writ petition before the Hon'ble High Court of Himachal Pradesh against the demand. The case has been admitted and the hearing is in process. The Company believes its case is strong and the demand shall not sustain under law.
- f) Consequent upon the Hon'ble Supreme Court's judgement in Goa Foundation case, restricting the "deemed renewal" provision of captive mining leases to the first renewal period, the Company had received demand from District Mining Officer for ₹ 881 Crore as penalty for alleged illegal mining activities carried out by the Company during January 1991 to September 2014. The aforesaid demands were challenged by the Company and Writ Petition was filed with the Hon'ble High Court of Jharkhand. The petition has been admitted subject to a token deposit of ₹ 48 Crore which shall be refundable in case the matter is decided in the Company's favour.

In the view of Company and based on legal advice, that this demand does not have merit, and shall not stand the test of judicial scrutiny, considering that the said mining, leases pending State Government's approval, have been automatically extended upto March 31, 2030 by Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 without any recourse being made available to the State Government.

### 44. RELATED PARTY DISCLOSURE

(A)	Names of the Related parties where control exists:	Nature of Relationship
1	LafargeHolcim Ltd, Switzerland	Ultimate Holding Company
2	Holderind Investments Ltd, Mauritius	Holding Company of Holcim (India) Private Limited (upto August 11, 2016) Holding Company of Ambuja Cements Limited (w.e.f. August 12, 2016)
3	Holcim (India) Private Limited (Refer Note - 49)	Holding Company (Upto August 11, 2016)
4	Ambuja Cements Limited	Fellow Subsidiary upto August 11, 2016 and Holding Company (w.e.f. August 12, 2016)
5	Bulk Cement Corporation (India) Limited	Subsidiary Company
6	ACC Mineral Resources Limited	Subsidiary Company
7	Lucky Minmat Limited	Subsidiary Company
8	National Limestone Company Private Limited	Subsidiary Company
9	Singhania Minerals Private Limited	Subsidiary Company
10	OneIndia BSC Private Limited	Joint venture Company
11	Aakaash Manufacturing Company Private Limited	Joint venture Company

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

(B)	Others - With whom transactions have been taken place during the current and/or previous year	
(a)	Names of other Related parties	Nature of Relationship
1	Alcon Cement Company Private Limited	Associate Company
2	Asian Concretes and Cements Private Limited	Associate Company
3	Lafarge India Private Limited	Fellow Subsidiary (Upto October 04, 2016)
4	Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
5	Siam City Cement (Lanka) Ltd, Sri Lanka	Fellow Subsidiary (Upto August 10, 2016)
6	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary
7	Holcim Services (South Asia) Limited	Fellow Subsidiary
8	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
9	Holcim Philippines Inc, Philippines	Fellow Subsidiary
10	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
11	Holcim Technology Ltd, Switzerland	Fellow Subsidiary
12	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
13	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
14	Holcim (Liban) S.A.L., Lebanon	Fellow Subsidiary
15	Cementos Apasco SA de CV (LHMEX), Mexico	Fellow Subsidiary
16	Dirk India Private Limited	Fellow Subsidiary (w.e.f. August 12, 2016)
17	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
18	The Provident Fund of ACC Ltd	Post-employment benefit plan
19	ACC Limited Employees Group Gratuity scheme	Post-employment benefit plan

In accordance with the provisions of Ind AS 24 "Related Party Disclosures" and the Companies Act, 2013, following Personnel are considered as Key Management Personnel (KMP).

(b)	Name of the Related Parties	Nature of Relationship
1	Mr. Neeraj Akhoury	Managing Director & CEO (w.e.f February 04, 2017)
2	Mr. Harish Badami	CEO & Managing Director (upto February 03, 2017)
3	Mr. Sunil K. Nayak	Chief Financial Officer
4	Mr. Surendra Mehta	Company Secretary (w.e.f April 21, 2017 upto September 25, 2017)
5	Mr. Kalidas Ramaswami	Company Secretary (w.e.f. September 26, 2017)
6	Mr. Burjor D. Nariman	Company Secretary upto March 31, 2017
7	Mr. N S Sekhsaria	Chairman, Non Executive / Non Independent Director
8	Mr. Jan Jenisch	Deputy Chairman, Non Executive / Non Independent Director (w.e.f. October 10, 2017)
9	Mr. Eric Olsen	Deputy Chairman, Non Executive / Non Independent Director (upto September 21, 2017)
10	Mr. Martin Kriegner	Non Executive / Non Independent Director (w.e.f. February 11, 2016)
11	Mr. Shailesh Haribhakti	Independent Director

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

(b)	Name of the Related Parties	Nature of Relationship
12	Mr. Sushil Kumar Roongta	Independent Director
13	Mr. Ashwin Dani	Independent Director
14	Mr. Farrokh K Kavarana	Independent Director
15	Mr. Vijay Kumar Sharma	Non Independent Director
16	Mr. Arunkumar R Gandhi	Independent Director
17	Ms. Falguni Nayar	Independent Director
18	Mr. Christof Hassig	Non Independent Director
19	Mr. Bernard Terver	Non Independent Director (upto February 11, 2016)

(C)	Transactions with Subsidiary Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Purchase of Fixed Assets</b>	<b>0.39</b>	<b>-</b>
	ACC Mineral Resources Limited	0.33	-
	Bulk Cement Corporation (India) Limited	0.06	-
(ii)	<b>Purchase of Raw Material</b>	<b>2.58</b>	<b>-</b>
	Singhania Minerals Private Limited	2.58	-
(iii)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>3.34</b>	<b>4.70</b>
	ACC Mineral Resources Limited	0.01	0.01
	Bulk Cement Corporation (India) Limited	3.33	4.69
(iv)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>1.46</b>	<b>1.17</b>
	Bulk Cement Corporation (India) Limited	1.27	1.04
	Singhania Minerals Private Limited	0.19	0.13
(v)	<b>Rendering of Services</b>	<b>2.79</b>	<b>2.35</b>
	Bulk Cement Corporation (India) Limited	2.79	2.35
(vi)	<b>Receiving of Services</b>	<b>17.81</b>	<b>21.29</b>
	Bulk Cement Corporation (India) Limited	17.81	21.29
(vii)	<b>Interest received on Inter Corporate Deposit / Other advance</b>	<b>0.09</b>	<b>0.05</b>
	Singhania Minerals Private Limited	0.04	0.01
	National Limestone Company Private Limited	0.05	0.04
(viii)	<b>Interest on Current borrowings</b>	<b>3.77</b>	<b>3.97</b>
	ACC Mineral Resources Limited	3.77	3.97
(ix)	<b>Short Term Loan Received</b>	<b>4.15</b>	<b>11.70</b>
	ACC Mineral Resources Limited	4.15	11.70
(x)	<b>Inter Corporate Deposits Given</b>	<b>0.10</b>	<b>0.20</b>
	National Limestone Company Private Limited	0.10	0.20
(xi)	<b>Conversion of outstanding interest into short term borrowings</b>	<b>5.00</b>	<b>2.82</b>
	ACC Mineral Resources Limited	5.00	2.82
(xii)	<b>Impairment of non-current Investments</b>	<b>-</b>	<b>42.81</b>
	ACC Mineral Resources Limited	-	42.81
(xiii)	<b>Guarantee given on behalf of Subsidiary Company</b>	<b>-</b>	<b>0.04</b>
	Singhania Minerals Private Limited	-	0.04

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

Outstanding balances with Subsidiary Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Guarantee outstanding as at the end of the Year</b>	<b>0.16</b>	<b>0.16</b>	<b>0.12</b>
	Singhanian Minerals Private Limited	0.04	0.04	-
	Lucky Minmat Limited	0.12	0.12	0.12
(ii)	<b>Investment in Equity Shares of Subsidiary Company</b>	<b>-</b>	<b>0.50</b>	<b>-</b>
	Singhanian Minerals Private Limited	-	0.50	-
(iii)	<b>Inter Corporate Deposits as at the end of the Year</b>	<b>0.66</b>	<b>0.56</b>	<b>0.36</b>
	National Limestone Company Private Limited	0.63	0.53	0.33
	Singhanian Minerals Private Limited	0.03	0.03	0.03
(iv)	<b>Outstanding balance included in Trade receivables</b>	<b>3.46</b>	<b>1.58</b>	<b>0.32</b>
	Bulk Cement Corporation (India) Limited	2.71	1.25	0.17
	Singhanian Minerals Private Limited	0.60	0.22	0.09
	National Limestone Company Private Limited	0.15	0.11	0.06
(v)	<b>Outstanding balance included in Trade payables</b>	<b>7.89</b>	<b>4.05</b>	<b>1.69</b>
	Bulk Cement Corporation (India) Limited	7.36	4.05	1.69
	Singhanian Minerals Private Limited	0.53	-	-
(vi)	<b>Outstanding balance included in Current borrowings</b>	<b>59.17</b>	<b>50.02</b>	<b>35.50</b>
	ACC Mineral Resources Limited	59.17	50.02	35.50
(vii)	<b>Interest accrued on borrowings included in Other current liabilities</b>	<b>-</b>	<b>1.70</b>	<b>2.44</b>
	ACC Mineral Resources Limited	-	1.70	2.44
(D)	<b>Transactions with Joint Venture Companies</b>	<b>For the year ended December 31, 2017 ₹ Crore</b>	<b>For the year ended December 31, 2016 ₹ Crore</b>	
(i)	<b>Purchase of Finished Goods</b>	<b>93.12</b>	<b>92.36</b>	
	Aakaash Manufacturing Company Private Limited {Refer Note - 48 (ii)}	93.12	92.36	
(ii)	<b>Sale of Finished Goods</b>	<b>22.35</b>	<b>19.70</b>	
	Aakaash Manufacturing Company Private Limited	22.35	19.70	
(iii)	<b>Receiving of Services</b>	<b>26.52</b>	<b>24.66</b>	
	OneIndia BSC Private Limited	26.52	24.66	
(iv)	<b>Dividend Received</b>	<b>1.69</b>	<b>1.10</b>	
	Aakaash Manufacturing Company Private Limited	1.69	1.10	
(v)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>0.37</b>	<b>-</b>	
	Aakaash Manufacturing Company Private Limited	0.37	-	
(vi)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>0.29</b>	<b>0.70</b>	
	Aakaash Manufacturing Company Private Limited	0.29	0.70	
(vii)	<b>Other recoveries (Net)</b>	<b>-</b>	<b>1.89</b>	
	Aakaash Manufacturing Company Private Limited	-	1.89	



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

Outstanding balances with Joint venture Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>3.63</b>	<b>2.96</b>	<b>3.67</b>
	Aakaash Manufacturing Company Private Limited	3.63	2.96	3.67
(ii)	<b>Outstanding balance included in Trade payables</b>	<b>21.58</b>	<b>26.14</b>	<b>14.24</b>
	OneIndia BSC Private Limited	3.22	4.97	-
	Aakaash Manufacturing Company Private Limited	18.36	21.17	14.24

(E)	Transactions with Associate Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Purchase of Finished Goods</b>	<b>69.58</b>	<b>69.33</b>
	Alcon Cement Company Private Limited {Refer Note - 48 (i)}	69.58	69.33
(ii)	<b>Purchase of Raw Materials</b>	<b>23.14</b>	<b>31.11</b>
	Asian Concretes and Cements Private Limited	23.14	31.11
(iii)	<b>Sale of Unfinished Goods</b>	<b>27.33</b>	<b>23.17</b>
	Alcon Cement Company Private Limited {Refer Note - 48 (i)}	27.33	23.17
(iv)	<b>Dividend Received</b>	<b>3.06</b>	<b>6.54</b>
	Alcon Cement Company Private Limited	3.06	2.04
	Asian Concretes and Cements Private Limited	-	4.50
(v)	<b>Rendering of Services</b>	<b>1.19</b>	<b>1.04</b>
	Alcon Cement Company Private Limited	1.19	1.04
(vi)	<b>Receiving of Services</b>	<b>91.57</b>	<b>50.36</b>
	Asian Concretes and Cements Private Limited	91.57	50.36
(vii)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>10.52</b>	<b>12.68</b>
	Alcon Cement Company Private Limited	10.52	12.68
(viii)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>5.45</b>	<b>4.77</b>
	Alcon Cement Company Private Limited	2.04	2.70
	Asian Concretes and Cements Private Limited	3.41	2.07



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

Outstanding balances with Associate Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	Outstanding balance included in Trade receivables	11.78	6.53	10.32
	Alcon Cement Company Private Limited	11.78	6.53	10.32
(ii)	Outstanding balance included in Trade payables	23.62	16.77	13.30
	Alcon Cement Company Private Limited	8.92	2.18	3.60
	Asian Concretes and Cements Private Limited	14.70	14.59	9.70

(F)	Details of Transactions relating to Ultimate Holding and Holding Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	Dividend paid	174.07	160.64
	Holcim (India) Private Limited	-	159.72
	Ambuja Cements Limited	159.77	-
	Holderind Investments Limited	14.30	0.92
(ii)	Purchase of Raw materials	4.36	0.55
	Ambuja Cements Limited	4.36	0.55
(iii)	Purchase of Finished /Unfinished goods	10.16	24.75
	Ambuja Cements Limited	10.16	24.75
(iv)	Purchase of Stores & Spares	-	0.32
	Ambuja Cements Limited	-	0.32
(v)	Sale of Fixed Assets	13.13	-
	Ambuja Cements Limited	13.13	-
(vi)	Sale of Finished /Unfinished Goods	30.63	-
	Ambuja Cements Limited	30.63	-
(vii)	Sale of Raw Material	1.82	0.72
	Ambuja Cements Limited	1.82	0.72
(viii)	Rendering of Services	53.39	44.15
	Ambuja Cements Limited	53.39	44.15
(ix)	Reimbursement of Expenses Paid / Payable	0.32	5.54
	Ambuja Cements Limited	0.32	5.54
(x)	Receiving of Services	48.21	44.55
	Ambuja Cements Limited	48.21	44.55
(xi)	Reimbursement of Expenses Received / Receivable	0.27	2.37
	Ambuja Cements Limited	0.27	1.86
	LafargeHolcim Ltd	-	0.51

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

Outstanding balances with Ultimate Holding and Holding Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>31.68</b>	<b>5.05</b>	<b>24.49</b>
	Ambuja Cements Limited	31.16	4.53	24.49
	LafargeHolcim Ltd	0.52	0.52	-
(ii)	<b>Outstanding balance included in Other current assets - advances</b>	<b>-</b>	<b>0.16</b>	<b>0.18</b>
	Ambuja Cements Limited	-	0.16	0.18
(iii)	<b>Outstanding balance included in Trade payables</b>	<b>16.58</b>	<b>2.47</b>	<b>27.68</b>
	Ambuja Cements Limited	16.58	2.47	27.68

(G)	Details of Transactions relating to Fellow Subsidiary Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Purchase of Raw materials</b>	<b>348.64</b>	<b>207.66</b>
	LafargeHolcim Energy Solutions SAS	345.24	203.09
	Counto Microfine Products Private Limited	3.35	4.39
	Dirk India Private Limited	0.05	0.18
(ii)	<b>Purchase of Finished /Unfinished goods</b>	<b>-</b>	<b>1.64</b>
	Lafarge India Private Limited	-	0.72
	Counto Microfine Products Private Limited	-	0.92
(iii)	<b>Sale of Finished /Unfinished Goods</b>	<b>0.29</b>	<b>0.06</b>
	Counto Microfine Products Private Limited	0.29	-
	Lafarge India Private Limited	-	0.06
(iv)	<b>Technology and Know-how fees</b>	<b>128.37</b>	<b>107.98</b>
	Holcim Technology Ltd	128.37	107.98
(v)	<b>Receiving of Services</b>	<b>79.86</b>	<b>53.54</b>
	Holcim Group Services Ltd	0.89	3.00
	Holcim Services (South Asia) Limited	78.93	48.19
	Holcim Technology Ltd	0.04	2.35
(vi)	<b>Rendering of Services</b>	<b>0.03</b>	<b>-</b>
	Counto Microfine Product Private Limited	0.01	-
	Holcim Technology (Singapore) Pte Ltd	0.01	-
	LafargeHolcim Trading Pte Ltd	0.01	-
(vii)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>0.07</b>	<b>0.11</b>
	Holcim Technology Ltd	0.07	-
	Holcim (Liban) S.A.L.	-	0.11
(viii)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>2.24</b>	<b>0.15</b>
	Holcim Technology Ltd	2.13	-
	Cementos Apasco SA de CV (LHMEX)	0.11	-
	Siam City Cement (Lanka) Ltd	-	0.15

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

Outstanding balances with Fellow Subsidiary Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>0.36</b>	<b>0.28</b>	<b>2.94</b>
	Siam City Cement (Lanka) Ltd	-	-	0.35
	PT Holcim Indonesia Tbk	0.15	0.15	0.15
	Holcim Services(South Asia) Limited	-	-	0.21
	Holcim Cement (Bangladesh) Ltd	0.01	0.11	0.16
	Counto Microfine Product Private Limited	0.05	-	-
	Holcim Technology (Singapore) Pte Ltd	0.01	-	-
	Cementos Apasco SA de CV (LHMEX)	0.11	-	-
	Holcim Philippines	0.02	0.02	0.02
	LafargeHolcim Trading Pte Limited	0.01	-	-
	Lafarge India Private Limited	-	-	2.05
(ii)	<b>Outstanding balance included in Trade payables</b>	<b>217.88</b>	<b>117.47</b>	<b>35.14</b>
	Holcim Group Services Ltd	0.59	0.04	0.37
	Holcim Services (South Asia) Limited	18.38	12.85	7.26
	Holcim Technology Ltd	30.14	23.79	26.80
	LafargeHolcim Energy Solutions SAS	168.11	80.58	-
	Lafarge India Private Limited	-	-	0.71
	Counto Microfine Products Private Limited	0.65	0.15	-
	Dirk India Private Limited	0.01	0.06	-

(H)	Details of Transactions with Key Management Personnel	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Remuneration*</b>	<b>8.23</b>	<b>10.95</b>
	Mr. Neeraj Akhoury**	4.15	-
	Mr. Harish Badami	-	7.32
	Mr. Sunil K. Nayak	2.94	2.46
	Mr. Burjor D. Nariman	0.30	1.17
	Mr. Surendra Mehta	0.60	-
	Mr. Kalidas Ramaswami	0.24	-
(ii)	<b>Severance cost#</b>	<b>-</b>	<b>5.27</b>
	Mr. Harish Badami	-	5.27
	<b>Breakup of Remuneration</b>	<b>8.23</b>	<b>10.95</b>
	Short term employment benefit	7.49	10.14
	Post employment benefits	0.06	0.08
	Other long term benefits	0.68	0.73

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

(iii)	Other Payment to Key Management Personnel	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
	<b>Commission Paid</b>	<b>3.53</b>	<b>2.75</b>
	Mr. N S Sekhsaria	0.50	0.37
	Mr. Jan Jenisch	0.04	-
	Mr. Eric Olsen	0.14	0.16
	Mr. Martin Kriegner	0.36	0.25
	Mr. Shailesh Haribhakti	0.36	0.28
	Mr. Sushil Kumar Roongta	0.36	0.28
	Mr. Ashwin Dani	0.36	0.28
	Mr. Farrokh Kavarana	0.36	0.28
	Mr. Vijay Kumar Sharma	0.20	0.16
	Mr. Arunkumar Gandhi	0.45	0.34
	Ms. Falguni Nayar	0.20	0.16
	Mr. Christof Hassig	0.20	0.16
	Mr. Bernard Terver	-	0.03
	<b>Sitting Fees</b>	<b>0.73</b>	<b>0.71</b>
	Mr. N S Sekhsaria	0.06	0.06
	Mr. Eric Olsen	0.01	0.04
	Mr. Martin Kriegner	0.08	0.08
	Mr. Shailesh Haribhakti	0.08	0.09
	Mr. Sushil Kumar Roongta	0.11	0.07
	Mr. Ashwin Dani	0.08	0.09
	Mr. Farrokh Kavarana	0.12	0.11
	Mr. Vijay Kumar Sharma	0.01	0.01
	Mr. Arunkumar Gandhi	0.09	0.07
	Ms. Falguni Nayar	0.06	0.03
	Mr. Christof Hassig	0.03	0.04
	Mr. Bernard Terver	-	0.02

Outstanding balances with Key Management Personnel	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i) <b>Outstanding balance included in Other Current Liabilities</b>	-	<b>8.32</b>	<b>0.38</b>
Mr. Neeraj Akhoury	-	-	-
Mr. Harish Badami	-	8.32	0.38

\* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

\*\*Remuneration for the current year does not includes performance incentive for the year ended December 31, 2017, pending finalisation.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. RELATED PARTY DISCLOSURE (contd.)

#The Board of Directors at its Meeting held on December 16, 2016 had accepted the resignation of Mr. Harish Badami w.e.f. February 04, 2017. The Board had approved the severance payment of ₹ 5.27 Crore pursuant to the approval of and by the authority conferred by the members of the Company.

The Company makes monthly contributions to provident fund managed by "The Provident Fund of ACC Ltd" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company contributed ₹ 22.35 Crore (*Previous Year - ₹ 20.52 Crore*).

The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (ACC Limited Employees Group Gratuity scheme). During the year, the Company contributed ₹ 7.19 Crore (*Previous Year - ₹ 16.78 Crore*).

#### Terms and conditions of transactions with related parties

##### Sales and purchases:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended December 31, 2017, the Company has not recorded any loss allowances for trade receivables from related parties (*Previous year - Nil*).

##### Loans to subsidiaries:

The Company had given loans to subsidiaries for general corporate purposes. Outstanding balances at the year-end are unsecured and carry an interest rate of 9% (*Previous year - 9%*) and repayable on demand.

##### Guarantees given on behalf of subsidiaries:

Guarantee given on behalf of Lucky Minmat Limited and Singhanian Minerals Private Limited, wholly owned subsidiary companies is for the purpose of approval of mining plan.

### 45. SEGMENT REPORTING

For management purposes, the Company is organised into business units based on the nature of the products, the differing risks and returns. The organization structure and internal reporting system has two reportable segments, as follows:

- (a) **Cement** - Cement is a product which is obtained as clinker resulting from mixing at suitable rates, grinding and firing raw material such as limestone, clay, iron ore, Fly ash, bauxite etc; and certain amount of setting regulator (generally gypsum) are ground together and set after mixing with water and gains strength. In general, it is used in construction activities.
- (b) **Ready mix concrete** - Ready-mix concrete is concrete that is manufactured in a batch plant, according to a set engineered mix design. In general, it is used in construction activities.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker ("CODM") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. SEGMENT REPORTING (contd.)

#### INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

₹ Crore

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
<b>REVENUE</b>						
External sales	12,692.83	11,314.19	1,153.71	987.27	13,846.54	12,301.46
Inter-segment sales	225.18	186.47	4.90	6.31	230.08	192.78
Other operating revenue	349.10	212.67	4.55	9.26	353.65	221.93
	<b>13,267.11</b>	<b>11,713.33</b>	<b>1,163.16</b>	<b>1,002.84</b>	<b>14,430.27</b>	<b>12,716.17</b>
Less: Elimination	225.18	186.47	4.90	6.31	230.08	192.78
<b>Total revenue</b>	<b>13,041.93</b>	<b>11,526.86</b>	<b>1,158.26</b>	<b>996.53</b>	<b>14,200.19</b>	<b>12,523.39</b>
<b>OPERATING EBITDA</b>	<b>1,794.15</b>	<b>1,398.95</b>	<b>114.98</b>	<b>74.78</b>	<b>1,909.13</b>	<b>1,473.73</b>
<b>Segment result</b>	<b>1,173.98</b>	<b>833.90</b>	<b>98.10</b>	<b>55.64</b>	<b>1,272.08</b>	<b>889.54</b>
Unallocated corporate income net of unallocated expenditure					31.91	34.16
<b>Operating Profit</b>					<b>1,303.99</b>	<b>923.70</b>
Finance costs					(102.30)	(82.63)
Interest and Dividend income					96.67	73.21
Exceptional item (Refer Note - 38)					-	(42.81)
Tax Expenses					(382.91)	(224.42)
<b>Profit after tax</b>					<b>915.45</b>	<b>647.05</b>
Capital expenditure (including capital work-in-progress and capital advances)	476.62	491.50	21.62	11.17	498.24	502.67
Depreciation and Amortisation	623.29	586.29	16.83	18.87	640.12	605.16
Other non-cash expenses	5.59	2.95	2.95	13.71	8.54	16.66

₹ Crore

	Cement			Ready Mix Concrete			Total		
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Segment assets	11,272.66	10,617.67	10,562.80	372.53	296.73	283.31	11,645.19	10,914.40	10,846.11
Unallocated Corporate assets							3,243.66	2,525.18	2,005.99
<b>Total assets</b>							<b>14,888.85</b>	<b>13,439.58</b>	<b>12,852.10</b>
Segment liabilities	3,938.88	3,278.31	2,966.66	278.49	226.25	178.42	4,217.37	3,504.56	3,145.08
Unallocated corporate liabilities							1,306.02	1,103.15	1,122.61
<b>Total liabilities</b>							<b>5,523.39</b>	<b>4,607.71</b>	<b>4,267.69</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. SEGMENT REPORTING (contd.)

₹ Crore

Sales from external customer	For the year ended December 31, 2017	For the year ended December 31, 2016
Within India	13,783.17	12,240.47
Outside India *	63.37	60.99
<b>TOTAL</b>	<b>13,846.54</b>	<b>12,301.46</b>

No single customer contributed 10% or more to the Company's revenue for the year ended December 31, 2017 and December 31, 2016.

\* Sales outside India are in functional currency.

All the non current assets are located within India.

### 46. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006\*

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year			
Principal amount due to micro and small enterprises (Not overdue)	4.81	7.54	4.12
Interest due on above	-	-	-
b. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

\*This information has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.





## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

- 47.** In assessing the carrying amounts of Investments (net of impairment loss) in companies which are currently not in operation, the Company considered various factors as detailed below and concluded that no further impairment is necessary.
- (i) The Company has invested ₹ 38.10 Crore (*As at December 31, 2016 - ₹ 38.10 Crore; As at January 01, 2016 - ₹ 38.10 Crore*) in equity shares of Lucky Minmat Limited (LML), a wholly owned subsidiary company. LML is engaged in the extraction of limestone. The Company has through an independent external valuer has determined the value in use of investment based on discounted future cash flow approach. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.
  - (ii) The Company has invested ₹ 14.02 Crore (*As at December 31, 2016 - ₹ 14.02 Crore; As at January 01, 2016 - ₹ 14.02 Crore*) in equity shares of National Limestone Company Private Limited (NLCPL) a wholly owned subsidiary company. NLCPL is engaged in the extraction of limestone. The Company has through an independent external valuer has determined the value in use of investment based on discounted future cash flow approach. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.
  - (iii) The Company has invested ₹ 63.99 Crore (*As at December 31, 2016 - ₹ 63.99 Crore; As at January 01, 2016 - ₹ 106.80 Crore*) in ACC Mineral Resources Limited (AMRL), a wholly-owned subsidiary. AMRL, through its joint operations had secured development and mining rights for four coal blocks allotted to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the order of the Supreme Court ruling that allocation of various coal blocks, including these, was arbitrary and illegal. The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder on March 23, 2015. AMRL has filed its claim to Ministry of Coal for compensation in respect of Bicharpur coal block pursuant to judgment issued by Delhi Hon'ble High Court dated March 09, 2017. In respect of other three blocks, auctioning dates yet been announced. During the previous year, the Company has made the impairment provision of ₹ 42.81 Crore.
- 48.**
- (i) The Company has arrangements with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. While the transactions are considered as individual sale/ purchase transactions for determination of taxable turnover and tax under VAT / GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale of such clinker of ₹ 22.84 Crore (*Previous year - ₹ 20.35 Crore*) has not been recognized as a part of the turnover but has been adjusted against cost of purchase of cement so converted.
  - (ii) The Company has arrangement with a Joint venture company whereby it purchases Ready Mix Concrete and sells that to external customers. While the transactions are considered as individual sale/ purchase transactions for determination of taxable turnover and tax under VAT / GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Company's local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale of such Ready mix concrete to customer ₹ 83.61 Crore (*Previous year - ₹ 87.65 Crore*) has not been recognized as a part of the turnover but has been adjusted against cost of purchase of Ready mix concrete.

**49.**

The Company was a subsidiary of Holcim (India) Private Limited. Pursuant to the amalgamation of Holcim (India) Private Limited into Ambuja Cements Limited, effective August 12, 2016, the Company became a subsidiary of Ambuja Cements Limited.

## 50. DISCLOSURE PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### REQUIREMENTS) AND SECTION 186 (4) OF THE COMPANIES ACT 2013:

Nature of the transaction (loans given/investment made/ guarantee given/security provided)	Purpose for which the loan/ guarantee / security is proposed to be utilised by the recipient	As at December 31, 2017	Maximum Balance during the Year	As at December 31, 2016	Maximum Balance during the year	As at January 01, 2016	Maximum Balance during the year
		₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore	₹ Crore
<b>(a) Loans and Advances to wholly owned Subsidiaries –</b>							
National Limestone Company Private Limited	Working Capital	0.63	0.63	0.53	0.53	0.33	0.33
Singhania Minerals Private Limited	Working Capital	0.03	0.03	0.03	0.03	0.03	0.03

- (b) Details of Investments made are given in Note 4.
- (c) Guarantee given on behalf of Lucky Minmat Limited and Singhania Minerals Private Limited, wholly owned subsidiary companies, of ₹ 0.16 Crore (*Previous Year - ₹ 0.16 Crore*) are for the purpose of approval of mining plan.
- (d) The loanees have not made any investments in the shares of the Company.
- (e) The above loans are repayable on demand and carries rate of interest at 9% p.a. (*Previous year - 9% p.a.*)

### 51. CAPITALISATION OF EXPENDITURE

During the year, the Company has capitalised the following expenses of revenue nature to the cost of Property, Plant and Equipment / Capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the company.

	2017 ₹ Crore	2016 ₹ Crore
<b>Balance at the beginning of the year</b>	18.56	197.43
Expenditure during construction for projects:		
Employee benefits expense	6.60	25.26
Insurance	-	0.02
Rates and taxes	-	0.17
Depreciation	-	0.17
Miscellaneous expenses	2.95	13.75
<b>Total</b>	<b>28.11</b>	<b>236.80</b>
Less : Capitalised during the year	25.31	218.24
<b>Balance at the end of the year</b>	<b>2.80</b>	<b>18.56</b>

### 52. FAIR VALUES

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs that are unobservable for the asset or liability.

Set out below, is a comparison by category of the carrying amounts and fair value of the Company's financial instruments.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 52. FAIR VALUES (contd.)

#### Categories of financial instruments

	Carrying value			Fair value			Fair value hierarchy	Valuation technique and key inputs
	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore		
<b>Financial assets</b>								
<b>1. Measured at Fair value through profit or loss (FVTPL)</b>								
(a) Mandatorily measured:								
Equity investments	-	28.35	17.05	-	28.35	17.05	Level 1	Quoted bid prices in an active market
Cash and cash equivalents - Mutual funds	952.10	731.22	65.02	952.10	731.22	65.02	Level 1	Using net asset value approach
(b) Designated as at FVTPL	-	-	-	-	-	-		
<b>2. Measured at amortised cost</b>								
Cash and cash equivalents (Certificates of deposits and other deposits)	864.83	938.27	1,232.45	864.83	938.27	1,232.45	Level 2	Discounted cash flow method
Other Cash and cash equivalents (Balances with banks)	709.81	108.29	58.16	709.81	108.29	58.16	-	
Bank balances other than Cash and Cash Equivalents	168.66	167.29	33.44	168.66	167.29	33.44	-	
Investments in Bonds	3.70	3.70	3.70	3.70	3.70	3.70	Level 2	Discounted cash flow method
Security deposits (Current and Non-Current)	236.81	191.91	209.83	236.81	191.91	209.83	Level 3	Discounted cash flow method
Loans and Other financial assets (Current and Non-Current)	28.95	26.66	30.36	28.95	26.66	30.36	Level 3	Discounted cash flow method
Trade receivables	668.20	536.10	484.35	668.20	536.10	484.35	-	
<b>3. Measured at fair value through Other Comprehensive Income</b>								
<b>TOTAL</b>	<b>3,633.06</b>	<b>2,731.79</b>	<b>2,134.36</b>	<b>3,633.06</b>	<b>2,731.79</b>	<b>2,134.36</b>		

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 52. FAIR VALUES (contd.)

	Carrying value			Fair value		Fair value hierarchy	Valuation technique and key inputs
	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore		
<b>Financial liabilities</b>							
1. Measured at FVTPL	-	-	-	-	-		
2. Measured at amortised cost							
Borrowing	59.17	50.02	35.50	59.17	50.02	Level 2	Discounted cash flow method
Trade payables	1,810.49	1,256.93	874.11	1,810.49	1,256.93	-	-
Security deposits and retention money	530.56	533.81	666.77	530.56	533.81	Level 3	Discounted cash flow method
Other financial liabilities	188.25	297.40	272.51	188.25	297.40	-	-
<b>Total</b>	<b>2,588.47</b>	<b>2,138.16</b>	<b>1,848.89</b>	<b>2,588.47</b>	<b>2,138.16</b>		

Management assessed the carrying values of Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

#### The following methods and assumptions were used to estimate the fair values:

Quoted bid prices in an active market - Unadjusted Quoted price in principle market in which equity instrument is actively traded.

Investments in liquid and short-term mutual funds, which are classified as FVTPL are measured using net asset values at the reporting date multiplied by the quantity held. Fair value of certificate of deposits is determined based on the indicative quotes of price and yields prevailing in the market at the reporting date.

Under Discounted cash flow method, future cash flows are discounted by using rates which reflect market risks. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate and credit risk. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Financial Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks arising from financial instruments.

The Company is exposed to market, credit and liquidity risks. The Board of Directors ('Board') oversee the management of these risks through its Risk Management Committee. The Company's Risk Management Policy has been formulated by the Risk Management Committee and approved by the Board. The Policy articulates on the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It also prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate risks in order to minimize potential adverse effects on the Company's financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, Security deposits, Loans and other financial assets	Credit ratings and Ageing analysis	Diversification of counterparties, investment limits, check on counterparties basis credit rating and number of overdue days
Liquidity Risk	Borrowings, Trade payables, Deposits from dealers and other financial liabilities	Maturity analysis	Preparing and monitoring forecasts of cash flows and maintaining sufficient cash and cash equivalents
Market Risk- Foreign Exchange	Financial assets and liabilities denominated in other than functional currency	Sensitivity analysis	Exposure limits
Market Risk- Price risk	Investment in equity instruments	Sensitivity analysis	Strategic investment
Market Risk- Interest rate risk	Security deposit from dealers	Sensitivity analysis	Periodical reset of interest rate linked to market

#### (i) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits placed with banks and financial institutions and other financial instruments.

##### Financial assets other than trade receivables

Credit risk from balances with banks and financial institutions is managed by the Company's Treasury department in accordance with its policy. Surplus funds are parked only within approved investment categories with well defined limits. Investment category is periodically reviewed by the Company's Board of Directors.

Credit risk arising from short term liquid funds, other balances with banks and other cash equivalents is limited and no collaterals are held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the credit rating agencies.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of collaterals. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. The management is also monitoring the receivables levels by having frequent interactions with responsible persons for highlighting potential instances where receivables might become overdue.

Trade receivables consist of a large number of customers spread across India with no significant concentration of credit risk. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company has adopted a policy of only dealing in creditworthy counterparties and obtaining collateral i.e. security deposit. No single customer accounted for 10% or more of the Company's net sales. Therefore, the Company does not expect any material risk on account of non-performance by any of its counterparties.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

	₹ Crore		
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Neither past due nor impaired	263.19	245.78	191.19
Past due not impaired			
- 1-180 days	364.39	282.64	278.38
- more than 180 days	40.62	7.68	14.78
Past due impaired			
- 1-180 days	2.74	2.76	2.28
- more than 180 days	26.29	34.22	32.58
<b>TOTAL</b>	<b>697.23</b>	<b>573.08</b>	<b>519.21</b>

#### Expected credit loss assessment

For trade receivables, as a practical expedient, the Company compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. Accordingly, the Company creates provision for past due receivables beyond 180 days ranging between 80%-100% after considering the underlying collaterals.

The following table summarizes the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	₹ Crore
As at January 01, 2016	34.86
Provided during the year	15.39
Amounts utilised	(11.36)
Reversals of Provision	(1.91)
<b>As at December 31, 2016</b>	<b>36.98</b>
Provided during the year	3.84
Amounts utilised	(10.15)
Reversals of Provision	(1.64)
<b>As at December 31, 2017</b>	<b>29.03</b>

No significant changes in estimation techniques or assumptions were made during the reporting period.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows.

The table summarises the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contracted undiscounted cash payments.

₹ Crore

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at December 31, 2017</b>				
Borrowing#	59.17	63.60	-	63.60
Other financial liabilities*	718.81	738.78	-	738.78
Trade payables	1,810.49	1,810.49	-	1,810.49
	<b>2,588.47</b>	<b>2,612.87</b>	-	<b>2,612.87</b>

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at December 31, 2016</b>				
Borrowing#	50.02	54.52	-	54.52
Other financial liabilities*	831.21	862.78	-	862.78
Trade payables	1,256.93	1,256.93	-	1,256.93
	<b>2,138.16</b>	<b>2,174.23</b>	-	<b>2,174.23</b>

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at January 01, 2016</b>				
Borrowing#	35.50	39.09	-	39.09
Other financial liabilities*	939.28	971.60	-	971.60
Trade payables	874.11	874.11	-	874.11
	<b>1,848.89</b>	<b>1,884.80</b>	-	<b>1,884.80</b>

#Borrowing consist of short term loan taken from a wholly owned subsidiary. Amount included in the above maturity analysis assumes interest outflows based on the year end benchmark interest rates, the actual interest rates may differ based on the changes in the benchmark interest rates.

\*Other financial liabilities includes deposits received from customers amounting to ₹ 459.30 Crore (December 31, 2016 - ₹ 435.50 Crore; January 01 2016 - ₹ 446.07 Crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### (iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risks, currency risk and other price risk, such as equity price risks and commodity risk. Financial instruments affected by market risk include loans and borrowings, investments, deposits, trade payables.

#### Foreign currency risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates primarily relate to import of raw materials, fuels and capital items.

Based on sensitivity analysis, the Company has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged. Currently our foreign currency risk exposure is below threshold limit hence not hedged.

Particulars of unhedged foreign currency exposure as at Balance Sheet date

Particulars	Currency	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
		Foreign currency in Crore	₹ Crore	Foreign currency in Crore	₹ Crore	Foreign currency in Crore	₹ Crore
Trade Payable and Other current liabilities	CHF	0.002	0.15	0.002	0.11	0.03	2.25
	USD	3.31	211.58	1.25	85.34	0.10	6.60
	EUR	0.03	2.17	0.19	13.91	0.14	9.82

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity into a reasonably possible change in exchange rates, with all other variables held constant. A positive number below indicates an increase in profit where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit and the balances below would be negative.

Particulars	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
CHF	0.01	(0.01)	0.01	(0.01)	0.11	(0.11)
USD	10.58	(10.58)	4.27	(4.27)	0.33	(0.33)
EUR	0.11	(0.11)	0.70	(0.70)	0.49	(0.49)
<b>TOTAL</b>	<b>10.70</b>	<b>(10.70)</b>	<b>4.98</b>	<b>(4.98)</b>	<b>0.93</b>	<b>(0.93)</b>

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### Market Risk- Price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate due to change in marked traded prices. Other price risk arises from the financial assets such as investments in equity instruments and bonds.

The Company is exposed to equity price risks arising from equity investment in Shiva Cement Limited. Company's equity investments were held for strategic rather than trading purposes. During the current year, the Company has sold investment in Shiva Cement Limited.

#### Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices of Shiva Cement Limited had been 5% higher/ lower, the Profit before tax for the year ended December 31, 2017 would have been increased / decreased by ₹ Nil (*Previous Year - ₹ 1.42 Crore*) as a result of the changes in fair value of equity investments measured at FVTPL.

#### Market Risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the interest rate risk arises primarily from their loans and borrowings. Since the Company has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

The Company has taken interest bearing security deposit from dealers. If interest rate had been 0.50% higher/lower the Profit for the year ended December 31, 2017 would decrease / increase by ₹ 2.30 Crore (*Previous year - ₹ 2.28 Crore*).

#### **Unrepresentativeness of Sensitivity analysis**

In management's opinion the sensitivity analysis is unrepresentative of the above inherent risks because the exposure at the end of the reporting periods does not reflect the exposure during the year.

### 54. CAPITAL MANAGEMENT

The Company's objectives when managing capital are to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

As stated in the below table, the Company is a Zero debt company with no long-term borrowings. The Company is not subject to any externally imposed capital requirements.

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Total Debt (Short term borrowings)	59.17	50.02	35.50
Less: Cash and cash equivalents	(2,526.74)	(1,777.78)	(1,355.63)
<b>Net debt</b>	<b>(2,467.57)</b>	<b>(1,727.76)</b>	<b>(1,320.13)</b>
Equity	9,365.46	8,831.87	8,584.41
<b>Debt to Equity (Net)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

₹ Crore

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS

**The effect of the Company's transition to Ind AS is summarized as follows:**

- (i) Transition election
  - (ii) Reconciliations of Balance Sheet
  - (iii) Reconciliation of Equity
  - (iv) Reconciliation of Total Comprehensive Income for the year ended December 31, 2016
  - (v) Effect of adoption of Ind AS on the Statement of Cash Flow for the year ended December 31, 2016
- (i) Transition election**

These financial statements, for the year ended December 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended December 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).

Accordingly, the Company has prepared the comparative period data as at and for the year ended December 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at January 01, 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Previous GAAP financial statements as at and for the year ended December 31, 2016, including the opening Balance Sheet as at January 01, 2016.

#### **Overall principle**

The Company has prepared the opening Balance Sheet as per Ind AS as of January 01, 2016 (the transition date) by,

- Recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by Ind AS,
- by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain optional exemptions and mandatory exceptions availed by the Company as detailed below. Since, the financial statements are the first financial statements, the first time adoption – optional exemptions and mandatory exceptions have been explained in detail.

#### **Exemptions applied**

Ind AS 101 "First-time adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

##### **1 Business Combinations**

Ind AS 103 "Business Combinations" has not been applied to acquisitions of subsidiaries, which are considered businesses under Ind AS that occurred before January 01, 2016. Use of this exemption means that the Previous GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Company recognizes all



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognized and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognized in the acquirer's Balance Sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual balance sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS balance sheet. The Company did not recognise or exclude any previously excluded or recognised amounts as a result of Ind AS recognition requirements.

#### 2 Investments in subsidiaries, joint ventures and associates

The Company has elected to continue with the carrying value of all of its investments in subsidiaries, joint ventures and associates recognised as of January 01, 2016 (transition date) measured as per the previous GAAP as its deemed cost as at the date of transition.

#### 3 Leases

Appendix C to Ind AS 17 "Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Company has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions prevailing as at Ind AS transition date.

#### 4 Deemed cost of property, plant and equipment and intangible assets

As per Ind AS 101, a first-time adopter has an option, inter alia, to use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS, if there has been no change in its functional currency on the date of transition. The Company has accordingly elected to continue with the carrying values under previous GAAP for all the items of property, plant and equipment and intangible assets.

### Exceptions

#### 1 Estimates

The estimates at January 01, 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect differences if any, in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair value of unquoted equity instruments

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at January 01, 2016.

#### 2 Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.

# NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 55. FIRST-TIME ADOPTION OF IND AS (contd.)

### (ii) Reconciliations of Balance Sheet

₹ Crore

	Foot notes	As at December 31, 2016			As at January 01, 2016		
		Previous GAAP	Ind AS Adjustments measurements		Previous GAAP	Ind AS Adjustments measurements	
			Classifications	measurements		Classifications	measurements
<b>A. ASSETS</b>							
<b>1) Non-current assets</b>							
a) Property, Plant and Equipment	1,2 & 12	7,458.85	10.40	28.11	7,497.36	5,284.78	8.75
b) Capital work-in-progress		260.82	-	-	260.82	2,370.96	-
c) Other Intangible assets	1	3.53	24.06	-	27.59	0.20	25.71
d) Investments in subsidiaries, associates and joint ventures		226.45	-	-	226.45	268.76	-
e) Financial Assets							
(i) Investments	13	9.49	-	22.56	32.05	5.79	-
(ii) Loans	11 & 14	962.78	(767.39)	(10.81)	184.58	1,073.38	(853.91)
(iii) Other Financial Assets	11	-	0.06	-	0.06	-	0.11
f) Non-Current Tax Assets (Net)	11	-	303.91	-	303.91	-	305.16
g) Other non-current assets	11 & 14	483.05	345.87	6.49	835.41	465.93	10.21
<b>Total Non-current assets</b>		<b>9,404.97</b>	<b>(83.09)</b>	<b>46.35</b>	<b>9,368.23</b>	<b>9,469.80</b>	<b>7.54</b>
<b>2) Current assets</b>							
a) Inventories		1,223.75	-	-	1,223.75	1,188.60	-
b) Financial Assets							
(i) Investments	11	1,568.27	(1,568.27)	-	-	1,201.15	(1,197.45)
(ii) Trade receivables	4	467.73	68.37	-	536.10	484.35	-
(iii) Cash and Cash Equivalents	11 & 13	275.58	1,500.99	1.21	1,777.78	91.60	1,264.01
(iv) Bank balances other than Cash and Cash Equivalents	11	-	167.29	-	167.29	-	33.44
(v) Loans	11	437.02	(408.14)	-	28.88	349.84	(323.12)
(vi) Other financial assets	11	-	5.05	-	5.05	-	7.82
c) Other current assets	2, 11 & 14	60.15	256.60	3.72	320.47	55.48	168.01
<b>Total Current assets</b>		<b>4,032.50</b>	<b>21.89</b>	<b>4.93</b>	<b>4,059.32</b>	<b>3,371.02</b>	<b>(47.29)</b>
d) Non-current assets classified as held for sale	2	-	12.03	-	12.03	-	12.83
<b>Total Current assets</b>		<b>4,032.50</b>	<b>33.92</b>	<b>4.93</b>	<b>4,071.35</b>	<b>3,371.02</b>	<b>(34.46)</b>
<b>TOTAL - ASSETS</b>		<b>13,437.47</b>	<b>(49.17)</b>	<b>51.28</b>	<b>13,439.58</b>	<b>12,840.82</b>	<b>11.28</b>
							<b>12,852.10</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### (ii) Reconciliations of Balance Sheet (contd.)

₹ Crore

	Foot notes	As at December 31, 2016			As at January 01, 2016		
		Previous GAAP	Ind AS Adjustments		Previous GAAP	Ind AS Adjustments	
			Classifications	measurements		Classifications	measurements
<b>B. EQUITY AND LIABILITIES</b>							
<b>Equity</b>							
a) Equity Share Capital		187.99	-	-	187.95	-	-
b) Other Equity	3	8,473.45	-	170.43	8,255.09	-	141.37
<b>Total Equity</b>		<b>8,661.44</b>	<b>-</b>	<b>170.43</b>	<b>8,443.04</b>	<b>-</b>	<b>141.37</b>
<b>Liabilities</b>							
<b>Non-current liabilities</b>							
a) Provisions	16	131.68	-	9.68	119.86	(0.01)	8.36
b) Deferred tax liabilities (Net)	5 & 17	558.14	(117.55)	6.78	469.16	-	(2.89)
<b>Total Non-current liabilities</b>		<b>689.82</b>	<b>(117.55)</b>	<b>16.46</b>	<b>589.02</b>	<b>(0.01)</b>	<b>5.47</b>
<b>Current liabilities</b>							
a) Financial Liabilities							
(i) Borrowings		50.02	-	-	35.50	-	-
(ii) Trade payables		1,256.93	-	-	874.11	-	-
(iii) Other financial liabilities	4 & 11	-	831.21	-	-	939.28	-
b) Other current liabilities	11	2,173.11	(762.83)	-	2,259.82	(939.27)	0.02
c) Provisions	11 & 15	606.15	(418.52)	(135.61)	639.33	(454.66)	(135.58)
d) Current Tax Liabilities (Net)	11	-	418.52	-	-	454.66	-
<b>Total Current liabilities</b>		<b>4,086.21</b>	<b>68.38</b>	<b>(135.61)</b>	<b>3,808.76</b>	<b>0.01</b>	<b>(135.56)</b>
<b>Total liabilities</b>		<b>4,776.03</b>	<b>(49.17)</b>	<b>(119.15)</b>	<b>4,397.78</b>	<b>-</b>	<b>(130.09)</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>13,437.47</b>	<b>(49.17)</b>	<b>51.28</b>	<b>12,840.82</b>	<b>-</b>	<b>11.28</b>
							<b>12,852.10</b>

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### (iii) Reconciliation of Equity

₹ Crore			
Particulars	Foot notes	As at December 31, 2016	As at January 01, 2016
<b>Equity as per Previous GAAP</b>		<b>8,661.44</b>	<b>8,443.04</b>
Spare parts capitalised under Ind AS	12	28.11	-
Gain on measurement of Investments in equity instrument at Fair Value through Profit and Loss	13	22.56	11.26
Gain on fair value of investment in mutual funds at Fair Value through Profit and Loss	13	1.21	0.02
Proposed Dividend (including Tax) accounted in the year of Shareholder's approval	15	135.61	135.58
Site restoration liability	16	(9.68)	(8.36)
Other adjustments		(0.60)	(0.02)
Net Tax effect on above adjustments	17	(6.78)	2.89
<b>Total Adjustments</b>		<b>170.43</b>	<b>141.37</b>
<b>Equity as per Ind AS</b>		<b>8,831.87</b>	<b>8,584.41</b>

#### (iv) Reconciliation of Total Comprehensive Income for the year ended December 31, 2016

₹ Crore					
Particulars	Foot notes	Previous GAAP	Ind AS Adjustments		Ind AS
			Adjustments within the Total Comprehensive Income	measurements	
Revenue from operations	6, 7 & 8	11,158.34	1,365.05	-	12,523.39
Other income	13 & 14	112.71	-	15.63	128.34
<b>TOTAL INCOME</b>		<b>11,271.05</b>	<b>1,365.05</b>	<b>15.63</b>	<b>12,651.73</b>
<b>EXPENSES</b>					
a) Cost of materials consumed		1,587.26	-	-	1,587.26
b) Purchases of stock-in-trade	8	90.17	(87.65)	-	2.52
c) Changes in inventories of finished goods, work-in-progress and stock-in-trade		16.99	-	-	16.99
d) Employee benefits expense	9 & 10	778.31	(23.71)	-	754.60
e) Power and Fuel		2,157.10	-	-	2,157.10
f) Freight and Forwarding expense		2,654.66	-	-	2,654.66
g) Excise duty	6	-	1,533.67	-	1,533.67
h) Finance costs	10 & 16	72.87	8.44	1.32	82.63
i) Depreciation and amortisation expense		605.16	-	-	605.16
j) Other expenses	6, 7, 9, 10, 12 & 14	2,462.81	(89.61)	(24.38)	2,348.82
		<b>10,425.33</b>	<b>1,341.14</b>	<b>(23.06)</b>	<b>11,743.41</b>
Self consumption of cement		(5.96)	-	-	(5.96)
<b>TOTAL EXPENSES</b>		<b>10,419.37</b>	<b>1,341.14</b>	<b>(23.06)</b>	<b>11,737.45</b>
<b>Profit before exceptional item and tax</b>		<b>851.68</b>	<b>23.91</b>	<b>38.69</b>	<b>914.28</b>
Exceptional item		42.81	-	-	42.81
<b>Profit before tax</b>		<b>808.87</b>	<b>23.91</b>	<b>38.69</b>	<b>871.47</b>
<b>Tax expenses</b>					
a) Current tax	5	117.49	117.55	-	235.04
b) Deferred tax charge / (credit)	5, 9 & 17	88.98	(109.27)	9.67	(10.62)
		<b>206.47</b>	<b>8.28</b>	<b>9.67</b>	<b>224.42</b>
<b>Profit for the year</b>		<b>602.40</b>	<b>15.63</b>	<b>29.02</b>	<b>647.05</b>



## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

Particulars	Foot notes	Previous GAAP	Ind AS Adjustments		Ind AS
			Adjustments within the Total Comprehensive Income	measurements	
<b>Other Comprehensive Income (OCI)</b>					
(i) Items that will not be reclassified to profit or loss:					
Re-measurement gain / (loss) on defined benefit plans	9	-	(23.91)	-	(23.91)
(ii) Income tax relating to items that will not be reclassified to profit or loss:	9	-	8.28	-	8.28
<b>Other Comprehensive Income for the year, net of tax</b>		-	(15.63)	-	(15.63)
<b>Total Comprehensive Income</b>		<b>602.40</b>	<b>-</b>	<b>29.02</b>	<b>631.42</b>

(v) **Effect of adoption of Ind AS on the Statement of Cash Flows for the year ended December 31, 2016**

Particulars	Previous GAAP	Ind AS Adjustments	
		Ind AS Adjustments	Ind AS
Net cash flow from operating activities	1,380.12	1.19	1,381.31
Net cash used in investing activities	(539.10)	-	(539.10)
Net cash used in financing activities	(421.17)	1.11	(420.06)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>419.85</b>	<b>2.30</b>	<b>422.15</b>
Cash and cash equivalents at the beginning of the year	1,389.04	(33.41)	1,355.63
Cash and cash equivalents at the end of the year	1,808.89	(31.11)	1,777.78

Analysis of cash and cash equivalents as at December 31, 2016 and as at January 01, 2016 for the purpose of statement of cash flows under Ind AS

	Foot notes	As at	
		December 31, 2016	January 01, 2016
Cash and cash equivalents for the purpose of statement of cash flows as per Previous GAAP		1,808.89	1,389.04
<b>Ind AS adjustments</b>			
Amount Earmarked for specific purpose was considered as Cash and cash equivalents under Previous GAAP	11	(32.32)	(33.43)
Gain on fair valuation of financial assets measured at FVTPL	13	1.21	0.02
<b>Total Ind AS adjustments</b>		<b>(31.11)</b>	<b>(33.41)</b>
Cash and cash equivalents for the purpose of statement of cash flows as per Ind AS		1,777.78	1,355.63

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

**Footnotes to the reconciliation to Balance Sheet, Equity, Total Comprehensive Income and Statement of cash flows as at January 01, 2016 and December 31, 2016**

#### **Classifications**

##### **1 Mining Leasehold land**

Mining leasehold land which is controlled by an entity as a result of past events and from which future economic benefits are expected to flow to the company has been assessed as intangible assets under Ind AS 38 "Intangible assets". Consequent to this change, the carrying value of mining lease hold of ₹ 24.06 Crore (*January 01, 2016 - ₹ 25.71 Crore*) is classified as other intangible assets from tangible assets.

##### **2 Non-current Asset held for sale**

Under the previous GAAP, the Company recorded freehold non-mining land of ₹ 31.00 Crore and buildings of ₹ 3.46 Crore (*January 01, 2016 - ₹ 31.00 Crore and ₹ 3.46 Crore respectively*) as "Fixed assets held for sale" under other current assets which are stated at the lower of their net book value and net realisable value.

Under Ind AS, non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Since the sale of land and building is not highly probable these are reclassified to Property, plant and equipment as at transition date.

Remaining balance of Fixed assets held for sale of ₹ 12.03 Crore (*January 01, 2016 - ₹ 12.83 Crore*) is shown separately under the head "Non-current assets classified as held for sale".

##### **3 Government grants**

As per Previous GAAP, government grants in the nature of promoters' contribution were credited to capital reserve and treated as a part of shareholders' funds. Under Ind AS 20 'Government Grants', the grant received in the form of capital subsidy is recognised as deferred income on the date of receipt of grant and recognised as income in the Statement of Profit and Loss on a systematic basis over the useful life of related asset.

The Company had recognized a grant amounting to ₹ 15.07 Crore in capital reserve under Previous GAAP. As at transition date, useful life of related asset is already finished and there are no unfulfilled conditions attached to the existing grant therefore, the entire capital subsidy of ₹ 15.07 Crore is reclassified to retained earning as on transition date under Ind AS. This is the reclassification within equity therefore overall there is no impact on equity.

##### **4 Grossing up of Delcredere**

Under Previous GAAP, delcredere balances were netted off from trade receivables. Under Ind AS, trade receivables are a financial asset and criteria for derecognition of financial asset are not met as per guidance under Ind AS 109 'Financial Instruments'. The Company has applied the derecognition requirements for financial assets prospectively for transactions occurring on or after the date of transition to Ind AS.

Accordingly, trade receivables have been grossed up by ₹ 68.37 Crore with corresponding increase in other financial liabilities (current) as on December 31, 2016.

##### **5 Deferred tax - MAT credit entitlement**

Under Previous GAAP, MAT credit was recognised under current tax and asset was disclosed under Long-term loans and advances. In accordance with Ind AS 12 'Income taxes', MAT credit of ₹ 117.55 Crore as at December 31, 2016 (*January 01 2016 - ₹ Nil*) is reclassified under the head Deferred tax liabilities (Net) and MAT credit of ₹ 117.55 Crore is reclassified from current tax to deferred tax expenses.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### 6 Excise duty

Under Previous GAAP, sale of goods was presented as net of excise duty. Under Ind AS, sale of goods is presented inclusive of excise duty. Excise duty expenses is separately presented on the face of the Statement of Profit and Loss. Thus sale of goods under Ind AS has increased by ₹ 1,529.38 Crore with a separate disclosure of excise duty expenses on the face of the Statement of Profit and Loss. Further to above, excise duty expense includes excise duty of ₹ 4.29 Crore on variation of opening and closing stock recognised under other expenses which has now been regrouped.

#### 7 Cash discount

Under Previous GAAP, cash discount provided to customers was shown as an expense. Under Ind AS, cash discounts are netted off from Revenue. Accordingly, revenue from operations has reduced by ₹ 76.68 Crore with corresponding reduction in other expenses.

#### 8 Gross vs Net presentation

The Company has entered into an arrangement with a Joint venture, Aakaash Manufacturing Company Private Limited (Aakaash) for sale of cement and purchase of Ready Mix Concrete. The Company purchases Ready Mix Concrete from Aakaash and subsequently sells this to customers with a pre-agreed margin. Under Previous GAAP, the Company recorded purchase and sale separately. Aakaash essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Company's local sales in Goa region. This is considered as royalty arrangement. Under Ind AS, the Company has recorded the net amount as royalty income. As a result, revenue from operations and purchase of stock-in-trade has reduced by ₹ 87.65 Crore.

#### 9 Remeasurements of defined benefits plan

Under Previous GAAP the Company recognised actuarial gains and losses in the Statement of Profit and Loss. Under Ind AS, all actuarial gains and losses are recognised in the other comprehensive income. Further to the above, the deferred tax impact on above transaction has also been regrouped from Statement of Profit and Loss to other comprehensive income as per guidance under Ind AS 12 'Income taxes'.

Accordingly, actuarial losses of ₹ 18.80 Crore and ₹ 5.11 Crore have been reclassified to other comprehensive income from employee benefits and other expenses respectively. Tax thereon ₹ 8.28 Crore has been reclassified from deferred tax expenses to other comprehensive income.

#### 10 Classification of Net interest cost as finance cost

Under Previous GAAP, the Company presents net interest cost on employee benefits on account of actuarial valuation under Employee Benefit Expenses. The Company has exercised the option of presenting such net interest cost under Finance costs on transition to Ind AS. Accordingly, employee benefit expenses and other expenses have reduced by ₹ 4.91 Crore and ₹ 3.53 Crore respectively, with corresponding increase in finance costs.

#### 11 Other adjustments

To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### Measurements

#### 12 Capitalisation of Spares

Under Previous GAAP, the Company capitalises spares to Property, Plant and Equipment ('PP&E') on date of acquisition and net block was charged off to the Statement of Profit and Loss account on issue for consumption. Under Ind AS, these spares meet the definition of Property, Plant and Equipment. Accordingly, spares of ₹ 28.11 Crore charged off to the Statement of Profit and Loss during the year ended December 31, 2016 are restated resulting in increase of PP&E and decrease in consumption of stores and spare parts (other expenses).

#### 13 Fair valuation of investments

Under Previous GAAP, investments in equity instruments and mutual funds were classified as non-current investments and current investments respectively. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss, as determined by the Company in accordance with the principles of Ind AS 109 "Financial Instruments".

Accordingly, the resulting difference between the Previous GAAP carrying value and the fair value on transition date related to these investments are recognized in the opening retained earnings and subsequent changes in fair values has been recognized in the Statement of Profit and Loss account as stated below:

₹ Crore			
Particulars	For the year ended December 31, 2016	As at December 31, 2016	As at January 01, 2016
Fair valuation of equity investments (non-current investment)	11.30	22.56	11.26
Fair valuation of Mutual funds	1.21	1.21	0.02
<b>TOTAL</b>	<b>12.51</b>	<b>23.77</b>	<b>11.28</b>

#### 14 Security deposits

Under Previous GAAP, interest free lease security deposits are recorded at its transaction value. Under Ind AS 109 "Financial Instruments", all financial assets are required to be initially recognized at fair value.

The Company has fair valued security deposit under Ind AS at its initial recognition. Difference between the fair value and transaction value of the security deposit has been recognized as prepayment lease rental which has been amortised over its lease term as rent expense grouped under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income grouped under 'other income'.

Consequent to this change, the amount of security deposit decreased by ₹ 10.81 Crore (*January 01, 2016 - ₹ 13.93 Crore*). Prepayment lease rental of ₹ 3.72 Crore (*January 01, 2016 - ₹ 3.72 Crore*) is included in other current assets and ₹ 6.49 Crore (*January 01, 2016 - ₹ 10.21 Crore*) is included in other non current assets.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

Accordingly rental expenses of ₹ 3.72 Crore and notional interest income of ₹ 3.12 Crore is recognised in the Statement of Profit and Loss for the year ended December 31, 2016.

#### 15 Proposed dividend and Tax thereon

Under Previous GAAP, dividends proposed by the board of directors after Balance Sheet date but before the approval of the financial statements were considered as adjusting events. However under Ind AS, such dividends are recognized when the same are approved by the shareholders in the general meeting.

Accordingly, the proposed dividend (including dividend distribution tax) as at December 31, 2016 of ₹ 135.61 Crore (*January 01, 2016 - ₹ 135.58 Crore*) recognized under Previous GAAP was reduced from current provisions with a corresponding impact in the retained earnings.

#### 16 Site restoration expenses

Under Ind AS, Company has made provision for constructive obligation and included under 'provision for site restoration' in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Further, non-current provisions are discounted and recognised at present value of future expected expenditure.

Accordingly, a net increase in the site restoration liability of ₹ 8.36 Crore recognized in the opening retained earnings as on transition date.

The unwinding of the discount of ₹ 1.32 Crore is recognised as a finance cost in the Statement of Profit and Loss for the year ended December 31, 2016 with corresponding increase in site restoration liability.

#### 17 Deferred tax

**Impact on deferred tax of transitional adjustments are as follows:**

	For the year ended December 31, 2016	As at December 31, 2016	As at January 01, 2016
Provision for site restoration expenses	(0.47)	(3.36)	(2.89)
Capitalisation of spares	9.73	9.73	-
Fair valuation of mutual fund	0.41	0.41	-
<b>Deferred tax asset / (liability)</b>	<b>9.67</b>	<b>6.78</b>	<b>(2.89)</b>

₹ Crore

#### 18 Other comprehensive income

Under Ind AS, all items of income and expense are recognised in the period and included in Statement of Profit and Loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in the Statement of Profit and loss but are shown in the Statement of Profit and Loss as "other comprehensive income" includes remeasurements of defined benefit plans, net of taxes. The concept of other comprehensive income did not exist under Previous GAAP.

## NOTES TO THE FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 56. DIVIDEND DISTRIBUTION AND PROPOSED DIVIDEND

	For the Year ended December 31, 2017 ₹ Crore	For the Year ended December 31, 2016 ₹ Crore
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on December 31, 2016 ₹ 6 per share (₹ 6 per share for 2015)	112.67	112.65
Dividend distribution tax on final dividend	22.94	22.93
Interim equity dividend ₹ 11 per share ( <i>Previous year - ₹ 11 per share</i> )	206.57	206.57
Dividend distribution tax on interim dividend	42.05	42.04
	<b>384.23</b>	<b>384.19</b>
<b>Proposed dividends on equity shares:</b>		
Final cash dividend for the year ended on December 31, 2017 ₹ 15 per share : ( <i>Previous year - ₹ 6 per share</i> )	281.68	112.67
Dividend distribution tax on proposed dividend	57.34	22.94
	<b>339.02</b>	<b>135.61</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including Dividend distribution tax thereon) as at December 31.

57. The Ind AS opening balance sheet and financial statements for the year ended December 31, 2016 have been audited by S R B C & CO LLP, the predecessor auditor.
58. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board of Directors of ACC Limited,

**N. S. SEKHSARIA**  
Chairman  
DIN: 00276351

**NEERAJ AKHOURY**  
Managing Director & CEO  
DIN: 07419090

**SUNIL K. NAYAK**  
Chief Financial Officer

**RAMASWAMI KALIDAS**  
Company Secretary  
FCS - 2440

Mumbai, February 08, 2018

**ARUNKUMAR R GANDHI**  
Director  
DIN: 00007597

**SUSHIL KUMAR ROONGTA**  
Director  
DIN: 00309302

**FARROKH K. KAVARANA**  
Director  
DIN: 00027689

**MARTIN KRIEGER**  
Director  
DIN: 00077715

**ASHWIN DANI**  
Director  
DIN: 00009126

**FALGUNI NAYAR**  
Director  
DIN: 00003633

**FORM AOC-1**

**STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF  
SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES  
(PURSUANT TO FIRST PROVISIO TO SUB SECTION (3) OF SECTION 129 READ WITH RULE 5 OF  
COMPANIES (ACCOUNTS) RULES, 2014)**

**Part "A": Subsidiaries**

₹ Crore

Sl. No.	Particulars					
1	Name of the Subsidiary	ACC Mineral Resources Limited	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	Singhania Minerals Private Limited
2	Reporting period for the subsidiary	January 01, 2017 to December 31, 2017	January 01, 2017 to December 31, 2017	January 01, 2017 to December 31, 2017	January 01, 2017 to December 31, 2017	January 01, 2017 to December 31, 2017
3	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	N.A.	N.A.	N.A.	N.A.	N.A.
4	Share capital	121.95	33.64	3.25	2.00	0.52
		<i>121.95</i>	<i>33.64</i>	<i>3.25</i>	<i>2.00</i>	<i>0.52</i>
5	Reserves and surplus	(51.55)	18.91	(4.27)	(1.32)	(0.96)
		<i>(40.05)</i>	<i>17.01</i>	<i>(3.81)</i>	<i>(1.13)</i>	<i>(0.21)</i>
6	Total assets	74.82	69.16	0.63	1.79	1.38
		<i>86.20</i>	<i>64.63</i>	<i>0.65</i>	<i>1.82</i>	<i>0.56</i>
7	Total Liabilities	4.42	16.61	1.65	1.11	1.82
		<i>4.30</i>	<i>13.98</i>	<i>1.21</i>	<i>0.95</i>	<i>0.25</i>
8	Turnover	-	17.27	-	-	2.48
		<i>-</i>	<i>18.55</i>	<i>-</i>	<i>-</i>	<i>-</i>
9	Profit / (Loss) before tax	(11.08)	2.88	(0.47)	(0.19)	(0.75)
		<i>(34.86)</i>	<i>3.90</i>	<i>(0.48)</i>	<i>(0.18)</i>	<i>(0.10)</i>
10	Tax expenses	0.42	0.98	-	-	-
		<i>0.76</i>	<i>1.44</i>	<i>0.27</i>	<i>-</i>	<i>-</i>
11	Profit / (Loss) after tax	(11.50)	1.90	(0.47)	(0.19)	(0.75)
		<i>(35.62)</i>	<i>2.46</i>	<i>(0.75)</i>	<i>(0.18)</i>	<i>(0.10)</i>
12	Proposed Dividend	-	-	-	-	-
		<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>	<i>-</i>
13	% of shareholding	100%	94.65%	100%	100%	100%
		<i>100%</i>	<i>94.65%</i>	<i>100%</i>	<i>100%</i>	<i>100%</i>

(Figures in italics pertain to previous year)



## Part "B": Associates and Joint Ventures

Sl. No.	Name of Associates	Associates	
		Alcon Cement Company Private Limited	Asian Concretes and Cements Private Limited
1	Latest audited Balance Sheet Date	December 31, 2017	December 31, 2017
	Shares of Associates held by the company on the year end	4,08,001	81,00,000
	Amount of Investment in Associates (₹ Crore)	22.25	36.81
2	Extend of Holding (%)	40%	45%
3	Description of how there is significant influence	Note (a)	Note (a)
4	Reason why the associates is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	5.42	62.06
		8.60	54.80
6	Profit / (Loss) for the year (₹ Crore)	1.28	16.48
		2.21	11.48
i.	Considered in Consolidation (₹ Crore)	0.51	7.42
		0.88	5.17
ii.	Not Considered in Consolidation (₹ Crore)	0.77	9.06
		1.33	6.31

Sl. No.	Name of Joint Ventures	Joint Ventures	
		OneIndia BSC Private Limited	Aakaash Manufacturing Company Private Limited
1	Latest audited Balance Sheet Date	December 31, 2017	December 31, 2017
	Shares of Joint Venture held by the company on the year end	2,501,000	4,401
	Amount of Investment in Joint Venture (₹ Crore)	2.50	6.01
2	Extend of Holding (%)	50%	40%
3	Description of how there is significant influence	N.A.	N.A.
4	Reason why the joint venture is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	4.41	8.63
		3.07	8.96
6	Profit / (Loss) for the year (₹ Crore)	2.31	4.25
		3.32	6.84
i.	Considered in Consolidation (₹ Crore)	1.16	1.70
		1.66	2.74
ii.	Not Considered in Consolidation (₹ Crore)	1.16	2.55
		1.66	4.10

Note : (a) There is significant influence due to percentage (%) of equity Share capital

(b) Figures in italics pertain to previous year

For and on behalf of the Board of Directors of ACC Limited,

**N. S. SEKHSARIA**

Chairman

DIN: 00276351

**NEERAJ AKHOURY**

Managing Director & CEO

DIN: 07419090

**SUNIL K. NAYAK**

Chief Financial Officer

**RAMASWAMI KALIDAS**

Company Secretary

FCS - 2440

Mumbai, February 08, 2018

**ARUNKUMAR R GANDHI**

Director

DIN: 00007597

**SUSHIL KUMAR ROONGTA**

Director

DIN: 00309302

**FARROKH K. KAVARANA**

Director

DIN: 00027689

**MARTIN KRIEGNER**

Director

DIN: 00077715

**ASHWIN DANI**

Director

DIN: 00009126

**FALGUNI NAYAR**

Director

DIN: 00003633



## INDEPENDENT AUDITOR'S REPORT

### TO THE MEMBERS OF ACC LIMITED

#### Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of ACC Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group") its associates and its joint ventures, comprising the Consolidated Balance Sheet as at December 31, 2017 and the Consolidated Statement of Profit and Loss including other comprehensive income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated Ind AS financial statements"), which includes four joint operations of a subsidiary (consolidated on a proportionate basis with subsidiary).

#### Management's Responsibility for the Consolidated Ind AS Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and statement of changes in equity of the Group including its Associates and Joint ventures in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and

are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated Ind AS financial statements by the Directors of the Parent, as aforesaid.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us and based

on the consideration of reports of the other auditors on separate financial statements of the subsidiaries (which includes four joint operations), associates and joint venture referred to below in the Other Matters paragraph, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and joint ventures as at December 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

### Emphasis of Matters

We draw attention to Notes 44(A)b and 44(A)c to the consolidated financial statements which describes the following matters:

- a) In terms of order dated August 31, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹ 1,147.59 crores for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Company. On the Company's appeal, Competition Appellate Tribunal (COMPAT) had stayed the penalty with a condition to deposit 10% of the penalty amount, which was deposited. The Company is awaiting decision by NCLAT.
- b) In a separate matter, pursuant to a reference filed by the Government of Haryana, the CCI by its order dated January 19, 2017, had imposed a penalty of ₹ 35.32 crores on the Company for alleged contravention of the provisions of the Competition Act. On Company's filing an appeal together with application for interim stay against payment of penalty, COMPAT has stayed the penalty pending hearing of the application. This matter is listed before NCLAT for hearing.

Effective May 26, 2017 COMPAT ceased to exist and appellate function under the Competition Act is now conferred to the NCLAT. Based on the advice of external legal counsel, no provision has been considered necessary by the Company in respect of these matters.

Our opinion is not modified in respect of these matters.

### Other Matters

- (a) We did not audit the financial statements of four subsidiaries (which includes four joint operations), whose financial statements reflect total assets

of ₹ 78.61 crores as at December 31, 2017, total revenues of ₹ 10.84 crores and net cash outflows amounting to ₹ 0.36 crores for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of ₹ 9.66 crores and total comprehensive income of ₹ 9.63 crores for the year ended December 31, 2017, as considered in the consolidated Ind AS financial statements, in respect of two associates and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries (which includes four joint operations), associates and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries (which includes four joint operations), associates and joint venture is based solely on the reports of the other auditors.

- (b) The comparative financial information for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 in respect of four subsidiaries (which includes four joint operations), two associates and one joint venture included in this consolidated Ind AS financial statements prepared in accordance with the Ind AS have been audited by other auditors and have been relied upon by the predecessor auditor.
- (c) The comparative financial information of the Group, associates and joint ventures for the year ended December 31, 2016 and the transition date opening balance sheet as at January 1, 2016 prepared in accordance with Ind AS included in these consolidated Ind AS financial statements have been audited by the predecessor auditor. The report of the predecessor auditor on the comparative financial information and the said opening balance sheet dated October 17, 2017 expressed an unmodified opinion. Our report is not modified in respect of this matter.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and



Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

#### **Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on separate financial statements of subsidiaries (which includes four joint operations), associates and joint venture companies incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated Ind AS financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated Ind AS financial statements.
- (d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on December 31, 2017 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on December 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and

the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and jointly venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Group, associates and joint ventures incorporated in India internal financial controls over financial reporting.

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures – Refer Note 44A to the consolidated Ind AS financial statements.
  - ii. The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent other than ₹ 1.16 crores which have since been paid. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by its subsidiary companies, associate companies and joint venture companies incorporated in India.

#### **For Deloitte Haskins & Sells LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W-100018)

#### **B. P. Shroff**

*Partner*

(Membership No. 034382)

Place: Mumbai

Date: February 08, 2018

## ANNEXURE “A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph (f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)**

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended December 31, 2017, we have audited the internal financial controls over financial reporting of ACC Limited (hereinafter referred to as “Parent”) and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

#### **Management’s Responsibility for Internal Financial Controls**

The respective Boards of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

#### **Auditor’s Responsibility**

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing,

prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

#### **Meaning of Internal Financial Controls Over Financial Reporting**

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets



of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over

financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **Other Matters**

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting in so far as it relates to four subsidiary companies, two associate companies and one joint venture, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

### **For Deloitte Haskins & Sells LLP**

*Chartered Accountants*

(Firm's Registration No. 117366W/W-100018)

### **B. P. Shroff**

*Partner*

(Membership No. 034382)

Place: Mumbai

Date: February 08, 2018



# CONSOLIDATED BALANCE SHEET as at December 31, 2017

Particulars	Note No.	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>A. ASSETS</b>				
<b>1) Non-current assets</b>				
a) Property, Plant and Equipment	2	7,224.46	7,524.48	5,323.73
b) Capital work-in-progress		269.25	260.98	2,379.44
c) Goodwill on consolidation	58	15.57	15.57	15.57
d) Other Intangible assets	3	40.03	27.72	25.98
e) Intangible assets under development		-	-	16.67
f) Investments in associates and joint ventures	4	91.16	85.13	82.32
g) Financial Assets				
(i) Investments	5	3.70	32.05	17.05
(ii) Loans	6	222.59	199.58	244.79
(iii) Other financial assets	7	0.06	0.06	0.11
h) Non-current Tax Assets (Net)	8	296.95	304.72	306.53
i) Other non-current assets	9	1,027.05	838.93	1,026.51
<b>Total Non-current assets</b>		<b>9,190.82</b>	<b>9,289.22</b>	<b>9,438.70</b>
<b>2) Current assets</b>				
a) Inventories	10	1,404.78	1,224.63	1,189.43
b) Financial assets				
(i) Investments	11	-	-	3.70
(ii) Trade receivables	12	665.97	533.18	484.43
(iii) Cash and Cash Equivalents	13	2,559.66	1,809.63	1,383.30
(iv) Bank balances other than Cash and Cash Equivalents	14	168.89	167.53	33.66
(v) Loans	15	41.40	29.42	27.40
(vi) Other financial assets	16	8.88	5.05	7.78
c) Other current assets	17	792.26	323.21	229.29
		<b>5,641.84</b>	<b>4,092.65</b>	<b>3,358.99</b>
d) Non-current assets classified as held for sale	18	13.08	12.07	12.87
<b>Total Current assets</b>		<b>5,654.92</b>	<b>4,104.72</b>	<b>3,371.86</b>
<b>TOTAL - ASSETS</b>		<b>14,845.74</b>	<b>13,393.94</b>	<b>12,810.56</b>
<b>B. EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
a) Equity Share Capital	19	187.99	187.99	187.95
b) Other Equity	20	9,167.86	8,625.44	8,366.78
<b>Equity attributable to owners of the parent</b>		<b>9,355.85</b>	<b>8,813.43</b>	<b>8,554.73</b>
Non-controlling interest		2.88	2.78	2.65
<b>Total Equity</b>		<b>9,358.73</b>	<b>8,816.21</b>	<b>8,557.38</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
a) Provisions	21	142.79	141.36	128.21
b) Deferred tax liabilities (Net)	22	551.56	456.31	475.36
<b>Total Non-current liabilities</b>		<b>694.35</b>	<b>597.67</b>	<b>603.57</b>
<b>Current liabilities</b>				
a) Financial Liabilities				
(i) Trade payables	23	1,813.74	1,258.49	876.85
(ii) Other financial liabilities	24	721.34	835.39	939.66
b) Other current liabilities	25	1,737.97	1,415.57	1,329.35
c) Provisions	26	51.19	52.02	49.09
d) Current tax liabilities (Net)		468.42	418.59	454.66
<b>Total Current liabilities</b>		<b>4,792.66</b>	<b>3,980.06</b>	<b>3,649.61</b>
<b>Total liabilities</b>		<b>5,487.01</b>	<b>4,577.73</b>	<b>4,253.18</b>
<b>TOTAL-EQUITY AND LIABILITIES</b>		<b>14,845.74</b>	<b>13,393.94</b>	<b>12,810.56</b>
Significant accounting policies	1			

See accompanying notes to the financial statements

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**  
Partner  
Membership No. 034382

**N. S. SEKHSARIA**  
Chairman  
DIN: 00276351  
**NEERAJ AKHOURY**  
Managing Director & CEO  
DIN: 07419090  
**SUNIL K. NAYAK**  
Chief Financial Officer

**RAMASWAMI KALIDAS**  
Company Secretary  
FCS - 2440

For and on behalf of the Board of Directors of ACC Limited,

**ARUNKUMAR R GANDHI**  
Director  
DIN: 00007597  
**SUSHIL KUMAR ROONGTA**  
Director  
DIN: 00309302  
**FARROKH K. KAVARANA**  
Director  
DIN: 00027689

**MARTIN KRIEGER**  
Director  
DIN: 00077715  
**ASHWIN DANI**  
Director  
DIN: 00009126  
**FALGUNI NAYAR**  
Director  
DIN: 00003633

Mumbai, February 08, 2018





## CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended December 31, 2017

Particulars	Note No.	For the Year ended December 31, 2017 ₹ Crore	For the Year ended December 31, 2016 ₹ Crore
<b>INCOME</b>			
1 Revenue from operations	27	14,200.72	12,523.39
2 Other Income	28	128.86	122.81
3 <b>TOTAL INCOME (1+2)</b>		<b>14,329.58</b>	<b>12,646.20</b>
4 <b>EXPENSES</b>			
a) Cost of materials consumed	29	1,980.04	1,587.26
b) Purchases of Stock-in-Trade	30	0.84	2.52
c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	31	(14.90)	16.99
d) Employee benefits expense	32	821.36	756.72
e) Power and Fuel		2,716.94	2,159.91
f) Freight and Forwarding expense	33	3,433.75	2,636.11
g) Excise duty		915.59	1,533.67
h) Finance costs	34	98.53	78.67
i) Depreciation and amortisation expense	35	643.62	609.18
j) Other expenses	36	2,440.80	2,357.68
		13,036.57	11,738.71
Self consumption of cement		(6.13)	(5.96)
<b>TOTAL EXPENSES</b>		<b>13,030.44</b>	<b>11,732.75</b>
5 <b>Profit before share of profit of associates and joint ventures, exceptional item and tax (3-4)</b>		<b>1,299.14</b>	<b>913.45</b>
6 Share of profit in associates and a joint ventures		10.92	10.45
7 <b>Profit before exceptional item and tax (5+6)</b>		<b>1,310.06</b>	<b>923.90</b>
8 Exceptional item	37	-	38.59
9 <b>Profit before tax (7-8)</b>		<b>1,310.06</b>	<b>885.31</b>
10 <b>Tax expense</b>			
a) Current tax		352.65	237.66
b) Deferred tax charge / (credit)	22	32.90	(10.77)
		<b>385.55</b>	<b>226.89</b>
11 <b>Profit for the year (9-10)</b>		<b>924.51</b>	<b>658.42</b>
12 <b>Other Comprehensive Income (OCI)</b>			
(i) Items that will not be reclassified to profit and loss:			
(a) Re-measurement gain / (loss) on defined benefit plans		3.62	(23.91)
(b) Share of other comprehensive income of associates and joint ventures		(0.13)	-
(ii) Income tax relating to items that will not be reclassified to profit and loss	22	(1.25)	8.28
<b>Other Comprehensive Income for the year, net of tax</b>		<b>2.24</b>	<b>(15.63)</b>
13 <b>Total Comprehensive Income for the year (11+12)</b>		<b>926.75</b>	<b>642.79</b>
14 <b>Attributable to:</b>			
Owners of the Company		924.41	658.29
Non-controlling interests		0.10	0.13
<b>Profit for the year</b>		<b>924.51</b>	<b>658.42</b>
15 <b>Other comprehensive income Attributable to:</b>			
Owners of the Company		2.24	(15.63)
Non-controlling interests		-	-
<b>Other comprehensive income</b>		<b>2.24</b>	<b>(15.63)</b>
16 <b>Total comprehensive income Attributable to:</b>			
Owners of the Company		926.65	642.66
Non-controlling interests		0.10	0.13
<b>Total comprehensive income</b>		<b>926.75</b>	<b>642.79</b>
17 <b>Earnings per equity share of ₹ 10 each:</b>	38		
(a) Basic	₹	49.23	35.06
(b) Diluted	₹	49.10	34.97
Significant accounting policies	1		

See accompanying notes to the financial statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**

Partner

Membership No. 034382

**N. S. SEKHSARIA**

Chairman

DIN: 00276351

**NEERAJ AKHOURY**

Managing Director & CEO

DIN: 07419090

**SUNIL K. NAYAK**

Chief Financial Officer

**RAMASWAMI KALIDAS**

Company Secretary

FCS - 2440

For and on behalf of the Board of Directors of ACC Limited,

**ARUNKUMAR R GANDHI**

Director

DIN: 00007597

**SUSHIL KUMAR ROONGTA**

Director

DIN: 00309302

**FARROKH K. KAVARANA**

Director

DIN: 00027689

**MARTIN KRIEGER**

Director

DIN: 00077715

**ASHWIN DANI**

Director

DIN: 00009126

**FALGUNI NAYAR**

Director

DIN: 00003633

Mumbai, February 08, 2018

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2017

### A. Equity Share Capital

	₹ Crore
At January 01, 2016	187.95
Issue of equity shares	0.04
At December 31, 2016	187.99
Issue of equity shares	-
<b>At December 31, 2017</b>	<b>187.99</b>

### B. Other Equity

#### For the year ended December 31, 2017

	Reserves and surplus (Refer Note - 20)			Items of Other Comprehensive Income (OCI)	Total Attributable to Owners of the Company	Attributable to Non-controlling interest	Total other equity
	Securities premium Reserve	General Reserve	Retained earnings				
<b>As at January 01, 2017</b>	845.03	2,796.78	4,999.26	(15.63)	8,625.44	2.78	8,628.22
Profit for the year	-	-	924.41	-	924.41	0.10	924.51
Other Comprehensive Income for the year, net of tax	-	-	-	2.24	2.24	-	2.24
<b>Total comprehensive income for the year</b>			5,923.67	(13.39)	9,552.09	2.88	9,554.97
Interim dividend paid	-	-	(206.57)	-	(206.57)	-	(206.57)
Final dividend paid	-	-	(112.67)	-	(112.67)	-	(112.67)
Dividend distribution tax on dividend	-	-	(64.99)	-	(64.99)	-	(64.99)
<b>As at December 31, 2017</b>	<b>845.03</b>	<b>2,796.78</b>	<b>5,539.44</b>	<b>(13.39)</b>	<b>9,167.86</b>	<b>2.88</b>	<b>9,170.74</b>

₹ Crore



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended December 31, 2017 (Contd.)

### B. Other Equity (Contd.)

For the year ended December 31, 2016

₹ Crore

	Reserves and surplus (Refer Note - 20)			Items of Other Comprehensive Income (OCI)	Total Attributable to Owners of the Company	Attributable to Non-controlling interest	Total other equity
	Securities premium Reserve	General Reserve	Retained earnings	Re-measurement gain / (loss) on defined benefit plans			
<b>As at January 01, 2016</b>	844.84	2,766.78	4,755.16	-	8,366.78	2.65	8,369.43
Profit for the year	-	-	658.29	-	658.29	0.13	658.42
Other Comprehensive Income for the year, net of tax	-	-	-	(15.63)	(15.63)	-	(15.63)
<b>Total comprehensive income for the year</b>			5,413.45	(15.63)	9,009.44	2.78	9,012.22
Interim dividend paid	-	-	(206.57)	-	(206.57)	-	(206.57)
Final dividend paid	-	-	(112.65)	-	(112.65)	-	(112.65)
Dividend distribution tax on dividend	-	-	(64.97)	-	(64.97)	-	(64.97)
Transfer from retained earnings	-	30.00	(30.00)	-	-	-	-
Premium on equity shares issued out of held in abeyance	0.19	-	-	-	0.19	-	0.19
<b>As at December 31, 2016</b>	<b>845.03</b>	<b>2,796.78</b>	<b>4,999.26</b>	<b>(15.63)</b>	<b>8,625.44</b>	<b>2.78</b>	<b>8,628.22</b>

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
 Chartered Accountants  
 ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**  
 Partner  
 Membership No. 034382

Mumbai, February 08, 2018

**N. S. SEKHSARIA**  
 Chairman  
 DIN: 00276351  
**NEERAJ AKHOURY**  
 Managing Director & CEO  
 DIN: 0741 9090  
**SUNIL K. NAYAK**  
 Chief Financial Officer  
**RAMASWAMI KALIDAS**  
 Company Secretary  
 FCS - 2440

For and on behalf of the Board of Directors of ACC Limited,  
**ARUNKUMAR R GANDHI**  
 Director  
 DIN: 00007597  
**SUSHIL KUMAR ROONGTA**  
 Director  
 DIN: 00309302  
**FARROKH K. KAVARANA**  
 Director  
 DIN: 00027689  
**MARTIN KRIEGER**  
 Director  
 DIN: 00077715  
**ASHWIN DANI**  
 Director  
 DIN: 00009126  
**FALGUNI NAYAR**  
 Director  
 DIN: 00003633

## CONSOLIDATED STATEMENT OF CASH FLOW for the year ended December 31, 2017

Particulars	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>A. Cash flow from operating activities</b>		
Profit before Tax	1,310.06	885.31
Adjustments to reconcile profit before tax to net cash flows:		
Depreciation and amortisation expense	643.62	609.18
Loss / (Profit) on sale / write off of Property, Plant & Equipment (net)	2.93	(20.46)
Gain on sale of non-current financial assets measured at FVTPL	(10.32)	-
Gain on sale of current financial assets measured at FVTPL	(25.75)	(23.25)
Interest income	(91.87)	(65.59)
Finance costs	98.53	78.67
Provision for doubtful debts and advances (Net)	(2.80)	48.83
Bad debts written off (Net of provision)	-	0.51
Provision for slow and non moving Stores and Spare parts	(6.39)	12.69
Provision no longer required written back (including write back of royalty on minerals)	(45.49)	(23.68)
Net gain on fair valuation of current financial assets measured at FVTPL	(0.92)	(12.49)
Amortisation of operating lease rental	3.72	3.72
Share of profit in associates and joint ventures	(10.92)	(10.45)
Unrealised exchange gain (net)	(0.12)	(2.80)
Operating profit before working capital changes	1,864.28	1,480.19
Changes in Working Capital:		
Adjustments for Decrease / (Increase) in operating assets:		
Decrease / (Increase) in Trade receivable, loans and advances and other assets	(779.48)	(69.66)
Decrease / (Increase) in Inventories	(173.76)	(47.89)
Adjustments for Increase / (Decrease) in operating liabilities:		
Increase / (Decrease) in Trade payables, Other liabilities and Provisions	862.50	300.59
Cash generated from operations	1,773.54	1,663.23
Direct tax paid - (Net of refunds)	(219.09)	(273.69)
<b>Net Cash flow from operating activities</b>	<b>1,554.45</b>	<b>1,389.54</b>



## CONSOLIDATED STATEMENT OF CASH FLOW for the year ended December 31, 2017 (contd.)

Particulars	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>B. Cash flow from investing activities</b>		
Loans to Joint Venture	(0.12)	(0.21)
Payment received against loan given to Joint Venture	4.18	5.26
Purchase of Property, Plant & Equipments (Including Capital work-in-progress and Capital Advances)	(534.90)	(522.15)
Proceeds from sale of Property, Plant & Equipments	14.47	21.33
Proceeds from sale of non current investments in Shiva cement Ltd.	38.67	-
Net proceeds from current investments	25.75	23.25
Redemption of bank deposits (having original maturity for more than 3 months)	-	0.05
Investment in bank deposits (having original maturity for more than 3 months)	(2.05)	(134.97)
Dividend received from Associates	4.75	7.64
Interest received	69.69	65.28
<b>Net cash used in investing activities</b>	<b>(379.56)</b>	<b>(534.52)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from Issue of equity shares (including Securities premium)	-	0.23
Interest paid	(41.55)	(45.92)
Dividend paid	(319.24)	(319.21)
Dividend Distribution Tax paid	(64.99)	(64.98)
<b>Net cash used in financing activities</b>	<b>(425.78)</b>	<b>(429.88)</b>
<b>Net increase in cash and cash equivalents</b>	<b>749.11</b>	<b>425.15</b>
Cash and cash equivalents at the beginning of the year (Refer note - 13)	1,809.63	1,383.30
<b>Cash and cash equivalents at the end (Refer note - 13)</b>	<b>2,559.66</b>	<b>1,809.63</b>
Adjustment for gain on fair valuation of current financial assets measured at FVTPL	(0.92)	(1.19)
	<b>2,558.74</b>	<b>1,808.44</b>

See accompanying notes to the financial statements

Note : 1 Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 on Cash Flow Statements.

In terms of our report attached  
**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
ICAI Firm Registration No. 117366W/W-100018

**B P SHROFF**  
Partner  
Membership No. 034382

For and on behalf of the Board of Directors of ACC Limited,  
**N. S. SEKHSARIA**  
Chairman  
DIN: 00276351  
**NEERAJ AKHOURY**  
Managing Director & CEO  
DIN: 07419090  
**SUNIL K. NAYAK**  
Chief Financial Officer

**RAMASWAMI KALIDAS**  
Company Secretary  
FCS - 2440

**ARUNKUMAR R GANDHI**  
Director  
DIN: 00007597  
**SUSHIL KUMAR ROONGTA**  
Director  
DIN: 00309302  
**FARROKH K. KAVARANA**  
Director  
DIN: 00027689  
**MARTIN KRIEGER**  
Director  
DIN: 00077715  
**ASHWIN DANI**  
Director  
DIN: 00009126  
**FALGUNI NAYAR**  
Director  
DIN: 00003633

Mumbai, February 08, 2018

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017

### Company Overview and Significant Accounting Policies:

#### Corporate Information

ACC Limited ("the Company / Parent"), is a public company domiciled in India and was incorporated on August 01, 1936 under the provisions of the Companies Act, 1913 applicable in India. Its shares are listed on National Stock Exchange of India (NSE) and Bombay Stock Exchange (BSE) of India. The registered office of the Company is located at Cement House, 121 Maharshi Karve Road, Mumbai – 400020 India.

The consolidated financial statements comprise the financial statements of ACC Limited ("the Company") and its subsidiaries (collectively, the Group).

The Group is principally engaged in the business of manufacturing and selling of Cement and Ready mix concrete. The Company has manufacturing facilities across India and caters mainly to the domestic market.

Information on the Group's structure is provided in Note – 39. Information on other related party relationship of the Group is provided in Note - 45.

#### 1. Significant Accounting Policies

##### i. Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

For all periods upto and including for the year ended December 31, 2016, the Group prepared its consolidated financial statements in accordance with accounting standards notified under the Section 133 of the Companies Act 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (hereinafter referred to as 'Previous GAAP'). These are the Group's first financial statements prepared in accordance with Ind AS. The date of transition to Ind AS is January 01, 2016 (hereinafter referred to as the 'transition date').

The consolidated financial statements for the year ended December 31, 2016 and the Consolidated opening Balance Sheet as at January 01, 2016 have been restated in accordance with Ind AS for comparative information. Reconciliations and explanations of the effect of the transition from Previous GAAP to Ind AS on the Group's Consolidated Balance Sheet, Consolidated Statement of Profit and Loss (including Comprehensive Income) and Consolidated Statement of Cash Flows are provided in Note - 55.

These consolidated financial statements were approved for issue in accordance with the resolution of the Board of Directors on February 08, 2018.

##### ii. Basis of Preparation

The Consolidated financial statements comprises the financial statements of ACC Limited ("the Company / Parent") and its subsidiaries (collectively, the Group) for the year ended December 31, 2017 and consolidated opening Ind AS Consolidated Balance sheet as at the transition date.

These consolidated financial statements have been prepared on a historical cost basis, except for the following material items in the Balance Sheet:

- a) Certain financial assets and liabilities are measured at fair value (refer accounting policy regarding financial instruments)
- b) Non-current assets classified as held for sale are measured at lower of its carrying amount and fair value less cost to sell
- c) Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation; and
- d) Investments in associates and joint ventures which are accounted for using the equity method.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. Level 2 — inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 — inputs that are unobservable for the asset or liability

### iii. Functional and Presentation Currency

These Consolidated financial statements are presented in Indian Rupees (₹) which is the functional currency of the Group.

All financial information presented in Indian rupees has been rounded to the nearest Crore, except otherwise indicated.

### iv. Basis of Consolidation

- a) The Consolidated Financial Statements incorporate the financial statements of the Company and entities controlled by the Company and its subsidiaries.

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- i. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
  - ii. Exposure, or rights, to variable returns from its involvement with the investee, and
  - iii. The ability to use its power over the investee to affect its returns
- b) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
  - c) When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
    - i. a contractual arrangement with the other vote holders of the investee
    - ii. rights arising from other contractual arrangements
    - iii. the Group's voting rights and potential voting rights
    - iv. the size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

- v. any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.
- d) Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
- e) The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of parent company i.e. December 31, 2017.
- f) The Consolidated Financial Statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented, to the extent possible, in the same manner as the Company's separate financial statements.
- g) Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.
- h) Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.
- i) When the Group loses control over a subsidiary, it:
  - i. Derecognises the assets (including goodwill) and liabilities of the subsidiary
  - ii. Derecognises the carrying amount of any non-controlling interests
  - iii. Recognises the fair value of the consideration received
  - iv. Recognises the fair value of any investment retained when control is lost. The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.
  - v. Recognise any resulting difference as a gain or loss in the Consolidated Statement of profit and loss attributable to the parent.
  - vi. Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed off the related assets or liabilities.
- j) Consolidation procedure:
  - i. Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.
  - ii. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary (Refer policy on business combinations for accounting for any related goodwill).
  - iii. Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

intragroup transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Deferred tax effects are given for temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions as per Ind AS 12 'Income Taxes'.

### **v. Interests in associates and Joint arrangements**

#### **a) Interests in Associate**

An Associate is an entity in which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. Significant influence is generally presumed to exist when the Group holds 20% or more of the voting power of an investee. Investments in associates are accounted for using equity method of accounting (Refer point c below), after initially being recognised at cost.

#### **b) Joint Arrangement**

Interests in joint arrangements are interests over which the Group exercises joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement.

##### **i. Interests in Joint operation**

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement.

When a group entity undertakes its activities under joint operations, the Group as a joint operator recognises in relation to its interest in a joint operation:

1. its assets, including its share of any assets held jointly;
2. its liabilities, including its share of any liabilities incurred jointly;
3. its revenue from the sale of its share of the output arising from the joint operation;
4. its share of the revenue from the sale of the output by the joint operation; and
5. its expenses, including its share of any expenses incurred jointly.

The Group account for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues and expenses.

##### **ii. Interests in Joint ventures**

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Interests in joint ventures are accounted for using the equity method of accounting (Refer point c below), after initially being recognised at cost.

#### **c) Equity method**

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses of the investee in Group's profit and loss, and the Group's share of other comprehensive income of the investee in Group's other comprehensive income.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the Consolidated statement of changes in equity. Unrealised gains resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group's interest in the associate or joint venture. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. The Group resumes recognising its share of profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the Consolidated Statement of Profit and Loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The carrying amounts of equity accounted investments are tested for impairment in accordance with the accounting policy on impairment of non-financial assets.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of investment in associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in Consolidated Statement of Profit and Loss.

If the Group's ownership interest in a joint venture or an associate is reduced, but joint control or significant influence is retained, the Group reclassify to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be required to be reclassified to profit or loss on the disposal of the assets or liabilities.

### vi. **Business Combination and Goodwill**

#### Acquisition method

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are recognised in consolidated Statement of Profit and Loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:

- a) deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 'Income Taxes' and Ind AS 19 'Employee Benefits' respectively;
- b) liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 'Share-based Payments' at the acquisition date; and
- c) assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 'Non-current Assets Held for Sale and Discontinued Operations' are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in the Consolidated Statement of Profit and Loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 'Financial Instruments', is measured at fair value with changes in fair value recognised in statement of profit and loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

### Goodwill

Goodwill is measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

A cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

### Bargain purchase

If the difference of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any previous interest held, over the net identifiable assets acquired and liabilities assumed is a deficit then the business combination is regarded as bargain purchase.

In case of bargain purchase, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. If such evidence exists, the group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognizes any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognizes it in other comprehensive income and accumulates the same in equity as capital reserve.

If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing, directly in equity as capital reserve.

### Measurement period adjustments

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period (not more than one year from acquisition date), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### Business combination among entities under common control

Business combination involving entities or businesses under common control is accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of combining entities are reflected at their carrying amount and no adjustments are made to reflect fair values.

#### **vii. Non-controlling interests ("NCI")**

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

#### **viii. Provisions and Contingencies**

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

These estimates are reviewed at each Balance sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated financial statements.

A contingent asset is possible asset that arises from past events and whose existence will be confirmed only by occurrence or non- occurrence of one or more uncertain future events not wholly within the control of the Group. The Group does not recognize a contingent asset (if any) but disclose in the Consolidated financial statements.

### ix. Classification of Current/Non-Current Assets and Liabilities

All the assets and liabilities have been classified as current or non current as per the Group's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

#### Assets:

An asset is classified as current when it satisfies any of the following criteria:

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

#### Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

- a) it is expected to be settled in the Company's normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets/ liabilities are classified as non-current.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in Cash or cash equivalents, the Company has ascertained its normal operating cycle as 12 months for the purpose of Current / Non current classification of assets and liabilities.

### x. Property, plant and equipment

#### Recognition and measurement

- a) Property, plant and equipment are stated at cost of acquisition or construction less accumulated depreciation and impairment losses, if any (except freehold non-mining land which is carried at cost less impairment losses if any).

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Cost comprises the purchase price, including import duties and non-refundable purchase taxes (net of taxes credit wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use, including relevant borrowing costs.

The present value of the expected cost for the decommissioning of an asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

- b) Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.
- c) When a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the Consolidated Statement of Profit and Loss during the reporting period in which they are incurred.
- d) Spares which meet the definition of property, plant and equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalized on such date.
- e) Property, plant and equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of property, plant and equipment when completed and ready for intended use. Advances given towards acquisition/construction of Property, plant and equipment outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other non-current assets".
- f) An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Consolidated Statement of Profit and Loss when the asset is derecognised.
- g) The Group has elected to continue with the carrying value of all its property, plant and equipment as recognised in the consolidated financial statements as at transition date to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at transition date pursuant to the exemption under Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

### Depreciation and Amortisation

- a) Leasehold non-mining land held under finance lease is amortised over the period of lease on a straight line basis.
- b) Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in the proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non-mining land is not depreciated.
- c) Depreciation on property, plant and equipment, other than plant and equipment assets related to Captive Power Plant (CPP assets), is provided using the straight line method and on CPP assets using the written down value method based on their respective estimated useful lives.

The Group identifies and determines cost of each component / part of the asset and depreciates separately, if the component / part have a cost which is significant to the total cost of the asset and has useful life that is materially different from that of the remaining asset.

Estimated useful lives of assets are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The estimated useful lives are as follows:

Assets	Useful Life
Buildings	3-60 years
Plant and Equipment	8-30 years
Railway sidings	8-15 years
Furniture & Fixtures and Office equipment	3-10 years
Vehicles	6-8 years

The useful life as estimated above is aligned to the prescribed useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation is different in the following case:

Particulars	Useful Life estimated by the management	Useful Life as per Schedule II
Plant and Equipment related to Captive Power Plant	20 years	40 years

- d) Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
- e) Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided upto the date on which such item of property, plant and equipment is sold, discarded, demolished or scrapped.
- f) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- g) The Group reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

### xi. Intangible assets

#### Recognition and Measurement:

- a) Mining rights and computer software acquired is measured on initial recognition at cost. Cost comprises the purchase price (net of taxes credit wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

- b) Gains or losses arising from derecognition of an item of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the such item of intangible asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.
- c) The Group has elected to continue with the carrying value of all its intangible assets as recognised in the consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101 'First-time Adoption of Indian Accounting Standards'.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### **Amortisation**

A summary of the policies applied to the intangible assets is, as follows:

Intangible assets	Useful life	Amortisation method used
Computer software	Finite (3 years)	Amortised on a straight-line basis over the useful life
Mining Rights		Over the period of the respective mining agreement

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Consolidated Statement of Profit and Loss unless such expenditure forms part of carrying value of another asset.

### **xii. Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or which are not yet available for use, an impairment test is performed as at each Balance Sheet date (irrespective of impairment indicator) and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or group of assets.

The future cash flows are derived from the detailed budgets and forecast for the next three years, which are prepared separately for each of the Group's CGUs to which the individual assets are allocated.

An impairment loss is recognised in the Consolidated Statement of Profit and Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal of impairment loss is recognised in the Consolidated Statement of Profit and Loss.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### xiii. Inventories

Inventories are valued after providing for obsolescence, as follows:

a) Raw Materials, Stores & Spare parts, Packing Material and Fuels

At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost is determined on a weighted average basis. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition.

b) Work-in-progress, Finished goods and Stock-in-Trade

At lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Cost of Stock-in-Trade includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

### xiv. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

The Group's financial assets comprise the following:

- i. Current financial assets mainly consisting of (a) trade receivables, (b) mutual funds, (c) cash and bank balances, (d) investment in certificates of deposit, (e) fixed deposits with bank and financial institutions and (f) other short-term receivables and deposits.
- ii. Non-current financial assets mainly consisting of (a) financial investments – equity, bond and fixed deposits, (b) other long-term receivables and deposits.

#### Initial recognition and measurement

The Group recognised a financial asset in its Consolidated Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

#### Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified in the following categories:

i. Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

- a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Consolidated Statement of Profit and Loss. The losses arising from impairment are recognised in the Consolidated Statement of Profit and Loss. This category generally applies to trade and other receivables.

### ii. Financial assets at fair value through other comprehensive income (FVTOCI)

A 'debt instrument' is classified as at the FVTOCI if both of the following criteria are met:

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The Group does not own any financial asset classified at fair value through other comprehensive income.

### iii. Financial assets at fair value through profit or loss (FVTPL)

#### Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

A Financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item of Consolidated Statement of Profit and Loss.

#### Equity instruments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at FVTPL with all changes in fair value recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend earned on the equity instruments and is included in the 'other income' line item of the Consolidated Statement of Profit and Loss.

For all investments in equity instruments other than held for trading, at initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

The Group has not designated investment in any equity instruments FVTOCI.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Group's financial statements) when:

- The rights to receive cash flows from the asset have expired, or
- The Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - a) the Group has transferred substantially all the risks and rewards of the asset, or
  - b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Consolidated Statement of Profit and Loss.

### Impairment of financial assets

In accordance with Ind AS 109 "Financial Instruments", the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, bond and
- b) trade receivables.

The Group follows 'simplified approach' for recognition of impairment loss allowance on trade receivables resulting from transactions within the scope of Ind-AS 18 "Revenue", if they do not contain a significant financing component

The application of simplified approach does not require the Group to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR).

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income/ expense in the Consolidated Statement of Profit and Loss. This amount is reflected in a separate line in the Consolidated Statement of Profit and Loss as an impairment gain or loss.

For financial assets measured at amortised cost, ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Group does not reduce impairment allowance from the gross carrying amount.

### **b) Financial liabilities and equity instruments**

#### Classification as debt or equity

An instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Dividend paid on equity instruments are directly reduced from equity.

#### Financial liabilities

The Group's current financial liabilities mainly comprise (a) Borrowings, (b) trade payables, (c) liability for capital expenditure, (d) security deposit and (e) other payables

#### Initial recognition and measurement

The Group recognizes a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost (loans and borrowings, and payables) as appropriate.

#### **Subsequent measurement**

#### Financial liabilities at amortised cost

This is the category most relevant to the Group. All the financial liabilities of the Group are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Consolidated Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Consolidated Statement of Profit and Loss.

### Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

- a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- c) it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

The Group does not owe any financial liability which is either classified or designated at fair value through profit or loss.

### Derecognition of financial liabilities

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liability) is primarily derecognised (i.e. removed from the Consolidated Statement of Profit and Loss) when, and only when, the obligation under the liability is discharged or cancelled or expires.

An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

### **Embedded derivatives**

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Consolidated Statement of Profit and Loss does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 "financial instruments" to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

### **Offsetting a financial asset and a financial liability**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously on a net basis.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### xv. Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income/ interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/ payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

### xvi. Site restoration and other environmental provisions

The Group provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

The site restoration provision before exploitation of the raw materials has commenced is included in property, plant and equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through Consolidated Statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Consolidated Statements of Profit and Loss.

### xvii. Foreign Currency Transactions / Translations

These financial statements are presented in Indian Rupees (₹).

Transactions in currencies other than Group's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

### xviii. Revenue recognition

#### Sale of goods

Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably.

Revenue from the sale of goods includes excise duty and is measured at the fair value of the consideration received or receivable, net of returns, rebates and other similar allowances as applicable. The Group collects sales tax and value added tax (VAT) and Goods and service tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

#### Rendering of services

Revenue from services is recognised with reference to the stage of completion of a contract when outcome can be measured reliably. Stage of completion is measured by the services performed till Balance Sheet date as a percentage of total services contracted.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### Interest income and royalties

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

### Dividends

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

### xix. Retirement and other employee benefits

#### a) Short term employee benefits:

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

#### b) Defined Contribution Plans:

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plans and the same are charged to the Consolidated Statement of Profit and Loss for the year in which the employee renders the related service.

#### c) Defined Benefit Plans:

The Group's gratuity scheme, additional gratuity scheme and post-employment benefit scheme are considered as defined benefit plans. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at the Balance Sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate with reference to the market yield on government bonds at the end of reporting period.

Defined benefit costs are categorised as follows:

- i. The current service cost of the defined benefit plans, recognised in the Consolidated Statement of Profit and Loss in employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognised immediately in the Consolidated Statement of Profit and Loss when they occur.
- ii. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in Finance cost in the Consolidated Statement of Profit and Loss.
- iii. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to Consolidated Statement of Profit and Loss in subsequent periods.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

In respect of certain employees, provident fund contributions are made to a trust administered by the Group. Periodic contributions to the Fund are charged to the Consolidated Statement of Profit and Loss. The Group has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognised in the Consolidated Statement of Profit and Loss. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

- d) Accumulated Compensated absences, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are treated as short term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

- e) Other long-term benefits:

Long service awards and accumulated compensated absences which are not expected to be settled wholly before 12 months after the end of the annual reporting period in which the employees render the related service are treated as other long term employee benefits for measurement purposes.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

The Group's liability is determined on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Re-measurements are immediately recognised in the Consolidated Statement of Profit and Loss.

- f) Termination benefits:

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits at the earlier of the following dates:

- i. when the Group can no longer withdraw the offer of those benefits; and
- ii. when the Group recognises costs for a restructuring that is within the scope of Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets' and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.

- g) Presentation and disclosure:

For the purpose of presentation of Defined benefit plans, the allocation between the current and non-current provisions has been made as determined by an actuary. The Group presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

### xx. Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortized.

### **xxi. Borrowing Costs**

Borrowing cost directly attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use or sale are capitalised as part of the cost of the asset.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

### **xxii. Taxation**

Tax expense comprises of current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

#### **Current income tax**

Current income tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income tax Act, 1961 including the relevant Transfer Pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.

Current income tax relating to items recognised outside profit and loss is recognised outside profit and loss (either in other comprehensive income or in equity). Current tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

#### **Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised, except:

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income tax levied by the same taxation authority.

### **Minimum alternate tax**

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credit can be utilized. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Group. MAT credit is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

### **xxiii. Leases**

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfillment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Group as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Group is classified as a finance lease.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Group as a lessor:

Leases in which the Group does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases and included in property, plant and equipment. Lease income is recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases. Costs, including depreciation, are recognised as an expense in the Consolidated Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. incurred by the Group in negotiating and arranging an operating lease shall be



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

### xxiv. Segment Reporting

#### Identification of segments

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Group's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available.

The board of directors of the Group has appointed Executive Committee (ExCo) which has been identified as being the CODM. The ExCo assesses the financial performance and position of the Group and makes strategic decisions.

The Group's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

#### Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

#### Inter-segment transfers

Inter-segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

#### Unallocated items

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

#### Segment Policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the consolidated financial statements of the Group as a whole.

Operating segment is reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker (CODM).

### xxv. Cash and Cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Group's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition. These short-term highly liquid instruments are open-ended debt funds and certificate of deposits that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

### xxvi. Government Grants and Subsidies

- a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.
- b) Where the government grant / subsidy relates to revenue, it is recognised as income on a systematic basis in the Consolidated Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grant and subsidy receivable against an expense are deducted from such expense.
- c) Where the grant or subsidy relates to an asset, it is recognised as income on a systematic basis over the expected useful life of the related asset.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### **xxvii. Earnings Per Share**

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the period.

Diluted earnings per share are computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

### **xxviii. Use of Estimates and Judgements**

The preparation of the Group's consolidated financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period.

The Group makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarized below:

#### **Impairment of non-financial assets**

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates such as discount rates and growth rates;

#### **Defined benefit plans**

The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty;

#### **Recognition of deferred tax assets**

The recognition of deferred tax assets requires assessment of whether it is probable that sufficient future taxable profit will be available against which the deferred tax assets can be utilized;

#### **Measurement of site restoration provisions**

The measurement of site restoration provisions requires long-term assumptions regarding the phasing of the restoration work to be carried out and the appropriate discount rate to be used;

#### **Provisions**

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Group is exposed are assessed by management and in certain cases with the support of external specialized lawyers.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

The amounts are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

### Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Group. Potential liabilities that are possible but not probable of crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

### Fair value measurement of financial instruments

When the fair values of financial assets or financial liabilities recorded or disclosed in the financial statements cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. Judgements include consideration of inputs such as liquidity risk, credit risk and volatility.

### Useful lives of property, plant and equipment

The Group uses its technical expertise along with historical and industry trends for determining the economic life of an asset/component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets.

### Impairment of investments in joint- ventures and associates

Determining whether the investments in joint ventures and associates are impaired requires an estimate in the value in use of investments. In considering the value in use, the management has anticipated the capacity utilization of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses / operations of the companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

## xxix. Recent accounting pronouncements

### Standards issued but not yet effective

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Group from January 01, 2018.

#### Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Group is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

#### Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance for the measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes. However, this amendment is not applicable to the Group.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 2. PROPERTY, PLANT AND EQUIPMENT

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	Depreciation charge for the year	Disposals	As at December 31, 2017	As at December 31, 2016
<b>Tangible Assets :</b>								
Freehold Non Mining Land	130.61	-	-	130.61	-	-	130.61	130.61
Freehold Mining Land	303.33	2.44	0.96	304.81	0.27	-	304.30	303.09
Leasehold Land	36.38	2.87	-	39.25	0.51	-	38.46	36.10
Buildings	1,580.62	35.77	1.13	1,615.26	77.91	0.28	1,472.40	1,515.39
Plant and Equipment	5,762.49	252.46	22.60	5,992.35	514.24	4.69	1,007.72	4,984.63
Railway Sidings	196.21	50.34	0.07	246.48	20.06	0.01	212.14	181.92
Furniture and Fixtures	23.42	2.58	0.39	25.61	4.52	0.12	16.51	18.72
Vehicles	50.63	7.01	0.55	57.09	9.29	0.25	39.33	41.91
Office equipment	46.40	7.30	0.45	53.25	13.56	0.37	26.08	32.42
<b>TOTAL</b>	<b>8,130.09</b>	<b>360.77</b>	<b>26.15</b>	<b>8,464.71</b>	<b>640.36</b>	<b>5.72</b>	<b>7,224.46</b>	<b>7,524.48</b>

₹ Crore

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	Depreciation charge for the year	Disposals	As at December 31, 2016	As at January 01, 2016
<b>Tangible Assets :</b>								
Freehold Non Mining Land	123.69	6.92	-	130.61	-	-	130.61	123.69
Freehold Mining Land	296.85	6.48	-	303.33	0.24	-	303.09	296.85
Leasehold Land	14.32	23.35	1.29	36.38	0.29	0.01	36.10	14.32
Buildings	932.02	648.84	0.24	1,580.62	65.24	0.01	1,515.39	932.02
Plant and Equipment	3,763.42	2,004.46	5.39	5,762.49	498.55	0.38	498.17	3,763.42
Railway Sidings	109.03	87.18	-	196.21	14.29	-	181.92	109.03
Furniture and Fixtures	19.67	3.94	0.19	23.42	4.71	0.01	18.72	19.67
Vehicles	33.78	17.00	0.15	50.63	8.78	0.06	41.91	33.78
Office equipment	30.95	15.51	0.06	46.40	14.00	0.02	32.42	30.95
<b>TOTAL</b>	<b>5,323.73</b>	<b>2,813.68</b>	<b>7.32</b>	<b>8,130.09</b>	<b>606.10</b>	<b>0.49</b>	<b>7,524.48</b>	<b>5,323.73</b>

### Notes:-

- Buildings include cost of shares ₹ 4,120 (December 31, 2016 - ₹ 4,120, January 01, 2016 - ₹ 4,960) in various Co-operative Housing Societies, in respect of 8 (December 31, 2016 - 8, January 01, 2016 - 10) residential flats.
- Depreciation charge for the year include ₹ Nil (Previous year - ₹ 0.17 Crore) capitalised as pre-operative expenses.
- Major additions in tangible assets in the year 2016 is relate to capitalisation of Clinkering Facility of 2.79 MTPA and Cement facility of 1.1 MTPA at Jamul in State of Chhattisgarh and Cement grinding facility of 1.35 MTPA at Sindri in State of Jharkhand.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 3. OTHER INTANGIBLE ASSETS

₹ Crore

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 01, 2017	Additions	Disposals	As at December 31, 2017	As at January 01, 2017	Amortisation charge for the year	As at December 31, 2017	As at December 31, 2016
<b>Intangible Assets :</b>								
Computer Software	3.99	0.35	1.56	2.78	0.36	0.79	1.63	3.63
Mining Rights	26.98	16.78	-	43.76	2.89	2.47	38.40	24.09
<b>TOTAL</b>	<b>30.97</b>	<b>17.13</b>	<b>1.56</b>	<b>46.54</b>	<b>3.25</b>	<b>3.26</b>	<b>40.03</b>	<b>27.72</b>

₹ Crore

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 01, 2016	Additions	Disposals	As at December 31, 2016	As at January 01, 2016	Amortisation charge for the year	As at December 31, 2016	As at January 01, 2016
<b>Intangible Assets :</b>								
Computer Software	0.25	3.74	-	3.99	-	0.36	3.63	0.25
Mining Rights	25.73	1.25	-	26.98	-	2.89	24.09	25.73
<b>TOTAL</b>	<b>25.98</b>	<b>4.99</b>	<b>-</b>	<b>30.97</b>	<b>-</b>	<b>3.25</b>	<b>27.72</b>	<b>25.98</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

Following statement explains the transition of Property, Plant and Equipment and Other Intangible assets from Previous GAAP to Ind AS as at transition date.

₹ Crore

Particulars	Previous GAAP			Ind AS adjustments {Refer Note - 55 (ii)}	Deemed Cost
	Gross Block	Accumulated Depreciation	Net Block considered as Deemed Cost		
<b>Tangible Assets</b>					
Freehold Non-Mining Land	92.69	-	92.69	31.00	123.69
Freehold Mining Land	299.09	2.24	296.85	-	296.85
Leasehold Land	86.06	46.01	40.05	(25.73)	14.32
Buildings	1,467.49	538.93	928.56	3.46	932.02
Plant and Equipment	9,060.09	5,296.67	3,763.42	-	3,763.42
Railway Sidings	181.67	72.64	109.03	-	109.03
Furniture and Fixtures	46.15	26.48	19.67	-	19.67
Vehicles	61.97	28.19	33.78	-	33.78
Office equipment	133.41	102.46	30.95	-	30.95
<b>TOTAL</b>	<b>11,428.62</b>	<b>6,113.62</b>	<b>5,315.00</b>	<b>8.73</b>	<b>5,323.73</b>

₹ Crore

Particulars	Previous GAAP			Ind AS adjustments {Refer Note - 55 (ii)}	Deemed Cost
	Gross Block	Accumulated Depreciation	Net Block considered as Deemed Cost		
<b>Other Intangible Assets</b>					
Computer Software	59.14	58.89	0.25	-	0.25
Mining Rights	-	-	-	25.73	25.73
<b>TOTAL</b>	<b>59.14</b>	<b>58.89</b>	<b>0.25</b>	<b>25.73</b>	<b>25.98</b>

### Note

The Group has elected to continue with the carrying value of all its Property, Plant and Equipment and other intangible assets as recognized in the Consolidated financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 4. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES ACCOUNTED FOR USING EQUITY METHOD (measured at cost)

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Numbers	₹ Crore	Numbers	₹ Crore	Numbers	₹ Crore
<b>Investments in Unquoted equity instruments</b>						
<b>Investment in Associates</b>						
<b>Face value ₹ 10 each</b>						
Alcon Cement Company Private Limited	4,08,001	13.76	4,08,001	16.31	4,08,001	17.47
Asian Concretes and Cements Private Limited	81,00,000	61.14	81,00,000	53.72	81,00,000	53.05
		<b>74.90</b>		<b>70.03</b>		<b>70.52</b>
<b>Investment in Joint Ventures</b>						
<b>Face value ₹ 10 each</b>						
OneIndia BSC Private Limited	25,01,000	4.23	25,01,000	3.07	25,01,000	1.41
Aakaash Manufacturing Company Private Limited	4,401	12.03	4,401	12.03	4,401	10.39
		<b>16.26</b>		<b>15.10</b>		<b>11.80</b>
<b>TOTAL</b>		<b>91.16</b>		<b>85.13</b>		<b>82.32</b>
Aggregate amount of unquoted Investments		91.16		85.13		82.32

### 5. NON-CURRENT INVESTMENTS

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Numbers	₹ Crore	Numbers	₹ Crore	Numbers	₹ Crore
<b>Investment at fair value through profit or loss (FVTPL)</b>						
Investment in equity instruments (fully paid)						
<b>(i) Quoted</b>						
<b>Face value ₹ 2 each</b>						
Shiva Cement Limited	2,36,50,000	28.35	2,36,50,000	28.35	2,36,50,000	17.05
Less: Sold during the year	2,36,50,000	28.35		-		-
		-		<b>28.35</b>		<b>17.05</b>
<b>(ii) Unquoted*</b>						
<b>Face value ₹ 10 each</b>						
Kanoria Sugar & General Mfg. Company Limited	4	-	4	-	4	-
Gujarat Composites Limited	60	-	60	-	60	-
Rohtas Industries Limited	220	-	220	-	220	-
The Jaipur Udyog Limited	120	-	120	-	120	-
Digvijay Finlease Limited	90	-	90	-	90	-
The Travancore Cement Company Limited	100	-	100	-	100	-
Ashoka Cement Limited	50	-	50	-	50	-
<b>Face value ₹ 5 each</b>						
The Sone Valley Portland Cement Company Limited	100	-	100	-	100	-
		-		-		-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 5. NON-CURRENT INVESTMENTS (Contd.)

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Numbers	₹ Crore	Numbers	₹ Crore	Numbers	₹ Crore
<b>Investment at amortized cost</b>						
Investment in Unquoted bonds						
<b>Face value ₹ 1,000,000 each</b>						
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	37	3.70	37	3.70
Less: Current portion of non-current investments {included under the head "Current investments" - (Refer note - 11)}		-		-	37	3.70
		3.70		3.70		-
<b>TOTAL</b>		<b>3.70</b>		<b>32.05</b>		<b>17.05</b>

#### Notes

(I) Aggregate amount of quoted investments and market value	-	28.35	17.05
(II) Aggregate value of unquoted investments	3.70	3.70	-
(III) * Each of such investments is carried at value less than ₹ 50,000			

### 6. NON-CURRENT LOANS

#### Unsecured, Considered Good, unless otherwise stated

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Security deposits	205.45	171.47	191.85
Loans and advances			
Unsecured, considered good	3.91	13.61	37.93
Considered doubtful	24.91	19.27	-
Less: Allowance for doubtful advances	(24.91)	(19.27)	-
	3.91	13.61	37.93
Loans to Employees	13.23	14.50	15.01
<b>TOTAL</b>	<b>222.59</b>	<b>199.58</b>	<b>244.79</b>

Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

No loans are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 7. OTHER NON-CURRENT FINANCIAL ASSETS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Bank deposits with more than 12 months maturity	0.06	0.06	0.11
<b>TOTAL</b>	<b>0.06</b>	<b>0.06</b>	<b>0.11</b>

### 8. NON-CURRENT TAX ASSETS (NET)

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Advance tax (Net of provision for tax)	296.95	304.72	306.53
<b>TOTAL</b>	<b>296.95</b>	<b>304.72</b>	<b>306.53</b>

### 9. OTHER NON-CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Incentives under Government schemes and other receivables			
Unsecured, considered good	556.78	482.99	465.82
Considered doubtful	4.38	4.60	6.39
Less: Allowance for doubtful receivables	(4.38)	(4.60)	(6.39)
	<b>556.78</b>	<b>482.99</b>	<b>465.82</b>
Deposits with Government Bodies and Others			
Unsecured, considered good	252.36	251.80	250.23
Considered doubtful	3.33	8.33	9.78
Less: Allowance for doubtful deposits	(3.33)	(8.33)	(9.78)
	<b>252.36</b>	<b>251.80</b>	<b>250.23</b>
Lease prepayment	2.78	6.49	10.21
Capital Advances	215.13	97.65	300.25
<b>TOTAL</b>	<b>1,027.05</b>	<b>838.93</b>	<b>1,026.51</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 10. INVENTORIES

At lower of cost and net realizable value

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Raw Materials	153.96	131.07	132.01
{Including goods-in-transit ₹ 10.85 Crore (December 31, 2016 - ₹ 2.87 Crore, January 01, 2016 - ₹ 3.83 Crore)}			
Work-in-progress	230.87	238.74	241.20
Finished goods	161.62	139.00	152.90
Stock-in-trade	0.17	0.02	0.65
Stores & spare parts	383.69	301.93	266.31
{Including goods-in-transit ₹ 16.19 Crore (December 31, 2016 - ₹ 9.27 Crore, January 01, 2016 - ₹ 7.08 Crore)}			
Packing Materials	25.79	19.08	18.24
Fuels	448.68	394.79	378.12
{Including goods-in-transit ₹ 51.78 Crore (December 31, 2016 - ₹ 22.10 Crore, January 01, 2016 - ₹ 6.43 Crore)}			
<b>TOTAL</b>	<b>1,404.78</b>	<b>1,224.63</b>	<b>1,189.43</b>

The Group follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. The reversal of write-down of inventories of ₹ 6.39 Crore in the current year is consequent to consumption of inventories which were earlier written down (Previous year - charge of ₹ 12.69 Crore)

### 11. CURRENT INVESTMENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Investment at amortized cost</b>			
<b>Investment in Unquoted Bonds</b>			
<b>Face value ₹ 10,00,000 each</b>			
5.13% Himachal Pradesh Infrastructure Development Board Bonds [December 31, 2016 - 37 numbers, January 01, 2016 - 37 numbers]	-	3.70	3.70
Less: Transferred to non-current investments (included under the head "Non-current investments" - (Refer note - 5)	-	(3.70)	-
<b>TOTAL</b>	<b>-</b>	<b>-</b>	<b>3.70</b>
Aggregate value of unquoted investments	-	-	3.70



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 12. TRADE RECEIVABLES (Refer note - 53)

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Secured, considered good	85.38	55.78	77.88
Unsecured, considered good	580.59	477.40	406.55
Considered doubtful	29.03	36.98	34.86
	<b>695.00</b>	<b>570.16</b>	<b>519.29</b>
Less : Allowance for doubtful receivable	(29.03)	(36.98)	(34.86)
<b>TOTAL</b>	<b>665.97</b>	<b>533.18</b>	<b>484.43</b>

No trade receivables are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

### 13. CASH AND CASH EQUIVALENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Balances with banks:</b>			
- In current accounts	210.51	59.35	58.96
- Deposits with original maturity of less than three months	500.14	50.13	0.43
	<b>710.65</b>	<b>109.48</b>	<b>59.39</b>
Cash on hand	0.01	0.05	0.11
Deposit with other than banks with original maturity of less than three months	100.00	100.00	100.00
Post office saving accounts	0.01	0.01	0.01
	<b>810.67</b>	<b>209.54</b>	<b>159.51</b>
Investment in liquid Mutual funds	984.16	761.82	91.34
Certificates of deposits with original maturity of less than three months	764.83	838.27	1,132.45
<b>TOTAL</b>	<b>2,559.66</b>	<b>1,809.63</b>	<b>1,383.30</b>

### 14. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Other bank balances:			
*Deposits with original maturity for more than 3 months but less than 12 months	121.55	115.25	0.22
**Margin money deposit	15.69	19.94	-
#On unpaid dividend account	31.65	32.34	33.44
<b>TOTAL</b>	<b>168.89</b>	<b>167.53</b>	<b>33.66</b>

\* Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 121.21 Crore {(December 31, 2016 - ₹ 114.76 Crore, January 01, 2016 - ₹ Nil) - Refer note - 44 (A) (b)}

\*\* Margin money deposit is against bank guarantees given to Government authorities.

# These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 15. CURRENT - LOANS

Unsecured, considered good

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Security deposits	35.26	22.83	20.34
Loan to employees	6.14	6.59	7.06
<b>TOTAL</b>	<b>41.40</b>	<b>29.42</b>	<b>27.40</b>

No loans are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

### 16. OTHER CURRENT FINANCIAL ASSETS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Interest Accrued on Investments	7.70	3.72	6.53
Other Accrued Interest	1.18	1.33	1.25
<b>TOTAL</b>	<b>8.88</b>	<b>5.05</b>	<b>7.78</b>

### 17. OTHER CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Advances other than capital advances			
Advances to suppliers	430.74	126.92	66.03
Prepaid expenses	22.42	20.36	32.87
Other receivables			
Balances with statutory/ government authorities	292.84	148.76	116.62
Lease prepayment	3.72	3.72	3.72
Others	42.54	23.45	10.05
Others Considered doubtful	17.72	14.29	-
	60.26	37.74	10.05
Less: Allowance for doubtful receivables	(17.72)	(14.29)	-
	42.54	23.45	10.05
<b>TOTAL</b>	<b>792.26</b>	<b>323.21</b>	<b>229.29</b>

No advances are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 18. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Plant and equipment (i)	7.69	6.11	7.01
Building (ii)	5.39	5.96	5.86
<b>TOTAL</b>	<b>13.08</b>	<b>12.07</b>	<b>12.87</b>

- (i) The Group intends to dispose off plant and equipment in the next 12 months which it no longer intends to utilise. It was previously used in its manufacturing facility at plants. A selection of potential buyers is underway. No impairment loss was recognised on reclassification of the plant & equipment as held for sale and the Group expects the fair value less cost to sell to be higher than carrying amount.
- (ii) The Group intends to dispose off Building (mainly residential flats) in the next 12 months which it no longer intends to utilise. These were previously used for residential purpose. A selection of potential buyers is underway. Impairment loss of ₹ 0.28 Crore (*Previous year - ₹ Nil*) is recognised in the Consolidated Statement of Profit and Loss under other expenses.

### 19. EQUITY SHARE CAPITAL

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Authorised</b>			
22,50,00,000 (December 31, 2016 - 22,50,00,000, January 01, 2016 - 22,50,00,000) Equity shares of ₹ 10 each	225.00	225.00	225.00
10,00,00,000 (December 31, 2016 - 10,00,00,000, January 01, 2016 - 10,00,00,000) Preference shares of ₹ 10 each	100.00	100.00	100.00
<b>Issued</b>			
18,87,93,243 (December 31, 2016 - 18,87,93,243, January 01, 2016 - 18,87,93,243) Equity shares of ₹ 10 each	188.79	188.79	188.79
<b>Subscribed &amp; Paid-up</b>			
18,77,87,263 (December 31, 2016-18,77,87,263, January 01, 2016-18,77,45,356) Equity shares of ₹ 10 each fully paid	187.79	187.79	187.75
Add : 3,84,060 (December 31, 2016- 3,84,060, January 01, 2016- 3,84,060) Equity shares of ₹ 10 each forfeited - amount originally paid	0.20	0.20	0.20
<b>TOTAL</b>	<b>187.99</b>	<b>187.99</b>	<b>187.95</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 19. EQUITY SHARE CAPITAL (Contd.)

#### i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	₹ Crore
<b>As at January 01, 2016</b>	<b>18,77,45,356</b>	<b>187.75</b>
Increase/ (decrease) during the year*	41,907	0.04
<b>As at December 31, 2016</b>	<b>18,77,87,263</b>	<b>187.79</b>
Increase/ (decrease) during the year	-	-
<b>As at December 31, 2017</b>	<b>18,77,87,263</b>	<b>187.79</b>

\*Pursuant to the Orders passed by the Special Court (TORTS) the Company has allotted Nil (*Previous year - 41,907*) equity shares out of the shares kept in abeyance of Rights Issue 1999.

#### ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

#### iii) Equity shares held by holding company/ ultimate holding company and/ or their subsidiaries/ associates

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Ambuja Cements Limited, the Holding company# 9,39,84,120 ( <i>December 31, 2016 - 9,39,84,120, January 01, 2016 - Nil</i> ) Equity shares ₹ 10 each fully paid	93.98	93.98	-
Holcim (India) Private Limited, the holding company# Nil ( <i>December 31, 2016 - NIL, January 01, 2016 - 9,38,88,120</i> ) Equity shares ₹ 10 each fully paid	-	-	93.89
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited 84,11,000 ( <i>December 31, 2016 - 84,11,000, January 01, 2016 - 5,41,000</i> ) Equity shares ₹ 10 each fully paid	8.41	8.41	0.54

Companies referred above are subsidiaries of LafargeHolcim Ltd, Switzerland, the ultimate holding company.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 19. EQUITY SHARE CAPITAL (Contd.)

#### iv) Details of shareholders holding more than 5% shares in the Company

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	No. of shares	% holding	No. of shares	% holding	No. of shares	% holding
Ambuja Cements Limited, the Holding company#	9,39,84,120	50.05	9,39,84,120	50.05	-	-
Holcim (India) Private Limited, Holding company#	-	-	-	-	9,38,88,120	50.01
Life Insurance Corporation of India	1,94,05,142	10.33	2,12,26,841	11.30	2,21,74,751	11.81

- v) There are no shares allotted as fully paid up by way of bonus shares or allotted as fully paid up pursuant to contract without payment being received in cash, or bought back during the period of five years immediately preceding the reporting date.

There are no securities which are convertible into equity shares.

#### Note:

#The Company was a subsidiary of Holcim (India) Private Limited. Pursuant to the amalgamation of Holcim (India) Private Limited into Ambuja Cements Limited, effective August 12, 2016, the Company became a subsidiary of Ambuja Cements Limited.

### 20. OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Securities Premium Reserve	845.03	845.03	844.84
General Reserve	2,796.78	2,796.78	2,766.78
Retained earnings	5,539.44	4,999.26	4,755.16
Other Comprehensive Income	(13.39)	(15.63)	-
<b>TOTAL</b>	<b>9,167.86</b>	<b>8,625.44</b>	<b>8,366.78</b>

The description of the nature and purpose of each reserve within equity is as follows:

**Securities Premium Reserve:** The amount received in excess of face value of the equity shares is recognised in Securities Premium Reserve. The reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

**General Reserve:** The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the Consolidated statement of Profit and Loss. As per Companies Act, 2013, transfer of profits to General Reserve is not mandatory. General Reserve is a free reserve available to the Group.

**Retained Earnings:** Retained earnings are the profits that the Group has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained Earnings is a free reserve available to the Group.

**Other Comprehensive Income:** Other Comprehensive Income includes re-measurement loss on defined benefit plans, net of taxes that will not be reclassified to profit and loss.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 21. NON-CURRENT PROVISIONS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Provision for employee benefits</b> (Refer note - 41)			
Provision for gratuity and staff benefit schemes	104.49	103.79	93.01
Long service award	5.45	6.75	6.39
<b>Other provisions</b>			
Provision for Site Restoration	32.85	30.82	28.81
<b>Total</b>	<b>142.79</b>	<b>141.36</b>	<b>128.21</b>

**21.1** Movement of provisions during the year as required by Ind AS-37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore
<b>Opening Balance</b>	<b>30.82</b>	<b>28.81</b>
Provision during the year	0.71	0.71
Utilised during the year	(0.28)	(0.02)
Unwinding of discount and changes in the discount rate	1.60	1.32
<b>Closing Balance</b>	<b>32.85</b>	<b>30.82</b>

#### Provision for Site Restoration

Site restoration expenditure is incurred on an ongoing basis and until the closure of the site. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.

### 22. INCOME TAX

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2017:

	Year ended December 31, 2017		Year ended December 31, 2016	
	₹ Crore	In %	₹ Crore	In %
<b>Profit after exceptional item and before share of profit of associates and joint ventures and tax</b>	1,299.14		874.86	
At India's statutory income tax rate	449.63	34.61%	302.79	34.61%
<b>Effect of Allowances for tax purpose</b>				
- Investment allowance on new Plant and Machinery	(33.29)	(2.56%)	(79.50)	(9.09%)
- Tax Holiday claim	(54.92)	(4.23%)	(25.18)	(2.88%)





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 22. INCOME TAX (Contd.)

	Year ended December 31, 2017		Year ended December 31, 2016	
	₹ Crore	In %	₹ Crore	In %
<b>Effect of Non-Deductible expenses</b>				
- Corporate social responsibility expenses	7.94	0.61%	9.39	1.07%
- Impairment of non-current investment	-	-	14.82	1.69%
- Others	17.84	1.38%	7.21	0.83%
Effect of Tax Exempt Income - Dividend	(1.65)	(0.13%)	(2.64)	(0.30%)
	<b>(64.08)</b>	<b>(4.93%)</b>	<b>(75.90)</b>	<b>(8.68%)</b>
At the effective income tax rate	385.55	29.68%	226.89	25.93%
Income tax expense reported in the Consolidated Statement of Profit and Loss	<b>385.55</b>	<b>29.68%</b>	<b>226.89</b>	<b>25.93%</b>

The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profits under Indian tax law.

#### Deferred Tax:

Deferred Tax relates to the following:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Deferred Tax Liabilities:</b>			
Depreciation and amortisation differences	862.29	776.99	653.94
Deferred Tax Liabilities on undistributed profit of Associates and Joint Ventures	9.07	7.83	7.83
	871.36	784.82	661.77
<b>Deferred Tax Assets:</b>			
Provision for employee benefits	41.71	44.08	27.57
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	105.47	105.59	101.32
Allowance for obsolescence of Stores and Spare Parts	9.88	9.88	9.88
Allowance for doubtful debts, advances and other assets	13.07	17.27	17.66
MAT credit entitlement	115.73	117.70	-
Others	33.94	33.99	29.98
	319.80	328.51	186.41
<b>Net deferred tax liabilities</b>	<b>551.56</b>	<b>456.31</b>	<b>475.36</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 22. INCOME TAX (Contd.)

The major components of deferred tax liabilities / assets arising on account of timing differences are as follows:

₹ Crore

	Net Balance as on January 01, 2017	Recognised in the Consolidated statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2017
<b>Deferred Tax Liabilities:</b>					
Depreciation and amortisation differences	776.99	85.30	-	-	862.29
Deferred Tax Liabilities on undistributed profit of associates and Joint Ventures	7.83	1.24	-	-	9.07
	<b>784.82</b>	<b>86.54</b>	<b>-</b>	<b>-</b>	<b>871.36</b>
<b>Deferred Tax Assets:</b>					
Provision for employee benefits	44.08	(1.12)	(1.25)	-	41.71
Expenditure debited in consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	105.59	(0.12)	-	-	105.47
Allowance for obsolescence of Stores and Spare Parts	9.88	-	-	-	9.88
Allowance for doubtful debts, advances and other assets	17.27	(4.20)	-	-	13.07
MAT credit entitlement	117.70	59.13	-	(61.10)	115.73
Others	33.99	(0.05)	-	-	33.94
	<b>328.51</b>	<b>53.64</b>	<b>(1.25)</b>	<b>(61.10)</b>	<b>319.80</b>
<b>Net Deferred Tax Liabilities</b>	<b>456.31</b>	<b>32.90</b>	<b>1.25</b>	<b>61.10</b>	<b>551.56</b>

₹ Crore

	Net Balance as on January 01, 2016	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2016
<b>Deferred Tax Liabilities:</b>					
Depreciation and amortisation differences	653.94	123.05	-	-	776.99
Deferred Tax Liabilities on undistributed profit of associates and Joint venture	7.83	-	-	-	7.83
	<b>661.77</b>	<b>123.05</b>	<b>-</b>	<b>-</b>	<b>784.82</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 22. INCOME TAX (Contd.)

₹ Crore

	Net Balance as on January 01, 2016	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2016
<b>Deferred Tax Assets:</b>					
Provision for employee benefits	27.57	8.23	8.28	-	44.08
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	101.32	4.27	-	-	105.59
Allowance for obsolescence of Stores and Spare Parts	9.88	-	-	-	9.88
Allowance for doubtful debts, advances and other assets	17.66	(0.39)	-	-	17.27
MAT credit entitlement	-	117.70	-	-	117.70
Others	29.98	4.01	-	-	33.99
	186.41	133.82	8.28	-	328.51
<b>Net Deferred Tax Liabilities</b>	<b>475.36</b>	<b>(10.77)</b>	<b>(8.28)</b>	<b>-</b>	<b>456.31</b>

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is ₹ 18.10 Crore (December 31, 2016 - ₹ 16.18 Crore, January 01, 2016 - ₹ 13.72 Crore). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The Group expects to utilize the MAT credit within next year.

The Subsidiaries having the following unused tax losses which arose on incurrence of business losses under the Income Tax for which no deferred tax asset has been recognised in the Balance Sheet.

Financial Year	Category	₹ Crore	Expiry date
2009-10	Business Loss	0.17	March 31, 2018
2010-11	Business Loss	0.09	March 31, 2019
2011-12	Business Loss	0.35	March 31, 2020
2012-13	Business Loss	0.86	March 31, 2021
2013-14	Business Loss	1.03	March 31, 2022
2014-15	Business Loss	0.27	March 31, 2023
2015-16	Business Loss	0.21	March 31, 2024
2016-17	Business Loss	0.95	March 31, 2025
2016-17	Depreciation	0.11	NA
	<b>TOTAL</b>	<b>4.04</b>	

The above information is based on the return of income filed by the individual subsidiary companies upto assessment year 2017-2018.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 23. TRADE PAYABLES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>At amortised cost</b>			
Due to Micro and Small Enterprises (Refer Note - 47)	4.81	7.54	4.12
Due to Other than Micro and Small Enterprises	1,808.93	1,250.95	872.73
<b>TOTAL</b>	<b>1,813.74</b>	<b>1,258.49</b>	<b>876.85</b>

### 24. OTHER CURRENT FINANCIAL LIABILITIES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
<b>Financial Liabilities at amortised cost</b>			
Investor Education and Protection Fund			
Unpaid dividend*	31.65	32.34	33.44
Unpaid Matured Deposits*	-	0.02	0.02
Security deposits and retention money	530.73	561.98	692.88
Liability for capital expenditure	62.21	99.19	115.73
Others	96.75	141.86	97.59
<b>TOTAL</b>	<b>721.34</b>	<b>835.39</b>	<b>939.66</b>

\*Does not include any amounts due and outstanding to be credited to Investor Education and Protection Fund.

### 25. OTHER CURRENT LIABILITIES

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Statutory dues	595.80	414.96	378.52
Advances from customers	188.73	201.87	137.91
Other payables (including Rebates to customers, interest on income tax, etc.)	953.44	798.74	812.92
<b>TOTAL</b>	<b>1,737.97</b>	<b>1,415.57</b>	<b>1,329.35</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 26. CURRENT PROVISIONS

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Provision for gratuity and staff benefit schemes (Refer Note - 41)	29.55	23.11	9.87
Provision for compensated absences	20.81	28.03	38.44
Long service award	0.83	0.88	0.78
<b>TOTAL</b>	<b>51.19</b>	<b>52.02</b>	<b>49.09</b>

### 27. REVENUE FROM OPERATIONS

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Sale of products (including excise duty)	13,837.51	12,288.32
Sale of Services	9.03	13.14
Sale of products and services (gross)	13,846.54	12,301.46
Other Operating Revenue		
Provision no longer required written back	11.29	23.68
Sale of surplus generated power	-	13.11
Scrap Sales	29.26	26.85
Incentives*	151.57	65.89
Miscellaneous income (including insurance claim, other services, etc.)	162.06	92.40
<b>TOTAL</b>	<b>14,200.72</b>	<b>12,523.39</b>

The Government of India introduced the Goods and Services tax (GST) with effect from July 01, 2017.

Sales for the current year includes excise duty up to June 30, 2017 of ₹ 937.60 Crore (Previous year - ₹ 1,529.38 Crore).

\*Incentives under various State Investment Promotion Schemes.

### 28. OTHER INCOME

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Interest income using the effective interest rate method		
Interest on bank deposits	67.14	58.36
Interest on income tax	14.86	0.03
Other interest income	9.87	7.20
	<b>91.87</b>	<b>65.59</b>
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	25.75	23.25
Net gain on fair valuation of current financial assets measured at FVTPL*	0.92	12.49
Gain on sale of non - current financial assets measured at FVTPL	10.32	-
Net gain on disposal of Property, Plant and Equipment	-	20.46
Net foreign exchange gain	-	1.02
	<b>36.99</b>	<b>57.22</b>
<b>TOTAL</b>	<b>128.86</b>	<b>122.81</b>

\* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 29. COST OF MATERIALS CONSUMED

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Inventories at the beginning of the year	131.07	132.01
Add: Purchases	2,002.93	1,586.32
	2,134.00	1,718.33
Less: Inventories at the end of the year	153.96	131.07
<b>TOTAL</b>	<b>1,980.04</b>	<b>1,587.26</b>

#### Details of cost of materials consumed

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Slag	326.94	184.41
Gypsum	343.23	288.90
Fly Ash	384.54	311.96
Cement	82.92	80.11
Aggregates	195.59	154.71
Others*	646.82	567.17
<b>TOTAL</b>	<b>1,980.04</b>	<b>1,587.26</b>

\*Includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

### 30. PURCHASES OF STOCK-IN-TRADE

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Cement	0.16	-
Ready mix concrete	0.68	2.52
<b>TOTAL</b>	<b>0.84</b>	<b>2.52</b>

### 31. CHANGES IN INVENTORIES OF FINISHED GOODS, STOCK-IN-TRADE AND WORK-IN-PROGRESS

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>Inventories at the end of the year</b>		
Stock-in-Trade	0.17	0.02
Finished Goods	161.62	139.00
Work -in-progress	230.87	238.74
	<b>392.66</b>	<b>377.76</b>
<b>Inventories at the beginning of the year</b>		
Stock-in-Trade	0.02	0.65
Finished Goods	139.00	152.90
Work -in-progress	238.74	241.20
	<b>377.76</b>	<b>394.75</b>
<b>TOTAL</b>	<b>(14.90)</b>	<b>16.99</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 32. EMPLOYEE BENEFITS EXPENSE

	For the year ended December 31, 2017	For the year ended December 31, 2016
	₹ Crore	₹ Crore
Salaries and Wages	711.22	661.31
Contributions to Provident and other Funds	58.20	46.44
Staff welfare expenses	51.94	48.97
<b>TOTAL</b>	<b>821.36</b>	<b>756.72</b>

### 33. FREIGHT AND FORWARDING EXPENSE

	For the year ended December 31, 2017	For the year ended December 31, 2016
	₹ Crore	₹ Crore
On clinker transfer	480.83	452.86
On finished products	2,952.92	2,183.25
<b>TOTAL</b>	<b>3,433.75</b>	<b>2,636.11</b>

### 34. FINANCE COSTS

	For the year ended December 31, 2017	For the year ended December 31, 2016
	₹ Crore	₹ Crore
Interest		
- On income tax	52.99	24.68
- On Defined benefit obligation	8.22	8.45
- Others (Including interest on deposits from dealer)	35.72	44.22
Unwinding of site restoration provision (Refer note - 21.1)	1.60	1.32
<b>TOTAL</b>	<b>98.53</b>	<b>78.67</b>

### 35. DEPRECIATION AND AMORTISATION EXPENSE

	For the year ended December 31, 2017	For the year ended December 31, 2016
	₹ Crore	₹ Crore
Depreciation on Property, Plant and Equipment	640.36	605.93
Amortisation of intangible assets	3.26	3.25
<b>TOTAL</b>	<b>643.62</b>	<b>609.18</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 36. OTHER EXPENSES

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Consumption of stores and spare parts	331.92	362.13
Consumption of packing materials	434.36	353.84
Rent	139.79	132.92
Rates and taxes	152.45	149.68
Repairs	175.24	173.42
Insurance	22.07	24.84
Royalty on minerals (Refer Note 1 below)	225.74	217.37
Advertisement	87.42	80.57
Technology and know-how fees	128.37	107.98
Miscellaneous expenses (Refer Note 2 below)	743.44	754.93
<b>TOTAL</b>	<b>2,440.80</b>	<b>2,357.68</b>

#### Notes

- Royalties on minerals expenses is net of ₹ 34.20 Crore (*Previous year - ₹ Nil*) related to provision for contribution towards District Mineral Foundation (DMF) under the Mines and Minerals (Development and Regulation) Amendment Act, 2015, written back on the basis of Supreme Court's favourable Judgement dated October 23, 2017.
- Does not include any item of expenditure with a value of more than 1% of turnover.
  - Miscellaneous expenses includes Grinding facility charges, Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.
  - Miscellaneous expenses includes net loss of ₹ 4.23 Crore (*Previous year - ₹ Nil*) on foreign currency transaction and translation.
  - Miscellaneous expenses includes Loss on sale / write off of Property, Plant and Equipment (net) of ₹ 2.93 Crore (*Previous year - ₹ Nil*).
  - Details of Corporate Social Responsibility expenses:

The aggregate amount of expenditure incurred during the year on Corporate Social Responsibility and shown in the respective heads of account is as follows:

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Miscellaneous expenses	21.82	22.27
<b>TOTAL</b>	<b>21.82</b>	<b>22.27</b>

No amount has been spent on construction/ acquisition of an asset of the Group.

The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ₹ 18.73 Crore (*Previous year - ₹ 21.47 Crore*) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 37. EXCEPTIONAL ITEM

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Impairment of advances and other current assets relating to subsidiary	-	38.59
<b>TOTAL</b>	<b>-</b>	<b>38.59</b>

Impairment of ₹ 38.59 Crore is in respect of advances and other assets relating to a subsidiary company considering inordinate delay in realising its investments in coal blocks which were cancelled in 2015.

### 38. EARNINGS PER SHARE (EPS)

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity holders of the parent by the weighted average number of Equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity holders of the parent by the weighted average number of Equity Shares outstanding during the year plus the weighted average number of Equity shares that would be issued on conversion of all the dilutive potential Equity shares into Equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Profit attributable to equity holders (as per Consolidated Statement of Profit and Loss)	924.41	658.29
Weighted average number of equity shares for Earnings Per Share computation		
Shares for Basic Earnings Per Share	18,77,87,263	18,77,71,233
Effect of dilution:		
Shares held in abeyance	4,76,618	4,75,207
(Movement in number of shares is on account of change in fair value of share)		
Weighted average number of Equity shares adjusted for the effect of dilution	<b>18,82,63,881</b>	<b>18,82,46,440</b>
Earnings per share		
Face value per share ₹	10.00	10.00
Basic ₹	49.23	35.06
Diluted ₹	49.10	34.97

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 39. GROUP INFORMATION

The consolidated financial statements of the Group includes subsidiaries listed in the table below:

Name	Principal activities	Principal place of business	% equity interest		
			As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Bulk Cement Corporation (India) Limited (BCCI)	Cement and cement related products	India	94.65%	94.65%	94.65%
ACC Mineral Resources Limited	Cement and cement related products	India	100%	100%	100%
Lucky Minmat Limited	Cement and cement related products	India	100%	100%	100%
National Limestone Company Private Limited	Cement and cement related products	India	100%	100%	100%
Singhania Minerals Private Limited	Cement and cement related products	India	100%	100%	100%

The financial statements of each of the above Companies are drawn upto the same reporting date as that of the parent Company, i.e., December 31, 2017.

### The holding company

Ambuja Cements Limited is the holding Company for ACC and LafargeHolcim Ltd. is the ultimate holding company for the Group.

### Associates

Name	Principal activities	Principal place of business	% equity interest		
			As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Alcon Cement Company Private Limited	Cement and cement related products	India	40%	40%	40%
Asian Concretes and Cements Private Limited	Cement and cement related products	India	45%	45%	45%

### Joint venturers

Name	Principal activities	Principal place of business	% equity interest		
			As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
OneIndia BSC Private Limited	Shared services	India	50%	50%	50%
Aakaash Manufacturing Company Private Limited	Ready mix concrete products	India	40%	40%	40%
<b>Joint Operations of ACC Mineral Resources Limited</b>					
MP AMRL (Semaria) Coal Company Limited	Cement related products	India	49%	49%	49%
MP AMRL (Bicharpur) Coal Company Limited	Cement related products	India	49%	49%	49%
MP AMRL (Marki Barka) Coal Company Limited	Cement related products	India	49%	49%	49%
MP AMRL (Morga) Coal Company Limited	Cement related products	India	49%	49%	49%



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 40. FINANCIAL INFORMATION IN RESPECT OF JOINT VENTURES AND ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL:

#### a. Joint ventures

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Group's share of profit/ (loss)	2.98	4.40
Group's share of other comprehensive income	(0.12)	-
Group's share of total comprehensive income	2.86	4.40

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Aggregate carrying amount of the Group's interests in these joint ventures	16.26	15.10	11.80

#### b. Associates

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Group's share of profit / (loss)	7.94	6.05
Group's share of other comprehensive income	(0.01)	-
Group's share of total comprehensive income	7.93	6.05

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Aggregate carrying amount of the Group's interests in these Associates	74.90	70.03	70.52

### 41. EMPLOYEE BENEFITS

- a) **Defined Contribution Plans** – Amount recognized and included in Note 32 “Contributions to Provident and other Funds” of Consolidated Statement of Profit and Loss ₹ 17.94 Crore (*Previous year - ₹ 17.26 Crore*)
- b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2017.

The Group has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan as given below:

- Every employee who has completed minimum five years of service is entitled to gratuity at 15 days salary for each completed year of service in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies.
- Every employee who has joined before December 01, 2005 and separates from service of the Group on superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non-Funded.
- Benefits under Post Employment Medical Benefit plans are payable for actual domiciliary treatment/hospitalization for employees and their specified relatives. The scheme is Non-Funded.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (contd.)

The plans in India typically expose the Group to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

**Investment risk** - As the plan assets include significant investments in quoted debt and equity instruments, the Group is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

**Interest risk** - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

**Longevity risk** - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

**Salary risk** - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

#### Defined Benefit Plans as per Actuarial valuation on December 31, 2017

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB) ₹ Crore
		Funded ₹ Crore	Non Funded ₹ Crore	
1	<b>Expense recognised in the Consolidated Statement of Profit and Loss – for the year ended December 31, 2017</b>			
	<b>Components recognised in the Consolidated Statement of Profit and Loss</b>			
1	Current Service cost	13.75	7.96	0.03
		11.91	6.95	0.04
2	Net Interest Cost	0.94	6.87	0.41
		0.82	7.17	0.46
3	Employee Contributions	-	-	(0.33)
		-	-	(0.32)
4	Net benefit expense	14.69	14.83	0.11
		12.73	14.12	0.18
	<b>Components recognised in Consolidated other comprehensive income</b>			
5	Due to change in financial assumptions	(9.61)	(6.49)	(0.42)
		15.00	6.48	0.67
6	Due to change in experience adjustments	4.36	5.94	2.18
		5.71	(0.14)	0.72
7	(Return) on plan assets (Excluding interest income)	0.42	-	-
		(4.53)	-	-
8	Sub-total - Included in OCI	(4.83)	(0.55)	1.76
		16.18	6.34	1.39
9	Total expense (4 + 8)	9.86	14.28	1.87
		28.91	20.46	1.57



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB) ₹ Crore
		Funded	Non Funded	
		₹ Crore	₹ Crore	
<b>II</b>	<b>Amount recognised in Balance Sheet</b>			
1	Present value of Defined Benefit Obligation	(197.92)	(109.75)	(7.37)
		(204.21)	(106.11)	(6.53)
2	Fair value of plan assets	180.99	-	-
		189.95	-	-
3	Funded status {Surplus/(Deficit)}	(16.93)	(109.75)	(7.37)
		(14.26)	(106.11)	(6.53)
4	Net asset/(liability) as at December 31, 2017	(16.93)	(109.75)	(7.37)
		(14.26)	(106.11)	(6.53)
<b>III</b>	<b>Present Value of Defined Benefit Obligation</b>			
1	Present value of Defined Benefit Obligation at beginning of the year	204.21	106.11	6.53
		188.74	96.03	5.72
2	Current Service cost	13.75	7.96	0.03
		11.91	6.95	0.04
3	Interest Cost	12.80	6.87	0.41
		13.60	7.17	0.46
4	Employee Contributions	-	-	(0.33)
		-	-	(0.32)
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(9.61)	(6.49)	(0.42)
		15.00	6.48	0.67
6	Actuarial (Gains) / Losses arising from experience adjustments	4.36	5.94	2.18
		5.71	(0.14)	0.72
7	Benefits Payments	(27.59)	(10.64)	(1.03)
		(30.55)	(10.38)	(0.76)
8	Increase/ (decrease) due to effect of any business combination, divestitures, transfers	-	-	-
		(0.20)	-	-
9	Present value of Defined Benefit Obligation at the end of the year	197.92	109.75	7.37
		204.21	106.11	6.53
<b>IV</b>	<b>Fair Value of Plan Assets</b>			
1	Plan assets at the beginning of the year	189.95	-	-
		187.61	-	-
2	Interest income	11.86	-	-
		12.78	-	-
3	Contributions by Employer	7.19	-	-
		16.78	-	-
4	Actual benefits paid	(27.59)	-	-
		(31.75)	-	-
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(0.42)	-	-
		4.53	-	-
6	Plan assets at the end of the year	180.99	-	-
		189.95	-	-
<b>V</b>	<b>Weighted Average duration of Defined benefit obligation</b>	7 Years	8.8 Years	8.7 Years
		7 Years	8.4 Years	9.3 Years

(Figures in italics pertain to previous year)

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

#### VI Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

#### Sensitivity Analysis as at December 31, 2017

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(12.13)	13.78	(8.22)	9.43	(0.52)	0.77
Future salary growth (1% movement)	12.98	(12.01)	7.42	(7.16)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.75	(0.68)

#### Sensitivity Analysis as at December 31, 2016

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(12.64)	14.39	(8.06)	9.25	(0.54)	0.69
Future salary growth (1% movement)	13.17	(11.80)	7.22	(6.85)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.85	(0.77)

#### Sensitivity Analysis as at January 01, 2016

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.68)	13.30	(7.15)	8.19	(0.47)	0.59
Future salary growth (1% movement)	12.17	(10.90)	6.38	(6.05)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.73	(0.66)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from prior years.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

#### VII The major categories of plan assets as a percentage of total plan (%)

	Gratuity		
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
<b>Investments quoted in active markets:</b>			
<b>Debt instruments</b>			
Government securities	56%	52%	50%
Debentures and bonds	35%	27%	29%
Equity shares	6%	10%	9%
<b>Cash and cash equivalents:</b>			
Fixed deposits	3%	11%	12%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### VIII Actuarial Assumptions:

		As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
<b>a)</b>	<b>Financial Assumptions</b>			
1	Discount Rate	7.30%	6.60%	7.80%
2	Expected rate of return on plan assets	7.30%	6.60%	7.80%
3	Salary increase rate	7.00%	7.00%	7.00%
<b>b)</b>	<b>Demographic Assumptions</b>			
1	Retirement age	60 years	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years	10 years
3	Disability rate	5.00%	5.00%	5.00%
4	Medical premium inflation	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%

c) Basis used to determine expected rate of return on assets:

The expected return on plan assets is based on market expectation, at the beginning of the period, for returns over the entire life of the related obligation. The Gratuity Scheme is invested in Life Insurance Corporation (LIC) of India's Group Gratuity-cum-Life Assurance cash accumulation policy and HDFC Standard Life's Group Unit Linked Plan - For Defined Benefit Scheme. The Trust formed by the Company manages the investments of provident fund plan.

d) The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

- e) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- f) Expected cash flows:

	Funded Gratuity			Unfunded Gratuity			PEMB		
	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
1. Expected employer contribution in the next year	14.10	18.00	11.00	-	-	-	-	-	-
2. Expected benefit payments									
Year 1	19.66	20.62	25.43	11.54	8.23	8.07	1.08	0.72	0.55
Year 2	27.81	27.22	25.03	10.91	10.54	10.36	1.00	0.66	0.61
Year 3	27.94	29.00	27.68	11.74	11.79	11.92	1.04	0.71	0.66
Year 4	26.78	27.17	27.73	11.24	10.92	12.20	1.03	0.75	0.71
Year 5	27.77	26.03	25.92	12.05	10.63	11.53	1.02	0.79	0.77
Next 5 years	125.28	126.81	122.72	55.95	50.84	52.01	4.70	4.21	4.60
<b>Total expected payments</b>	<b>255.24</b>	<b>256.85</b>	<b>254.51</b>	<b>113.43</b>	<b>102.95</b>	<b>106.09</b>	<b>9.87</b>	<b>7.84</b>	<b>7.90</b>

- g) Post employment defined benefit plan expenses are included under employee benefit expenses in the Consolidated Statement of Profit and Loss.
- h) Amount recognised as an expense under employee benefit expenses in the Consolidated Statement of Profit and Loss in respect of other benefits is ₹ 9.07 Crore (*Previous year - ₹ 12.31 Crore*).

#### c) Provident Fund

Provident fund for certain eligible employees is managed by the Company through a trust "The Provident Fund of ACC Ltd.", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

The minimum interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Group has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and there is no shortfall.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

#### Defined benefit plans as per actuarial valuation on December 31, 2017

		Provident Fund
		₹ Crore
<b>I</b>	<b>Components of expense recognized in the Consolidated Statement of Profit and Loss – for the year ended December 31, 2017</b>	
1	Current Service cost	23.14
		20.92
2	Total expense	23.14
		20.92
<b>II</b>	<b>Amount recognised in Balance Sheet</b>	
1	Present value of Defined Benefit Obligation	(714.09)
		(630.11)
2	Fair value of plan assets	717.43
		638.60
3	Funded status {Surplus/(Deficit)}	3.34
		8.49
4	Net asset/(liability) as at December 31, 2017*	3.34
		8.49
<b>III</b>	<b>Present Value of Defined Benefit Obligation</b>	
1	Present value of Defined Benefit Obligation at beginning of the year	630.11
		557.29
2	Current Service cost	23.14
		20.92
3	Interest Cost	39.77
		43.82
4	Employee Contributions	60.06
		54.75
5	Actuarial (Gains) / Losses arising from changes in financial assumptions	(1.88)
		5.00
6	Actuarial (Gains) / Losses arising from experience adjustments	11.82
		14.50
7	Benefits Payments	(55.13)
		(14.15)
8	Increase/ (decrease) due to effect of any business combination, divestitures, transfers	6.20
		(52.02)
9	Present value of Defined Benefit Obligation at the end of the year	714.09
		630.11
<b>IV</b>	<b>Fair Value of Plan Assets</b>	
1	Plan assets at the beginning of the year	638.60
		574.31
2	Interest income	43.25
		48.04
3	Contributions by Employer	22.35
		20.52
4	Contributions by Employee	60.06
		54.75

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 41. EMPLOYEE BENEFITS (Contd.)

		Provident Fund
		₹ Crore
5	Actual benefits paid	(55.13) (14.15)
6	Net transfer in / (out)	6.20 (52.02)
7	Actual return on plan assets	2.10 7.15
8	Plan assets at the end of the year	717.43 638.60
<b>V</b>	<b>Weighted Average duration of Defined benefit obligation</b>	7 years 7 years

(Figures in italics pertain to previous year)

\*In respect of Provident Fund, since there is surplus the same has not been recognised in Consolidated Balance Sheet, only liability is recognised in Consolidated Balance Sheet.

#### VI The major categories of plan assets as a percentage of total plan

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
<b>Investments quoted in active markets:</b>			
<b>Debt instruments</b>			
Government securities	44%	52%	50%
Debentures and bonds	56%	48%	50%
	<b>100%</b>	<b>100%</b>	<b>100%</b>

#### VII The assumption used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Discounting rate	7.30%	6.60%	7.80%
Guaranteed interest rate	8.65%	8.65%	8.65%
Yield on assets based on the Purchase price and outstanding term of maturity	9.02%	8.98%	9.31%

#### VIII Sensitivity analysis for factors mentioned in Actuarial Assumptions

₹ Crore

	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(1.35)	1.62	(1.34)	1.59	(0.65)	0.77
Interest rate guarantee (1% movement)	33.59	(11.64)	32.05	(11.54)	21.06	(5.85)

#### IX The Group expects to contribute ₹ 24.95 Crore (December 31, 2016 - ₹ 23 Crore, January 01, 2016 - ₹ 18.84 Crore) to trust managed provident fund in next year.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 42. LEASES

#### Operating lease commitments — Group as lessee

The Group has entered into operating leases on certain assets (grinding facility, godowns, flats, office premises and other premises). The Group has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Future lease rentals are determined on the basis of agreed terms. There is no escalation clause in the lease agreement. There are no restrictions imposed by lease arrangements. There are no subleases. At the expiry of the lease term, the Group has an option either to return the asset or extend the term by giving notice in writing.

Operating lease payment recognized in the Consolidated Statement of profit and loss amounts to ₹ 139.79 Crore (Previous year - ₹ 132.92 Crore).

Future minimum rentals payable under non-cancellable operating leases are as follows:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Not later than one year	33.67	33.94	24.75
Later than one year but not later than five years	31.65	70.04	94.09
Later than five years	-	-	1.16
<b>TOTAL</b>	<b>65.32</b>	<b>103.98</b>	<b>120.00</b>

The Group has arrangement with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. The Group has evaluated such arrangement based on facts and circumstances existing at the date of transition to Ind AS and have identified them in the nature of lease as the group takes more than an insignificant amount of the cement that will be produced or generated by the asset during the term of the arrangement and the price for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output. The Group has further assessed the other terms of the arrangement for classification as operating or finance lease and the arrangement is classified as operating lease.

The Group has concluded that it is impracticable to separate the lease payments from other payments made under the arrangement reliably and hence all payments under this arrangement are considered as lease payments. There are no minimum lease payments under such arrangement.

#### Finance lease

The Group has entered into long-term leasing arrangements for land which has been assessed as finance lease since the present value of the minimum lease payment is substantially similar to the fair value of leasehold land. These arrangements do not involve any material recurring payments, hence other disclosures are not given.

### 43. CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
A) Estimated value of contracts on capital account remaining to be executed (net of advance)	61.62	142.63	293.31

B) For commitments relating to lease arrangements, Refer Note - 42

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR

#### Disputed claims / levies in respect of:

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
	₹ Crore	₹ Crore	₹ Crore
Sales tax	37.27	25.16	28.16
Customs demand	30.97	30.97	30.97
Claim by Suppliers	36.79	36.79	36.79
Claims for mining Lease rent	73.46	73.46	73.46
Mines and Geology	19.87	19.87	19.87
Royalty on Limestone (Refer Note a below)	8.01	114.45	114.24
CCI Matter (Refer Notes b & c below)	1,366.65	1,228.81	-
Others	52.96	51.32	34.49
<b>TOTAL</b>	<b>1,625.98</b>	<b>1,580.83</b>	<b>337.98</b>

In respect of above matters, future cash outflows are determinable only on receipt of judgments pending at various forums / authorities.

The Group does not expect any reimbursements in respect of the above contingent liabilities.

- a) The Company had filed writ / appeal petitions against the orders / notices of various authorities towards demand of additional Royalty on Limestone based on the ratio of 1.6 tonnes of Limestone to 1 tonne of Cement produced at its factories in Chattisgarh and on cement produced vis-a-vis consumption of limestone at its factory in Tamil Nadu.

During the current year, the Chattisgarh High Court has decided this matter in favour of the Company by directing the Authorities to only demand Royalty based on quantity of Limestone actually mined and recorded through statutory documentation, and not based on any ratio.

The Company holds the view that the payment of royalty on limestone is correctly made by the Company based on the actual quantity of limestone extracted, and believes that similar relief can also be expected from the Judiciary and / or Authorities in the cases of Tamil Nadu Unit. In view of the demand being legally unjustifiable, and due to the decision of the Chattisgarh High Court, directly on this issue, the Company does not expect any liability in above matter.

- b) In 2012, the Competition Commission of India ('CCI') issued an Order imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 1,147.59 Crore on the Company. On Company's appeal, Competition Appellate Tribunal ('COMPAT'), initially stayed the penalty, and by its final order dated December 11, 2015, set aside the order of the CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order.

After hearing the matter, the CCI has, by its order dated August 31, 2016, imposed a penalty of ₹ 1,147.59 Crore on the Company. The Company has filed an appeal against the said Order with Competition Appellate Tribunal ('COMPAT'). Pending final disposal of the appeal, the COMPAT has stayed the penalty with a condition to deposit 10% of the penalty amount, which has been deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant. Interest amount on penalty as on December 31, 2017 is ₹ 183.74 Crore (upto December 31, 2016 - ₹45.90 Crore).



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR (Contd.)

The Competition Appellate Tribunal (COMPAT) has ceased to exist effective May 26, 2017. The appellate function under the Competition Act, 2002 (Competition Act) is now conferred to the National Company Law Appellate Tribunal (NCLAT). The matter is accordingly listed before the NCLAT. NCLAT has heard the arguments of all the appellant cement manufacturers and also of the respondent CCI. The decision has been reserved by NCLAT.

Based on the advice of external legal counsel, the Company believes it has good grounds for successful appeal. Accordingly, no provision is considered necessary.

- c) In a separate matter, pursuant to a reference filed by the Government of Haryana, The Competition Commission of India issued an Order dated January 19, 2017 imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ₹ 35.32 Crore on the Company. On Company's filing an appeal, Competition Appellate Tribunal (COMPAT) has stayed the penalty.

The Competition Appellate Tribunal (COMPAT) has ceased to exist effective May 26, 2017. The appellate function under the Competition Act, 2002 (Competition Act) is now conferred to the National Company Law Appellate Tribunal (NCLAT). Matter is now listed before NCLAT and is pending hearing.

Based on the advice of external legal counsel, the Company believes it has good grounds for successful appeal. Accordingly, no provision is considered necessary.

### (B) Material demands and disputes relating to assets and liabilities considered as remote by the Group

- a) The Company had availed sales tax incentives in respect of its new 1 MTPA Plant (Gagal II) under the Himachal Pradesh (HP) State Industrial Policy, 1991. The Company had accrued sales tax incentives aggregating ₹ 56 Crore. The Sales tax authorities introduced certain restrictive conditions after commissioning of the unit stipulating that incentive is available only for incremental amount over the base revenue and production of Gagal I prior to the commissioning of Gagal II. The Company contends that such restrictions are not applicable to the unit as Gagal II is a new unit, as decided by the HP Hon'ble High Court and confirmed by the Hon'ble Supreme Court while determining the eligibility for transport subsidy. The Department recovered ₹ 64 Crore (tax of ₹ 56 Crore and interest of ₹ 8 Crore) which is considered as recoverable.

The HP Hon'ble High Court, had, in 2012, dismissed the Company's appeal. The Company believes the Hon'ble High Court's judgment was based on an erroneous understanding of certain facts and legal positions and that it also failed to consider certain key facts. The Company has been advised by legal experts that there is no change in the merits of the Company's case. Based on such advice, the Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, which is pending for hearing.

- b) The Company was eligible for certain incentives in respect of its investment towards modernization and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid for each financial year. However, no disbursements were made (except an amount of ₹ 7 Crore representing part of the One Time Lumpsum capital subsidy claim of ₹ 15 Crore) as the authorities have raised new conditions and restrictions, that were extraneous to the approvals and confirmations expressly received by the Company. The Company had filed two writ appeals before the Jharkhand Hon'ble High Court against these conditions, restrictions and disputes to the extent of the eligible claims which are now being sought to be effected/ raised by the Government.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR (Contd.)

The Division Bench of the Jharkhand Hon'ble High Court, while dealing with appeals by both the Company and the State Government, against a single bench order only partially allowing the Company's claim, in its order dated February 24, 2015, allowed the Company's appeal in totality while dismissing the Government's appeal, thereby confirming that the entire amount claimed by the Company is correct and hence payable immediately.

The Government of Jharkhand had filed an Special Leave petition (SLP) in the Hon'ble Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due. Consequently, as of date, the Company received only ₹ 64 Crore out of total ₹ 235 Crore in part disbursement from the Government of Jharkhand.

The Company is pursuing the matter of disbursement of further amounts outstanding.

The Company is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP shall be rejected upholding the order of the Division bench of the Jharkhand Hon'ble High Court by the Apex Court.

- c) The Company is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The scheme inter alia, includes refund of royalty paid by the Company on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed the Company's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to the Company, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. The Company maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. The Company has accrued an amount of ₹ 133 Crore (*December 31, 2016 - ₹ 133 Crore, January 01, 2016 - ₹ 106 Crore*) on this account. The Company has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted and pending before the Hon'ble High Court for hearing on merit. The Company believes that the merits of the claim are strong.
- d) The Company had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co. Ltd., in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. The Company had purchased another captive power plant ('Wadi TG 3'; set up by Tata Power Co. Ltd. in the year 2002-03) in 2004-05. Both these power plants were eligible for tax holiday under the provisions of Section 80-IA of the Income-tax Act, 1961. The Income tax department has disputed the Company's claim of deduction under Section 80-IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹ 56.66 Crore (net of provision) (*Previous Year - ₹ 56.66 Crore*), the Company is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 Crore (*Previous Year - ₹ 115.62 Crore*), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the Company. The Company believes that the merits of the claims are strong and will be allowed.
- e) One of the Company's cement manufacturing plants located in Himachal Pradesh was eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured at that plant. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Company to such deferment on the ground that the Company also manufactures an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was in the negative list. A demand of ₹ 82.37 Crore (*Previous year - ₹ 82.37 Crore*) was raised. The Company filed a writ petition before the Hon'ble High Court of Himachal Pradesh against the demand. The case has been admitted and the hearing is in process. The Company believes its case is strong and the demand shall not sustain under law.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 44. (A) CONTINGENT LIABILITIES NOT PROVIDED FOR (Contd.)

- f) Consequent upon the Hon'ble Supreme Court's judgement in Goa Foundation case, restricting the "deemed renewal" provision of captive mining leases to the first renewal period, the Company had received demand from District Mining Officer for ₹ 881 Crore as penalty for alleged illegal mining activities carried out by the Company during January 1991 to September 2014. The aforesaid demands were challenged by the Company and Writ Petition was filed with the Hon'ble High Court of Jharkhand. The petition has been admitted subject to a token deposit of ₹ 48 Crore which shall be refundable in case the matter is decided in the Company's favour.

In the view of Company and based on legal advice, that this demand does not have merit, and shall not stand the test of judicial scrutiny, considering that the said mining, leases pending State Government's approval, have been automatically extended upto March 31, 2030 by Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 without any recourse being made available to the State Government.

### 45. RELATED PARTY DISCLOSURE

(A)	Names of the Related parties where control exists:	Nature of Relationship
1	LafargeHolcim Ltd, Switzerland	Ultimate Holding Company
2	Holderind Investments Ltd, Mauritius	Holding Company of Holcim (India) Private Limited (upto August 11, 2016) Holding Company of Ambuja Cements Limited (w.e.f. August 12, 2016)
3	Holcim (India) Private Limited (Refer Note - 50)	Holding Company (Upto August 11, 2016)
4	Ambuja Cements Limited	Fellow Subsidiary upto August 11, 2016 and Holding Company (w.e.f. August 12, 2016)
5	OneIndia BSC Private Limited	Joint venture Company
6	Aakaash Manufacturing Company Private Limited	Joint venture Company
(B)	Others - With whom transactions have been taken place during the current and/or previous year	
(a)	Names of other Related parties	Nature of Relationship
1	Alcon Cement Company Private Limited	Associate Company
2	Asian Concretes and Cements Private Limited	Associate Company
3	Lafarge India Private Limited	Fellow Subsidiary (Upto October 04, 2016)
4	Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
5	Siam City Cement (Lanka) Ltd, Sri Lanka	Fellow Subsidiary (Upto August 10, 2016)
6	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary
7	Holcim Services (South Asia) Limited	Fellow Subsidiary
8	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
9	Holcim Philippines, Inc, Philippines	Fellow Subsidiary
10	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
11	Holcim Technology Ltd, Switzerland	Fellow Subsidiary

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

(a)	Names of other Related parties	Nature of Relationship
12	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
13	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
14	Holcim (Liban) S.A.L., Lebanon	Fellow Subsidiary
15	Cementos Apasco SA de CV (LHMEX), Mexico	Fellow Subsidiary
16	Dirk India Private Limited	Fellow Subsidiary (w.e.f. August 12, 2016)
17	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
18	The Provident Fund of ACC Ltd	Post-employment benefit plan
19	ACC Limited Employees Group Gratuity scheme	Post-employment benefit plan
	In accordance with the provisions of Ind AS 24 "Related Party Disclosures" and the Companies Act, 2013, following Personnel are considered as Key Management Personnel (KMP).	
(b)	Name of the Related Parties	Nature of Relationship
1	Mr. Neeraj Akhoury	Managing Director & CEO (w.e.f. February 04, 2017)
2	Mr. Harish Badami	CEO & Managing Director (upto February 03, 2017)
3	Mr. Sunil K. Nayak	Chief Financial Officer
4	Mr. Surendra Mehta	Company Secretary (w.e.f. April 21, 2017 upto September 25, 2017)
5	Mr. Kalidas Ramaswami	Company Secretary (w.e.f. September 26, 2017)
6	Mr. Burjor D. Nariman	Company Secretary upto March 31, 2017
7	Mr. N S Sekhsaria	Chairman, Non Executive / Non Independent Director
8	Mr. Jan Jenisch	Deputy Chairman, Non Executive / Non Independent Director (w.e.f. October 10, 2017)
9	Mr. Eric Olsen	Deputy Chairman, Non Executive / Non Independent Director (upto September 21, 2017)
10	Mr. Martin Kriegner	Non Executive / Non Independent Director (w.e.f. February 11, 2016)
11	Mr. Shailesh Haribhakti	Independent Director
12	Mr. Sushil Kumar Roongta	Independent Director
13	Mr. Ashwin Dani	Independent Director
14	Mr. Farrokh K Kavarana	Independent Director
15	Mr. Vijay Kumar Sharma	Non Independent Director
16	Mr. Arunkumar R Gandhi	Independent Director
17	Ms. Falguni Nayar	Independent Director
18	Mr. Christof Hassig	Non Independent Director
19	Mr. Bernard Terver	Non Independent Director (upto February 11, 2016)



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

(C)	Transactions with Joint venture Companies	For the year ended December 31, 2017	For the year ended December 31, 2016
		₹ Crore	₹ Crore
(i)	<b>Purchase of Finished Goods</b>	<b>93.12</b>	<b>92.36</b>
	Aakaash Manufacturing Company Private Limited {Refer Note - 49 (ii)}	93.12	92.36
(ii)	<b>Sale of Finished Goods</b>	<b>22.35</b>	<b>19.70</b>
	Aakaash Manufacturing Company Private Limited	22.35	19.70
(iii)	<b>Receiving of Services</b>	<b>26.52</b>	<b>24.66</b>
	OneIndia BSC Private Limited	26.52	24.66
(iv)	<b>Dividend Received</b>	<b>1.69</b>	<b>1.10</b>
	Aakaash Manufacturing Company Private Limited	1.69	1.10
(v)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>0.37</b>	<b>-</b>
	Aakaash Manufacturing Company Private Limited	0.37	-
(vi)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>0.29</b>	<b>0.70</b>
	Aakaash Manufacturing Company Private Limited	0.29	0.70
(vii)	<b>Other recoveries (Net)</b>	<b>-</b>	<b>1.89</b>
	Aakaash Manufacturing Company Private Limited	-	1.89

Outstanding balances with Joint venture Companies		As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
		₹ Crore	₹ Crore	₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>3.63</b>	<b>2.96</b>	<b>3.67</b>
	Aakaash Manufacturing Company Private Limited	3.63	2.96	3.67
(ii)	<b>Outstanding balance included in Trade payables</b>	<b>21.58</b>	<b>26.14</b>	<b>14.24</b>
	OneIndia BSC Private Limited	3.22	4.97	-
	Aakaash Manufacturing Company Private Limited	18.36	21.17	14.24

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

D)	Transactions with Associate Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Purchase of Finished Goods</b>	<b>69.58</b>	<b>69.33</b>
	Alcon Cement Company Private Limited {Refer Note - 49 (i)}	69.58	69.33
(ii)	<b>Purchase of Raw Materials</b>	<b>23.14</b>	<b>31.11</b>
	Asian Concretes and Cements Private Limited	23.14	31.11
(iii)	<b>Sale of Unfinished Goods</b>	<b>27.33</b>	<b>23.17</b>
	Alcon Cement Company Private Limited {Refer Note - 49 (i)}	27.33	23.17
(iv)	<b>Dividend Received</b>	<b>3.06</b>	<b>6.54</b>
	Alcon Cement Company Private Limited	3.06	2.04
	Asian Concretes and Cements Private Limited	-	4.50
(v)	<b>Rendering of Services</b>	<b>1.19</b>	<b>1.04</b>
	Alcon Cement Company Private Limited	1.19	1.04
(vi)	<b>Receiving of Services</b>	<b>91.57</b>	<b>50.36</b>
	Asian Concretes and Cements Private Limited	91.57	50.36
(vii)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>10.52</b>	<b>12.68</b>
	Alcon Cement Company Private Limited	10.52	12.68
(viii)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>5.45</b>	<b>4.77</b>
	Alcon Cement Company Private Limited	2.04	2.70
	Asian Concretes and Cements Private Limited	3.41	2.07

Outstanding balances with Associates Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>11.78</b>	<b>6.53</b>	<b>10.32</b>
	Alcon Cement Company Private Limited	11.78	6.53	10.32
(ii)	<b>Outstanding balance included in Trade payables</b>	<b>23.62</b>	<b>16.77</b>	<b>13.30</b>
	Alcon Cement Company Private Limited	8.92	2.18	3.60
	Asian Concretes and Cements Private Limited	14.70	14.59	9.70



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

(E)	Details of Transactions relating to Ultimate Holding Company and Holding Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Dividend paid</b>	<b>174.07</b>	<b>160.64</b>
	Holcim (India) Private Limited	-	159.72
	Ambuja Cements Limited	159.77	-
	Holderind Investments Limited	14.30	0.92
(ii)	<b>Purchase of Raw materials</b>	<b>4.36</b>	<b>0.55</b>
	Ambuja Cements Limited	4.36	0.55
(iii)	<b>Purchase of Finished / Unfinished goods</b>	<b>10.16</b>	<b>24.75</b>
	Ambuja Cements Limited	10.16	24.75
(iv)	<b>Purchase of Stores &amp; Spares</b>	<b>-</b>	<b>0.32</b>
	Ambuja Cements Limited	-	0.32
(v)	<b>Sale of Fixed Assets</b>	<b>13.13</b>	<b>-</b>
	Ambuja Cements Limited	13.13	-
(vi)	<b>Sale of Finished / Unfinished Goods</b>	<b>30.63</b>	<b>-</b>
	Ambuja Cements Limited	30.63	-
(vii)	<b>Sale of Raw Material</b>	<b>1.82</b>	<b>0.72</b>
	Ambuja Cements Limited	1.82	0.72
(viii)	<b>Rendering of Services</b>	<b>53.39</b>	<b>44.15</b>
	Ambuja Cements Limited	53.39	44.15
(ix)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>0.32</b>	<b>5.54</b>
	Ambuja Cements Limited	0.32	5.54
(x)	<b>Receiving of Services</b>	<b>48.21</b>	<b>44.55</b>
	Ambuja Cements Limited	48.21	44.55
(xi)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>0.27</b>	<b>2.37</b>
	Ambuja Cements Limited	0.27	1.86
	LafargeHolcim Ltd	-	0.51

Outstanding balances with Ultimate Holding and Holding Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>31.68</b>	<b>5.05</b>	<b>24.49</b>
	Ambuja Cements Limited	31.16	4.53	24.49
	LafargeHolcim Ltd	0.52	0.52	-
(ii)	<b>Outstanding balance included in Other current assets - advances</b>	<b>-</b>	<b>0.16</b>	<b>0.18</b>
	Ambuja Cements Limited	-	0.16	0.18
(iii)	<b>Outstanding balance included in Trade payables</b>	<b>16.58</b>	<b>2.47</b>	<b>27.68</b>
	Ambuja Cements Limited	16.58	2.47	27.68

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

(F)	Details of Transactions relating to Fellow Subsidiary Companies	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Purchase of Raw materials</b>	<b>348.64</b>	<b>207.66</b>
	LafargeHolcim Energy Solutions SAS	345.24	203.09
	Counto Microfine Products Private Limited	3.35	4.39
	Dirk India Private Limited	0.05	0.18
(ii)	<b>Purchase of Finished /Unfinished goods</b>	<b>-</b>	<b>1.64</b>
	Lafarge India Private Limited	-	0.72
	Counto Microfine Products Private Limited	-	0.92
(iii)	<b>Sale of Finished /Unfinished Goods</b>	<b>0.29</b>	<b>0.06</b>
	Counto Microfine Products Private Limited	0.29	-
	Lafarge India Private Limited	-	0.06
(iv)	<b>Technology and Know-how fees</b>	<b>128.37</b>	<b>107.98</b>
	Holcim Technology Ltd	128.37	107.98
(v)	<b>Receiving of Services</b>	<b>79.86</b>	<b>53.54</b>
	Holcim Group Services Ltd	0.89	3.00
	Holcim Services (South Asia) Limited	78.93	48.19
	Holcim Technology Ltd	0.04	2.35
(vi)	<b>Rendering of Services</b>	<b>0.03</b>	<b>-</b>
	Counto Microfine Product Private Limited	0.01	-
	Holcim Technology (Singapore) Pte Ltd	0.01	-
	LafargeHolcim Trading Pte Ltd	0.01	-
(vii)	<b>Reimbursement of Expenses Paid / Payable</b>	<b>0.07</b>	<b>0.11</b>
	Holcim Technology Ltd	0.07	-
	Holcim (Liban) S.A.L.	-	0.11
(viii)	<b>Reimbursement of Expenses Received / Receivable</b>	<b>2.24</b>	<b>0.15</b>
	Holcim Technology Ltd	2.13	-
	Cementos Apasco SA de CV (LHMEX)	0.11	-
	Siam City Cement (Lanka) Ltd	-	0.15





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

Outstanding balances with Fellow Subsidiary Companies		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	<b>Outstanding balance included in Trade receivables</b>	<b>0.36</b>	<b>0.28</b>	<b>2.94</b>
	Siam City Cement (Lanka) Ltd	-	-	0.35
	PT Holcim Indonesia Tbk	0.15	0.15	0.15
	Holcim Services(South Asia) Limited	-	-	0.21
	Holcim Cement (Bangladesh) Ltd	0.01	0.11	0.16
	Counto Microfine Product Private Limited	0.05	-	-
	Holcim Technology (Singapore) Pte Ltd	0.01	-	-
	Cementos Apasco SA de CV (LHMEX)	0.11	-	-
	Holcim Philippines	0.02	0.02	0.02
	LafargeHolcim Trading Pte Ltd	0.01	-	-
	Lafarge India Private Limited	-	-	2.05
(ii)	<b>Outstanding balance included in Trade payables</b>	<b>217.88</b>	<b>117.47</b>	<b>35.14</b>
	Holcim Group Services Ltd	0.59	0.04	0.37
	Holcim Services (South Asia) Limited	18.38	12.85	7.26
	Holcim Technology Ltd	30.14	23.79	26.80
	LafargeHolcim Energy Solutions SAS	168.11	80.58	-
	Lafarge India Private Limited	-	-	0.71
	Counto Microfine Products Private Limited	0.65	0.15	-
	Dirk India Private Limited	0.01	0.06	-

G)	Details of Transactions with Key Management Personnel	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(i)	<b>Remuneration*</b>	<b>8.23</b>	<b>10.95</b>
	Mr. Neeraj Akhoury**	4.15	-
	Mr. Harish Badami	-	7.32
	Mr. Sunil K. Nayak	2.94	2.46
	Mr. Burjor D. Nariman	0.30	1.17
	Mr. Surendra Mehta	0.60	-
	Mr. Kalidas Ramaswami	0.24	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

G)	Details of Transactions with Key Management Personnel	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
(ii)	<b>Severance cost#</b>	-	5.27
	Mr. Harish Badami	-	5.27
	<b>Breakup of Remuneration</b>	8.23	10.95
	Short term employment benefit	7.49	10.14
	Post employment benefits	0.06	0.08
	Other long term benefits	0.68	0.73
(iii)	<b>Other Payment to Key Management Personnel</b>		
	<b>Commission Paid</b>	3.53	2.75
	Mr. N S Sekhsaria	0.50	0.37
	Mr. Jan Jenisch	0.04	-
	Mr. Eric Olsen	0.14	0.16
	Mr. Martin Kriegner	0.36	0.25
	Mr. Shailesh Haribhakti	0.36	0.28
	Mr. Sushil Kumar Roongta	0.36	0.28
	Mr. Ashwin Dani	0.36	0.28
	Mr. Farrokh Kavarana	0.36	0.28
	Mr. Vijay Kumar Sharma	0.20	0.16
	Mr. Arunkumar Gandhi	0.45	0.34
	Ms. Falguni Nayar	0.20	0.16
	Mr. Christof Hassig	0.20	0.16
	Mr. Bernard Terver	-	0.03
	<b>Sitting Fees</b>	0.73	0.71
	Mr. N S Sekhsaria	0.06	0.06
	Mr. Eric Olsen	0.01	0.04
	Mr. Martin Kriegner	0.08	0.08
	Mr. Shailesh Haribhakti	0.08	0.09
	Mr. Sushil Kumar Roongta	0.11	0.07
	Mr. Ashwin Dani	0.08	0.09
	Mr. Farrokh Kavarana	0.12	0.11
	Mr. Vijay Kumar Sharma	0.01	0.01
	Mr. Arunkumar Gandhi	0.09	0.07
	Ms. Falguni Nayar	0.06	0.03
	Mr. Christof Hassig	0.03	0.04
	Mr. Bernard Terver	-	0.02



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 45. RELATED PARTY DISCLOSURE (Contd.)

	Outstanding balances with Key Management Personnel	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
(i)	Outstanding balance included in Other Current Liabilities	-	8.32	0.38
	Mr. Neeraj Akhoury	-	-	-
	Mr. Harish Badami	-	8.32	0.38

\* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Group basis are not included in remuneration to key management personnel.

\*\*Remuneration for the current year does not includes performance incentive for the year ended December 31, 2017, pending finalisation.

#The Board of Directors at its Meeting held on December 16, 2016 had accepted the resignation of Mr. Harish Badami w.e.f. February 04, 2017. The Board had approved the severance payment of ₹ 5.27 Crore pursuant to the approval of and by the authority conferred by the members of the Company.

The Group makes monthly contributions to provident fund managed by "The Provident Fund of ACC Ltd" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Group contributed ₹ 22.35 Crore (*Previous Year - ₹ 20.52 Crore*).

The Group maintains gratuity trust for the purpose of administering the gratuity payment to its employees (ACC limited Employees Group Gratuity scheme). During the year, the Group contributed ₹ 7.19 Crore (*Previous Year - ₹ 16.78 Crore*).

#### Terms and conditions of transactions with related parties

##### Sales and purchases

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended December 31, 2017, the Group has not recorded any loss allowances for trade receivables from related parties (*Previous year - ₹ Nil*).

### 46. SEGMENT REPORTING

For management purposes, the Group is organised into business units based on the nature of the products, the differing risks and returns. The organization structure and internal reporting system has two reportable segments, as follows:

- Cement** - Cement is a product which is obtained as clinker resulting from mixing at suitable rates, grinding and firing raw material such as limestone, clay, iron ore, Fly ash, bauxite etc; and certain amount of setting regulator (generally gypsum) are ground together and set after mixing with water and gains strength. In general, it is used in construction activities.
- Ready mix concrete** - Ready mix concrete is concrete that is manufactured in a batch plant, according to a set engineered mix design. In general, it is used in construction activities.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker ("CODM") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. However, the Group's financing (including finance costs and finance income) and income taxes are managed on a Group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 46. SEGMENT REPORTING (Contd.)

### INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

₹ Crore

	Cement		Ready mix concrete		Total	
	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016	Year ended December 31, 2017	Year ended December 31, 2016
<b>REVENUE</b>						
External sales	12,692.83	11,314.19	1,153.71	987.27	13,846.54	12,301.46
Inter-segment sales	225.18	186.47	4.90	6.31	230.08	192.78
Other operating revenue	349.63	212.67	4.55	9.26	354.18	221.93
	<b>13,267.64</b>	<b>11,713.33</b>	<b>1,163.16</b>	<b>1,002.84</b>	<b>14,430.80</b>	<b>12,716.17</b>
Less : Elimination	225.18	186.47	4.90	6.31	230.08	192.78
<b>Total revenue</b>	<b>13,042.46</b>	<b>11,526.86</b>	<b>1,158.26</b>	<b>996.53</b>	<b>14,200.72</b>	<b>12,523.39</b>
<b>Operating EBITDA</b>	<b>1,797.45</b>	<b>1,403.71</b>	<b>114.98</b>	<b>74.78</b>	<b>1,912.43</b>	<b>1,478.49</b>
<b>Segment result</b>	<b>1,173.78</b>	<b>834.61</b>	<b>98.10</b>	<b>55.64</b>	<b>1,271.88</b>	<b>890.25</b>
Unallocated corporate Income net of unallocated expenditure					33.92	36.28
<b>Operating Profit</b>					<b>1,305.80</b>	<b>926.53</b>
Finance Costs					(98.53)	(78.67)
Interest and Dividend income					91.87	65.59
Exceptional item (Refer Note - 37)					-	(38.59)
Share of profit from associates and Joint ventures					10.92	10.45
Tax expenses					(385.55)	(226.89)
<b>Profit after tax</b>					<b>924.51</b>	<b>658.42</b>
Capital expenditure (including capital work- in-progress and capital advances)	482.03	495.64	21.62	11.17	503.65	506.81
Depreciation and Amortisation	626.79	590.31	16.83	18.87	643.62	609.18
Other non-cash expenses	5.59	2.95	2.95	13.71	8.54	16.66



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 46. SEGMENT REPORTING (Contd.)

₹ Crore

	Cement			Ready mix concrete			Total		
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Segment assets	11,326.92	10,672.30	10,642.00	372.53	296.73	283.31	11,699.45	10,969.03	10,925.31
Unallocated Corporate assets							3,146.29	2,424.91	1,885.25
<b>Total assets</b>							<b>14,845.74</b>	<b>13,393.94</b>	<b>12,810.56</b>
Segment liabilities	3,950.72	3,291.03	2,981.00	278.49	226.25	178.42	4,229.21	3,517.28	3,159.42
Unallocated Corporate liabilities							1,257.80	1,060.45	1,093.76
<b>Total liabilities</b>							<b>5,487.01</b>	<b>4,577.73</b>	<b>4,253.18</b>

Sales from external customer	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
Within India	13,783.17	12,240.47
Outside India *	63.37	60.99
<b>TOTAL</b>	<b>13,846.54</b>	<b>12,301.46</b>

No single customer contributed 10% or more to the Group's revenue for the year ended December 31, 2017 and December 31, 2016.

\* Sales outside India are in functional currency.

All the non current assets are located within India.

### 47. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006\*

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.			
Principal amount due to micro and small enterprises (Not overdue)	4.81	7.54	4.12
Interest due on above	-	-	-
b. The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-	-

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

		As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-	-
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-	-

\*This information has been determined to the extent such parties have been identified on the basis of information available with the Group. This has been relied upon by the auditors.

**48.** ACC Mineral Resources Limited (AMRL), through its joint operations had secured development and mining rights for four coal blocks allotted to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the order of the Supreme Court ruling that allocation of various coal blocks, including these, was arbitrary and illegal. The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder on March 23, 2015. AMRL has filed its claim to Ministry of Coal for compensation in respect of Bicharpur coal block pursuant to judgment issued by Delhi Hon'ble High Court dated March 09, 2017. In respect of other three blocks, auctioning dates yet been announced.

**49.**

- (i) The Group has arrangements with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under VAT / GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale of such clinker of ₹ 22.84 Crore (*Previous year - ₹ 20.35 Crore*) has not been recognized as a part of the turnover but has been adjusted against cost of purchase of cement so converted.
- (ii) The Group has arrangement with a Joint venture company whereby it purchases Ready Mixed Concrete and sells that to external customers. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under VAT / GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Group's local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale of such Ready mix concrete to customer ₹ 83.61 Crore (*Previous year - ₹ 87.65 Crore*) has not been recognized as a part of the turnover but has been adjusted against cost of purchase of Ready mix concrete.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

**50.** The Company was a subsidiary of Holcim (India) Private Limited. Pursuant to the amalgamation of Holcim (India) Private Limited into Ambuja Cements Limited, effective August 12, 2016, the Company became a subsidiary of Ambuja Cements Limited.

### 51. CAPITALISATION OF EXPENDITURE

During the year, the Group has capitalised the following expenses of revenue nature to the cost of Property, Plant and Equipment / Capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	2017 ₹ Crore	2016 ₹ Crore
Balance at the beginning of the year	18.56	197.43
Expenditure during construction for projects:		
Employee benefits expense	6.60	25.26
Insurance	-	0.02
Rates and taxes	-	0.17
Depreciation	-	0.17
Miscellaneous expenses	2.95	13.75
<b>Total</b>	<b>28.11</b>	<b>236.80</b>
Less : Capitalised during the year	25.31	218.24
Balance at the end of the year	<b>2.80</b>	<b>18.56</b>

### 52. FAIR VALUES

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs that are unobservable for the asset or liability

Set out below, is a comparison by category of the carrying amounts and fair value of the Group's financial instruments.



# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## Categories of financial instruments

	Carrying value				Fair value		Fair value hierarchy	Valuation technique and key inputs
	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore		
<b>Financial assets</b>								
<b>1. Measured at Fair value through profit or loss (FVTPL)</b>								
(a) Mandatorily measured:								
Equity investments	-	28.35	17.05	-	28.35	17.05	Level 1	Quoted bid prices in an active market
Cash and cash equivalents - Mutual funds	984.16	761.82	91.34	984.16	761.82	91.34	Level 1	Using net asset value approach
(b) Designated as at FVTPL	-	-	-	-	-	-	-	-
<b>2. Measured at amortised cost</b>								
Cash and cash equivalents (Certificates of deposits and other deposits)	864.83	938.27	1,232.45	864.83	938.27	1,232.45	Level 2	Discounted cash flow method
Other Cash and cash equivalents	710.67	109.54	59.51	710.67	109.54	59.51	-	-
Bank balances other than Cash and Cash Equivalents	168.89	167.53	33.66	168.89	167.53	33.66	-	-
Investments in Bonds	3.70	3.70	3.70	3.70	3.70	3.70	Level 2	Discounted cash flow method
Security deposits (Current and Non-Current)	240.71	194.30	212.19	240.71	194.30	212.19	Level 3	Discounted cash flow method
Loans and Other financial assets (Current and Non-Current)	32.22	39.81	67.89	32.22	39.81	67.89	Level 3	Discounted cash flow method
Trade receivables	665.97	533.18	484.43	665.97	533.18	484.43	-	-
<b>3. Measured at fair value through Other Comprehensive Income</b>	-	-	-	-	-	-	-	-
<b>Total</b>	<b>3,671.15</b>	<b>2,776.50</b>	<b>2,202.22</b>	<b>3,671.15</b>	<b>2,776.50</b>	<b>2,202.22</b>		

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

	Carrying value			Fair value		Fair value hierarchy	Valuation technique and key inputs
	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016	
<b>Financial liabilities</b>							
1. Measured at FVTPL	-	-	-	-	-	-	
2. Measured at amortised cost							
Trade payables	1,813.74	1,258.49	876.85	1,813.74	1,258.49	876.85	
Security deposits and retention money	530.73	561.98	692.88	530.73	561.98	692.88	Discounted cash flow method
Other financial liabilities	190.61	273.41	246.78	190.61	273.41	246.78	
<b>TOTAL</b>	<b>2,535.08</b>	<b>2,093.88</b>	<b>1,816.51</b>	<b>2,535.08</b>	<b>2,093.88</b>	<b>1,816.51</b>	

Management assessed the carrying values of Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, trade payables and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

### The following methods and assumptions were used to estimate the fair values:

Quoted bid prices in an active market - Unadjusted Quoted price in principle market in which equity instrument is actively traded.

Investments in liquid and short-term mutual funds, which are classified as FVTPL are measured using net asset values at the reporting date multiplied by the quantity held. Fair value of certificate of deposits is determined based on the indicative quotes of price and yields prevailing in the market at the reporting date.

Under Discounted cash flow method, future cash flows are discounted by using rates which reflect market risks. The valuation requires management to make certain assumptions about the model inputs, including forecast cash flows, discount rate and credit risk. The probabilities of the various estimates within the range can be reasonably assessed and are used in management's estimate of fair value.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has a robust risk management framework to identify, monitor, mitigate and minimize risks arising from financial instruments.

The Group is exposed to market, credit and liquidity risks. The Board of Directors ('Board') oversee the management of these risks through its Risk Management Committee. The Group's Risk Management Policy has been formulated by the Risk Management Committee and approved by the Board. The Policy articulates on the Group's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It also prescribes the roles and responsibilities of the Group's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate risks in order to minimize potential adverse effects on the Group's financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarized below. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, Security deposits, Loans and other financial assets	Credit ratings and Ageing analysis	Diversification of counterparties, investment limits, check on counterparties basis credit rating and number of overdue days
Liquidity Risk	Borrowings, Trade payables, Deposits from dealers and other financial liabilities	Maturity analysis	Preparing and monitoring forecasts of cash flows and maintaining sufficient cash and cash equivalents
Market Risk- Foreign Exchange	Financial assets and liabilities denominated in other than functional currency	Sensitivity analysis	Exposure limits
Market Risk- Price risk	Investment in equity instruments	Sensitivity analysis	Strategic investment
Market Risk- Interest rate risk	Security deposit from dealers	Sensitivity analysis	Periodical reset of interest rate linked to market

#### (i) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits placed with banks and financial institutions and other financial instruments.

##### Financial assets other than trade receivables

Credit risk from balances with banks and financial institutions is managed by the Group's Treasury department in accordance with its policy. Surplus funds are parked only within approved investment categories with well defined limits. Investment category is periodically reviewed by the Group's Board of Directors.

Credit risk arising from short term liquid funds, other balances with banks and other cash equivalents is limited and no collaterals are held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the credit rating agencies.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### Trade receivables

Customer credit risk is managed as per the Group's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of collaterals. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. The management is also monitoring the receivables levels by having frequent interaction with responsible person for highlighting potential instances where receivables might become overdue.

Trade receivables consist of a large number of customers spread across India with no significant concentration of credit risk. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Group has adopted a policy of only dealing in creditworthy counterparties and obtaining collateral i.e. security deposit. No single customer accounted for 10% or more of the Group's net sales. Therefore, the Group does not expect any material risk on account of non-performance by any of its counterparties.

Summary of the Group's exposure to credit risk by age of the outstanding from various customers is as follows:

	As at December 31, 2017 ₹ Crore	As at December 31, 2016 ₹ Crore	As at January 01, 2016 ₹ Crore
Neither past due nor impaired	260.96	242.86	191.27
Past due not impaired			
- 1-180 days	364.39	282.64	278.38
- more than 180 days	40.62	7.68	14.78
Past due impaired			
- 1-180 days	2.74	2.76	2.28
- more than 180 days	26.29	34.22	32.58
<b>TOTAL</b>	<b>695.00</b>	<b>570.16</b>	<b>519.29</b>

#### Expected credit loss assessment

For trade receivables, as a practical expedient, the Group compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. Accordingly, the Group creates provision for past due receivables beyond 180 days ranging between 80%-100% after considering the underlying collaterals.

The following table summarizes the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	₹ Crore
As at January 01, 2016	34.86
Provided during the year	15.39
Amounts utilised	(11.36)
Reversals of Provision	(1.91)
<b>As at December 31, 2016</b>	<b>36.98</b>
Provided during the year	3.84
Amounts written off	(10.15)
Reversals of Provision	(1.64)
<b>As at December 31, 2017</b>	<b>29.03</b>

No significant changes in estimation techniques or assumptions were made during the reporting period.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### (ii) Liquidity risk

Liquidity risk is defined as the risk that the Group will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Group's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Group's liquidity position through rolling forecasts on the basis of expected cash flows.

The table summarises the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contracted undiscounted cash payments.

₹ Crore

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at December 31, 2017</b>				
Other financial liabilities*	721.34	741.31	-	741.31
Trade payables	1,813.74	1,813.74	-	1,813.74
	<b>2,535.08</b>	<b>2,555.05</b>	-	<b>2,555.05</b>

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at December 31, 2016</b>				
Other financial liabilities*	835.39	866.96	-	866.96
Trade payables	1,258.49	1,258.49	-	1,258.49
	<b>2,093.88</b>	<b>2,125.45</b>	-	<b>2,125.45</b>

	Carrying amount	Less than 1 year	More than 1 year	Total
<b>As at January 01, 2016</b>				
Other financial liabilities*	939.66	971.98	-	971.98
Trade payables	876.85	876.85	-	876.85
	<b>1,816.51</b>	<b>1,848.83</b>	-	<b>1,848.83</b>

\*Other financial liabilities includes deposits received from customers amounting to ₹ 459.10 Crore (December 31, 2016 - ₹ 435.50 Crore; January 01 2016 - ₹ 445.74 Crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Group does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Group has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

#### (iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risks, currency risk and other price risk, such as equity price risks and commodity risk. Financial instruments affected by market risk include loans and borrowings, investments, deposits, trade payables.

##### Foreign currency risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates primarily relate to import of raw materials, fuels and capital items.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

Based on sensitivity analysis, Group has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged. Currently our Foreign currency risk exposure is below threshold limit hence not hedged.

Particulars of unhedged foreign currency exposure as at Balance Sheet date

Particulars	Currency	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
		Foreign currency in Crore	₹ Crore	Foreign currency in Crore	₹ Crore	Foreign currency in Crore	₹ Crore
Trade Payable and Other current liabilities	CHF	0.002	0.15	0.002	0.11	0.03	2.25
	USD	3.31	211.58	1.25	85.34	0.10	6.60
	EUR	0.03	2.17	0.19	13.91	0.14	9.82

#### Foreign currency sensitivity

The following tables demonstrate the sensitivity into a reasonably possible change in exchange rates, with all other variables held constant. A positive number below indicates an increase in profit where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit and the balances below would be negative.

₹ Crore

Particulars	As at December 31, 2017		As at December 31, 2016		As at January 01, 2016	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
CHF	0.01	(0.01)	0.01	(0.01)	0.11	(0.11)
USD	10.58	(10.58)	4.27	(4.27)	0.33	(0.33)
EUR	0.11	(0.11)	0.70	(0.70)	0.49	(0.49)
<b>TOTAL</b>	<b>10.70</b>	<b>(10.70)</b>	<b>4.98</b>	<b>(4.98)</b>	<b>0.93</b>	<b>(0.93)</b>

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

#### Market Risk- Price risk

Other price risk is the risk that the fair value of financial instruments will fluctuate due to change in marked traded prices. Other price risk arises from the financial assets such as investments in equity instruments and bonds.

The Group is exposed to equity price risks arising from equity investment in Shiva Cement Limited. Group's equity investment was held for strategic rather than trading purposes. During the current year, the Group has sold investment in Shiva Cement Limited.

#### Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices of Shiva Cement Limited had been 5% higher/ lower, the Profit before tax for the year ended December 31, 2016 would have been increased / decreased by ₹ 1.42 Crore (January 01, 2016 - ₹ 0.85 Crore) as a result of the changes in fair value of equity investments measured at FVTPL.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### Market Risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Group's exposure to the interest rate risk arises primarily from their loans and borrowings. Since the Group has insignificant interest bearing borrowings, the exposure to risk of changes in market interest rates is minimal. The Group has not used any interest rate derivatives.

The Group has received interest bearing security deposit from dealers. If interest rate had been 0.50% higher/lower the Profit for the year ended December 31, 2017 would decrease / increase by ₹ 2.30 Crore (Previous year - ₹ 2.28 Crore).

#### Unrepresentativeness of Sensitivity analysis

In management's opinion the sensitivity analysis is unrepresentative of the above inherent risks because the exposure at the end of the reporting periods does not reflect the exposure during the year.

### 54. CAPITAL MANAGEMENT

The Group's objectives when managing capital are to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Group's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

As stated in the below table, the Group is a Zero debt Group with no long-term borrowings. The Group is not subject to any externally imposed capital requirements.

₹ Crore

	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Total Debt	-	-	-
Less: Cash and cash equivalents	(2,559.66)	(1,809.63)	(1,383.30)
<b>Net Debt</b>	<b>(2,559.66)</b>	<b>(1,809.63)</b>	<b>(1,383.30)</b>
Equity attributable to owners of the parent	9,355.85	8,813.43	8,554.73
<b>Debt to Equity (Net)</b>	<b>NA</b>	<b>NA</b>	<b>NA</b>

### 55. FIRST-TIME ADOPTION OF IND AS

The effect of the Group's transition to Ind AS is summarized as follows:

- (i) Transition election
- (ii) Reconciliation of Consolidated Balance Sheet
- (iii) Reconciliation of Consolidated equity
- (iv) Reconciliation of Consolidated Total Comprehensive Income for the year ended December 31, 2016
- (v) Effect of adoption of Ind AS on the Consolidated Statement of Cash Flow for the year ended December 31, 2016

#### (i) Transition election

These Consolidated financial statements, for the year ended December 31, 2017, are the first the Group has prepared in accordance with Ind AS. For periods up to and including the year ended December 31, 2016, the Group prepared its Consolidated financial statements in accordance with accounting standards notified under section 133 of the Companies Act, 2013, read together with Rule 7 of the Companies (Accounts) Rules, 2014 (Previous GAAP).





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

Accordingly, the Group has prepared the comparative period data as at and for the year ended December 31, 2016, as described in the summary of significant accounting policies. In preparing these Consolidated financial statements, the Group's opening Consolidated Balance Sheet was prepared as at January 01, 2016, the Group's date of transition to Ind AS. This note explains the principal adjustments made by the Group in restating its Previous GAAP Consolidated financial statements as at and for the year ended December 31, 2016, including the opening Consolidated Balance Sheet as at January 01, 2016.

#### Overall principle

The Group has prepared the opening Consolidated Balance Sheet as per Ind AS as of January 01, 2016 (the transition date) by,

- Recognising all assets and liabilities whose recognition is required by Ind AS,
- not recognising items of assets or liabilities which are not permitted by Ind AS,
- by reclassifying items from Previous GAAP to Ind AS as required under Ind AS, and
- applying Ind AS in measurement of recognised assets and liabilities.

However, this principle is subject to certain optional exemptions and mandatory exceptions availed by the Group as detailed below. Since, these Consolidated financial statements are the first Consolidated financial statements in accordance with Ind AS, the first time adoption – optional exemptions and mandatory exceptions have been explained in detail.

#### Exemptions applied

Ind AS 101 "First-time adoption of Indian Accounting Standards" allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Group has applied the following exemptions:

##### 1 Business Combinations

Ind AS 103 "Business Combinations" has not been applied to acquisitions of subsidiaries, Associates and Joint ventures which are considered businesses under Ind AS that occurred before January 01, 2016. Use of this exemption means that the Previous GAAP carrying amounts of assets and liabilities, that are required to be recognised under Ind AS, is their deemed cost at the date of the acquisition. After the date of the acquisition, measurement is in accordance with respective Ind AS. The Group recognizes all assets acquired and liabilities assumed in a past business combination, except (i) certain financial assets and liabilities that were derecognized and that fall under the derecognition exception, and (ii) assets (including goodwill) and liabilities that were not recognized in the acquirer's consolidated balance sheet under its previous GAAP and that would not qualify for recognition under Ind AS in the individual Balance Sheet of the acquiree. Assets and liabilities that do not qualify for recognition under Ind AS are excluded from the opening Ind AS Consolidated Balance Sheet. The Group did not recognise or exclude any previously recognised amounts as a result of Ind AS recognition requirements.

##### 2 Leases

Appendix C to Ind AS 17 "Leases" requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. However, the Group has used Ind AS 101 exemption and assessed all arrangements for embedded leases based on conditions prevailing as at Ind AS transition date.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 53. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (contd.)

#### 3 Deemed cost of property, plant and equipment and intangible assets

As per Ind AS 101, a first-time adopter has an option, inter alia, to use carrying values of property, plant and equipment and intangible assets as on the date of transition to Ind AS, if there has been no change in its functional currency on the date of transition. The Group has accordingly elected to continue with the carrying values under Previous GAAP for all the items of property, plant and equipment and intangible assets.

#### 4 Joint arrangement

While changing from proportionate consolidation to the equity method for accounting of an investment in joint venture, the initial investment as at transition date is measured as the aggregate of the carrying amounts of the assets and liabilities that the Group had previously proportionately consolidated.

#### Exceptions

##### 1 Estimates

The estimates at January 01, 2016 are consistent with those made for the same dates in accordance with Previous GAAP (after adjustments to reflect any differences if any, in accounting policies) apart from the following items where application of Previous GAAP did not require estimation:

- Impairment of financial assets based on expected credit loss model
- Fair value of unquoted equity instruments

The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at January 01, 2016.

##### 2 Derecognition of financial assets and financial liabilities

The Group has applied the derecognition requirements for financial assets and financial liabilities in Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.) (ii) Reconciliations of Consolidated Balance Sheet

Particulars	Foot notes	As at December 31, 2016				As at January 01, 2016				₹ Crore
		Previous GAAP	Ind Adjustments		Ind AS	Previous GAAP	Classifications	Ind Adjustments Measurements	JV Reversal (Refer Foot Notes - 19)	Ind AS
			Classifications	Measurements						
<b>A ASSETS</b>										
<b>1) Non-current assets</b>										
a) Property, plant and Equipment	1 (A), 2 & 12	7,486.42	10.37	28.11	(0.42)	7,524.48	8.73	-	-	5,323.73
b) Capital work-in-progress		261.03	-	-	(0.05)	260.98	-	-	-	2,379.44
c) Goodwill on consolidation	1 (B) & 18 (A)	-	9.69	5.88	-	15.57	15.57	-	-	15.57
d) Other Intangible Assets	1	13.32	14.40	-	-	27.72	10.16	-	-	25.98
e) Intangible assets under development	-	-	-	-	-	-	-	-	-	16.67
f) Investments in associates and joint ventures	18 (B)	78.64	-	3.42	3.07	85.13	-	-	1.41	82.32
g) Financial Assets										
(i) Investments	13	9.49	-	22.56	-	32.05	-	11.26	-	17.05
(ii) Loans	11 & 14	984.94	(773.52)	(10.81)	(1.03)	199.58	(857.00)	(13.93)	(1.04)	244.79
(iii) Other Financial Assets	11	-	0.06	-	-	0.06	0.11	-	-	0.11
h) Non-current tax assets (Net)	11	-	306.34	-	(1.62)	304.72	306.53	-	-	306.53
i) Other non-current assets	11 & 14	483.05	349.39	6.49	-	838.93	550.37	10.21	-	1,026.51
<b>Total Non-current assets</b>		<b>9,316.89</b>	<b>(83.27)</b>	<b>55.65</b>	<b>(0.05)</b>	<b>9,289.22</b>	<b>34.47</b>	<b>7.54</b>	<b>0.37</b>	<b>9,438.70</b>
<b>2) Current assets</b>										
a) Inventories		1,224.63	-	-	-	1,224.63	-	-	-	1,189.43
b) Financial assets										
(i) Investments	11	1,598.87	(1,598.87)	-	-	-	(1,223.75)	-	-	3.70
(ii) Trade receivables	4	466.35	68.37	-	(1.54)	533.18	484.43	-	-	484.43
(iii) Cash and Cash equivalents	11 & 13	278.40	1,531.34	1.22	(1.33)	1,809.63	1,290.09	0.04	(0.86)	1,383.30
(iv) Bank balances other than Cash and Cash Equivalents	11	-	167.53	-	-	167.53	33.66	-	-	33.66
(v) Loans	11	440.43	(410.38)	-	(0.63)	29.42	(325.24)	-	(0.18)	27.40
(vi) Other financial assets	11	-	5.05	-	-	5.05	7.78	-	-	7.78
c) Other current assets	2, 11 & 14	60.96	258.80	3.72	(0.27)	323.21	170.09	3.72	-	229.29
		<b>4,069.64</b>	<b>21.84</b>	<b>4.94</b>	<b>(3.77)</b>	<b>4,092.65</b>	<b>(47.37)</b>	<b>3.76</b>	<b>(1.04)</b>	<b>3,358.99</b>
Non-current assets classified as held for sale	2	-	12.07	-	-	12.07	12.87	-	-	12.87
<b>Total Current assets</b>		<b>4,069.64</b>	<b>33.91</b>	<b>4.94</b>	<b>(3.77)</b>	<b>4,104.72</b>	<b>(34.50)</b>	<b>3.76</b>	<b>(1.04)</b>	<b>3,371.86</b>
<b>TOTAL - ASSETS</b>		<b>13,386.53</b>	<b>(49.36)</b>	<b>60.59</b>	<b>(3.82)</b>	<b>13,393.94</b>	<b>(0.03)</b>	<b>11.30</b>	<b>(0.67)</b>	<b>12,810.56</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 55. FIRST-TIME ADOPTION OF IND AS (contd.)

### (ii) Reconciliations of Consolidated Balance Sheet (contd.)

Particulars	December 31, 2016					January 01, 2016					₹ Crore	
	Foot notes	Previous GAAP	Ind Adjustments			Ind AS	Previous GAAP	Ind Adjustments				Ind AS
			Classifications	Measurements	JV Reversal (Refer Foot Notes - 19)			Classifications	Measurements	JV Reversal (Refer Foot Notes - 19)		
<b>B. EQUITY AND LIABILITIES</b>												
<b>Equity</b>												
a) Equity Share Capital		187.99	-	-	-	187.99	187.95	-	-	-	-	187.95
b) Other Equity	3	8,453.53	-	171.91	-	8,625.44	8,233.19	-	133.59	-	-	8,366.78
<b>Equity attributable to owners of the parent</b>		<b>8,641.52</b>	-	<b>171.91</b>	-	<b>8,813.43</b>	<b>8,421.14</b>	-	<b>133.59</b>	-	-	<b>8,554.73</b>
Non-controlling interest		2.78	-	-	-	2.78	2.65	-	-	-	-	2.65
<b>Total Equity</b>		<b>8,644.30</b>	-	<b>171.91</b>	-	<b>8,816.21</b>	<b>8,423.79</b>	-	<b>133.59</b>	-	-	<b>8,557.38</b>
<b>Liabilities</b>												
<b>Non-current liabilities</b>												
a) Provisions	16	131.70	-	9.68	(0.02)	141.36	119.86	(0.01)	8.36	-	-	128.21
b) Deferred tax liabilities (Net)	5 & 17	559.35	(117.70)	14.61	0.05	456.31	470.42	-	4.94	-	-	475.36
<b>Total - Non-current liabilities</b>		<b>691.05</b>	<b>(117.70)</b>	<b>24.29</b>	<b>0.03</b>	<b>597.67</b>	<b>590.28</b>	<b>(0.01)</b>	<b>13.30</b>	-	-	<b>603.57</b>
<b>Current liabilities</b>												
a) Financial Liabilities												
(i) Trade payables		1,260.20	-	-	(1.71)	1,258.49	877.50	-	-	(0.65)	-	876.85
(ii) Other financial liabilities	4 & 11	-	835.39	-	-	835.39	-	939.66	-	-	-	939.66
b) Other current liabilities	11	2,183.94	(767.06)	-	(1.31)	1,415.57	2,269.06	(939.68)	(0.01)	(0.02)	(0.02)	1,329.35
c) Provisions	11 & 15	607.04	(419.29)	(135.61)	(0.12)	52.02	639.33	(454.66)	(135.58)	-	-	49.09
d) Current tax liabilities (Net)	11	-	419.30	-	(0.71)	418.59	-	454.66	-	-	-	454.66
<b>Total - Current liabilities</b>		<b>4,051.18</b>	<b>68.34</b>	<b>(135.61)</b>	<b>(3.85)</b>	<b>3,980.06</b>	<b>3,785.89</b>	<b>(0.02)</b>	<b>(135.59)</b>	<b>(0.67)</b>	-	<b>3,649.61</b>
<b>Total - Liabilities</b>		<b>4,742.23</b>	<b>(49.36)</b>	<b>(111.32)</b>	<b>(3.82)</b>	<b>4,577.73</b>	<b>4,376.17</b>	<b>(0.03)</b>	<b>(122.29)</b>	<b>(0.67)</b>	-	<b>4,253.18</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>13,386.53</b>	<b>(49.36)</b>	<b>60.59</b>	<b>(3.82)</b>	<b>13,393.94</b>	<b>12,799.96</b>	<b>(0.03)</b>	<b>11.30</b>	<b>(0.67)</b>	-	<b>12,810.56</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### (iii) Reconciliations of Consolidated Equity

₹ Crore

Particulars	Foot notes	As at December 31, 2016	As at January 01, 2016
<b>Equity as per Previous GAAP</b>		<b>8,641.52</b>	<b>8421.14</b>
Spare parts capitalised under Ind AS	12	28.11	-
Gain on measurement of Investments in equity instrument at Fair Value through Profit and Loss	13	22.56	11.26
Gain on fair valuation of investment in Mutual Fund at fair value through Profit and Loss	13	1.22	0.04
Amortisation of Goodwill on Subsidiaries and Associates to be tested for impairment in Ind AS	18	9.30	-
Proposed Dividend (including Tax) accounted in the year of Shareholder's approval	15	135.61	135.58
Site restoration liability	16	(9.68)	(8.36)
Other adjustments	14	(0.60)	0.01
Deferred tax on undistributed profit of Associates and Joint ventures	17	(7.83)	(7.83)
Net Tax effect on above adjustments	17	(6.78)	2.89
<b>Total Adjustments</b>		<b>171.91</b>	<b>133.59</b>
<b>Equity attributed to owners of parent as per Ind AS</b>		<b>8,813.43</b>	<b>8,554.73</b>

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## 55. FIRST-TIME ADOPTION OF IND AS (contd.)

(iv) Reconciliation of Consolidated Total Comprehensive Income for the year ended December 31, 2016

₹ Crore

Particulars	Foot Notes	Previous GAAP	Ind AS Adjustments		Ind AS
			Adjustments within the Total Comprehensive Income	measurments	
				JV Reversal (Refer Foot Notes - 19)	
1	Revenue from operations	6,7 & 8 11,167.55	-	(9.21)	12,523.39
2	Other income	13 & 14 107.20	-	15.61	122.81
3	<b>TOTAL INCOME</b>	<b>11,274.75</b>	<b>1,365.05</b>	<b>(9.21)</b>	<b>12,646.20</b>
4	<b>EXPENSES</b>				
	a) Cost of materials consumed	1,587.26	-	-	1,587.26
	b) Purchases of stock-in-trade	8 90.17	(87.65)	-	2.52
	c) Changes in inventories of finished goods, Stock-in-Trade and work-in-progress	16.99	-	-	16.99
	d) Employee benefits expense	9 & 10 789.86	(23.71)	(9.43)	756.72
	e) Power and Fuel	2,159.91	-	-	2,159.91
	f) Freight and Forwarding expense	2,636.11	-	-	2,636.11
	g) Excise duty	6 -	1,533.67	-	1,533.67
	h) Finance costs	10 & 16 68.91	8.44	1.32	78.67
	i) Depreciation and amortisation expense	18 (A) 615.11	-	(5.88)	609.18
	j) Other expenses	6,7, 9, 10, 12, 14 & 18 (B) 2,472.48	(89.61)	(27.78)	2,357.68
	Self consumption of cement	10,436.80 (5.96)	1,341.14	(32.34)	11,738.71
	<b>TOTAL EXPENSES</b>	<b>10,430.84</b>	<b>1,341.14</b>	<b>(6.89)</b>	<b>11,732.75</b>
5	<b>Profit before share of profit of associates and joint ventures, exceptional item and tax (3-4)</b>	<b>843.91</b>	<b>23.91</b>	<b>47.95</b>	<b>913.45</b>
6	Share of profit in associates and a joint venture	8.79	-	-	10.45
7	<b>Profit before exceptional item and tax (5+6)</b>	<b>852.70</b>	<b>23.91</b>	<b>47.95</b>	<b>923.90</b>
8	Exceptional item	38.59	-	-	38.59
9	<b>Profit before tax (7-8)</b>	<b>814.11</b>	<b>23.91</b>	<b>47.95</b>	<b>885.31</b>
10	<b>Tax expenses</b>				
	a) Current tax	5 120.67	117.70	-	237.66
	b) Deferred tax charge / (credit)	5, 9 & 17 88.93	(109.42)	9.67	(10.77)
		209.60	8.28	9.67	226.89



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

Particulars	Foot Notes	Previous GAAP	Ind AS Adjustments		Ind AS
			Adjustments within the Total Comprehensive Income	JV Reversal (Refer Foot Notes - 19)	
11 <b>Profit for the year (9-10)</b>		<b>604.51</b>	<b>15.63</b>	<b>38.28</b>	<b>658.42</b>
12 <b>Other Comprehensive Income (OCI)</b>					
(i) Items that will not be reclassified to profit and loss:					
Re-measurement gain / (loss) on defined benefit plans	9	-	(23.91)	-	(23.91)
(ii) Income tax relating to items that will not be reclassified to profit and loss	9	-	8.28	-	8.28
Other Comprehensive Income for the year, net of tax		-	(15.63)	-	(15.63)
13 <b>Total Comprehensive Income (11+12)</b>		<b>604.51</b>	<b>-</b>	<b>38.28</b>	<b>642.79</b>
14 Attributable to:					
Owners of the Company		604.38	15.63	38.28	658.29
Non-controlling interests		0.13	-	-	0.13
Profit for the year		604.51	15.63	38.28	658.42
15 Other comprehensive income Attributable to:					
Owners of the Company		-	(15.63)	-	(15.63)
Non-controlling interests		-	-	-	-
<b>Other comprehensive income</b>		<b>-</b>	<b>(15.63)</b>	<b>-</b>	<b>(15.63)</b>
16 Total comprehensive income Attributable to:					
Owners of the Company		604.38	-	38.28	642.66
Non-controlling interests		0.13	-	-	0.13
<b>Total comprehensive income</b>		<b>604.51</b>	<b>-</b>	<b>38.28</b>	<b>642.79</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

- (v) Effect of adoption of Ind AS on the Consolidated Statement of Cash Flow for the year ended December 31, 2016

₹ Crore

Particulars	Previous GAAP	Ind AS Adjustments	Ind AS
Net cash flow from operating activities	1,390.53	0.20	1,390.73
Net cash used in investing activities	(535.02)	0.50	(534.52)
Net cash used in financing activities	(430.99)	1.11	(429.88)
<b>Net increase / (decrease) in cash and cash equivalents</b>	<b>424.52</b>	<b>1.81</b>	<b>426.33</b>
Cash and cash equivalents at the beginning of the year	1,417.55	(34.25)	1,383.30
Cash and cash equivalents at the end	1,842.07	(32.44)	1,809.63

Analysis of cash and cash equivalents as at December 31, 2016 and as at January 01, 2016 for the purpose of statement of cash flows under Ind AS

₹ Crore

	Foot Note	As at December 31, 2016	As at January 01, 2016
Cash and cash equivalents for the purpose of statement of cash flows as per Previous GAAP		1,842.07	1,417.55
<b>Ind AS adjustments</b>			
Amount Earmarked for specific purpose was considered as Cash and cash equivalents under Previous GAAP	11	(32.33)	(33.43)
Gain on fair valuation of financial assets measured at FVTPL	13	1.22	0.04
Cash and cash equivalents of Joint venture Company	19	(1.33)	(0.86)
<b>Total Ind AS adjustments</b>		<b>(32.44)</b>	<b>(34.25)</b>
Cash and cash equivalents for the purpose of statement of cash flows as per Ind AS		1,809.63	1,383.30

Footnotes to the reconciliation to Consolidated Balance Sheet, Equity, Total Comprehensive Income and Statement of cash flows as at January 01, 2016 and December 31, 2016

#### Classifications

##### 1 (A) Mining Leasehold land

Mining leasehold land which is controlled by the Group as a result of past events and from which future economic benefits are expected to flow to the Group has been assessed as intangible assets under Ind AS 38 "Intangible assets". Consequent to this change, the carrying value of mining lease hold of ₹ 24.09 Crore (January 01, 2016 - ₹ 25.73 Crore) is classified as other intangible assets from tangible assets.

##### (B) Goodwill on consolidation

Goodwill on consolidation of ₹ 9.69 Crore (January 01, 2016 - ₹ 15.57 Crore) is shown separately on the face of the Balance sheet from other intangible assets.

##### 2 Non current Asset held for sale

Under the Previous GAAP, Group has recorded freehold non mining land of ₹ 31.00 Crore and buildings of ₹ 3.46 Crore (January 01, 2016 - ₹ 31.00 Crore and ₹ 3.46 Crore respectively) as "Fixed assets held for sale" under other current assets which are stated at the lower of their net book value and net realisable value.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. First-time adoption of Ind AS (contd.)

Under Ind AS, non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Since the sale of land and building is not highly probable these are reclassified to Property, plant and equipment as at transition date.

Remaining balance of Fixed assets held for sale of ₹ 12.07 Crore (*January 01, 2016 - ₹ 12.87 Crore*) is shown separately under the head "Non-current assets classified as held for sale".

#### 3 Government grants

As per Previous GAAP, government grants in the nature of promoters' contribution were credited to capital reserve and treated as a part of shareholders' funds. Under Ind AS 20 'Government Grants', the grant received in the form of capital subsidy is recognised as deferred income on the date of receipt of grant and recognised as income in the Consolidated Statement of Profit and Loss on a systematic basis over the useful life of related asset. The Group had recognized a grant amounting to ₹ 15.07 Crore in capital reserve under Previous GAAP. As at transition date, useful life of related asset is already finished and there are no unfulfilled conditions attached to the existing grant therefore, the entire capital subsidy of ₹ 15.07 Crore is reclassified to retained earning as on transition date under Ind AS. This is the reclassification within equity therefore overall there is no impact on equity.

#### 4 Grossing up of Delcredere

Under Previous GAAP, delcredere balances were netted off from trade receivables. Under Ind AS, trade receivables are a financial asset and criteria for derecognition of financial asset are not met as per guidance under Ind AS 109 'Financial Instruments'. The Group has applied the derecognition requirements for financial assets prospectively for transactions occurring on or after the date of transition to Ind AS. Accordingly, trade receivables have been grossed up by ₹ 68.37 Crore with corresponding increase in other financial liabilities (current) as on December 31, 2016.

#### 5 Deferred tax - MAT credit entitlement

Under Previous GAAP, MAT credit was recognised under current tax and asset was disclosed under Long-term loans and advances. In accordance with Ind AS 12 'Income taxes', MAT credit of ₹ 117.70 Crore as at December 31, 2016 (*January 01 2016 - ₹ Nil*) is reclassified under the head Deferred tax liabilities (Net) and MAT credit of ₹ 117.70 Crore is reclassified from current tax to deferred tax expenses.

#### 6 Excise duty

Under Previous GAAP, sale of goods was presented as net of excise duty. Under Ind AS, sale of goods is presented inclusive of excise duty. Excise duty expenses is separately presented on the face of Consolidated Statement of Profit and Loss. Thus sale of goods under Ind AS has increased by ₹ 1,529.38 Crore with a separate disclosure of excise duty expenses on the face of the Consolidated Statement of Profit and Loss.

Further to above, excise duty expense includes excise duty of ₹ 4.29 Crore on variation on opening and closing stock recognised under other expenses which has now been regrouped.

#### 7 Cash discount

Under Previous GAAP, cash discount provided to customers was shown as an expense. Under Ind AS, cash discounts are netted off from Revenue. Accordingly, revenue from operations has reduced by ₹ 76.68 Crore with corresponding reduction in other expenses.

#### 8 Gross vs Net presentation

The Group has entered into arrangement with a Joint venture, Aakaash Manufacturing Company Private Limited (Aakaash) for sale of cement and purchase of Ready Mix Concrete. The Group purchases Ready Mix Concrete from Aakaash and subsequently sells this to customers with a pre-agreed margin. Under Previous GAAP, the Group recorded purchase and sale separately.

Aakaash essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Group's local sales in Goa region. This is considered as royalty arrangement. Under Ind AS, the Group has recorded the net amount as royalty income. As a result, revenue from operations and purchase of stock-in-trade has reduced by ₹ 87.65 Crore.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### 9 Remeasurements of defined benefits plan

Under Previous GAAP the group recognised actuarial gains and losses in the Consolidated Statement of Profit and Loss. Under Ind AS, all actuarial gains and losses are recognised in the other comprehensive income. Further to the above, the deferred tax impact on above transaction has also been regrouped from Consolidated Statement of Profit and Loss to other comprehensive income as per guidance under Ind AS 12 'Income taxes'. Accordingly, actuarial losses of ₹ 18.80 Crore and ₹ 5.11 Crore have been reclassified to other comprehensive income from employee benefits and other expenses respectively. Tax thereon ₹ 8.28 Crore has been reclassified from deferred tax expenses to other comprehensive income.

#### 10 Classification of Net interest cost as finance cost

Under Previous GAAP, the Group presents net interest cost on employee benefits on account of actuarial valuation under Employee Benefit Expenses. The Group has exercised the option of presenting such net interest cost under Finance costs on transition to Ind AS. Accordingly, employee benefit expenses and other expenses have reduced by ₹ 4.91 Crore and ₹ 3.53 Crore respectively, with corresponding increase in finance costs.

#### 11 Other adjustments

To comply with the Companies (Accounting Standard) Rules, 2006, certain account balances have been regrouped as per the format prescribed under Division II of Schedule III to the Companies Act, 2013.

#### Measurements

#### 12 Capitalisation of Spares

Under Previous GAAP, the Group capitalises spares to Property, Plant and Equipment ('PP&E') on date of acquisition and net block was charged off to the Consolidated Statement of Profit and Loss account on issue for consumption. Under Ind AS, these spares meet the definition of Property, Plant and Equipment. Accordingly, spares of ₹ 28.11 Crore charged off to the Consolidated Statement of Profit and Loss during the year ended December 31, 2016 are restated resulting in increase of PP&E and decrease in consumption of stores and spare parts (other expenses).

#### 13 Fair valuation of investments

Under Previous GAAP, investments in equity instruments and mutual funds were classified as non-current investments and current investments respectively. Non-current investments were carried at cost less provision for other than temporary decline in the value of such investments. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value through profit or loss, as determined by the Group in accordance with the principles of Ind AS 109 "Financial Instruments". Accordingly, the resulting difference between the Previous GAAP carrying value and the fair value on transition date related to these investments are recognized in the opening retained earnings and subsequent changes in fair values has been recognized in the Consolidated Statement of Profit and Loss account as stated below:

₹ Crore

Particulars	For the year ended December 31, 2016	As at December 31, 2016	As at January 01, 2016
Fair valuation of equity investments (non-current investment)	11.30	22.56	11.26
Fair valuation of Mutual funds	1.19	1.22	0.04
<b>TOTAL</b>	<b>12.49</b>	<b>23.78</b>	<b>11.30</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### 14 Security deposits

Under Previous GAAP, interest free lease security deposits are recorded at its transaction value. Under Ind AS 109 "Financial Instruments", all financial assets are required to be initially recognized at fair value. The Group has fair valued a security deposit under Ind AS at its initial recognition. Difference between the fair value and transaction value of the security deposit has been recognized as prepayment lease rental which has been amortised over its lease term as rent expense grouped under 'other expenses'. The discounted value of the security deposits is increased over the period of lease term by recognising the notional interest income grouped under 'other income'. Consequent to this change, the amount of security deposit decreased by ₹ 10.81 Crore (*January 01, 2016 ₹ 13.93 Crore*). Prepayment lease rental of ₹ 3.72 Crore (*January 01, 2016 - ₹ 3.72 Crore*) is included in other current assets and ₹ 6.49 Crore (*January 01, 2016 - ₹ 10.21 Crore*) is included in other non-current assets. Accordingly rental expenses of ₹ 3.72 Crore and notional interest income of ₹ 3.12 Crore is recognised in the Consolidated Statement of Profit and Loss for the year ended December 31, 2016.

#### 15 Proposed dividend and tax thereon

Under Previous GAAP, dividends proposed by the board of directors after Balance Sheet date but before the approval of the financial statements were considered as adjusting events. However under Ind AS, such dividends are recognized when the same is approved by the shareholders in the general meeting. Accordingly, the proposed dividend (including dividend distribution tax) as at December 31, 2016 of ₹ 135.61 Crore (*January 01, 2016 ₹ 135.58 Crore*) recognized under Previous GAAP was reduced from current provisions with a corresponding impact in the retained earnings.

#### 16 Site restoration expenses

Under Ind AS, Group has made provision for constructive obligation and included under 'provision for site restoration' in accordance with Ind AS 37 'Provisions, Contingent Liabilities and Contingent Assets'. Further, non-current provisions are discounted and recognised at present value of future expected expenditure.

Accordingly, a net increase in the site restoration liability of ₹ 8.36 Crore recognized in the opening retained earnings as on transition date. The unwinding of the discount of ₹ 1.32 Crore is recognised as a finance cost in the Consolidated Statement of Profit and Loss for the year ended December 31, 2016 with corresponding increase in site restoration liability.

### 55. FIRST-TIME ADOPTION OF IND AS (contd.)

#### 17 Deferred tax on Ind AS transitional adjustments

Impact on deferred tax of transitional adjustments are as follows:

₹ Crore

Particulars	For the year ended December 31, 2016	As at December 31, 2016	As at January 01, 2016
Provision for site restoration expenses	(0.47)	(3.36)	(2.89)
Capitalisation of spares	9.73	9.73	-
Deferred tax liability on undistributed profit of Associates and Joint ventures	-	7.83	7.83
Fair valuation of mutual fund	0.41	0.41	-
<b>Deferred tax asset</b>	<b>9.67</b>	<b>14.61</b>	<b>4.94</b>

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 18 Amortisation of Goodwill

#### (A) Goodwill on Consolidation

Under Previous GAAP, goodwill on consolidation of Subsidiaries was amortised. Under Ind AS, goodwill is not required to be amortised but needs to be tested for impairment. On the date of transition, there is no change in amount recognised as goodwill since the Group has opted for exemption from retrospective application of accounting of business combinations. The reversal of amortisation expense for the year ended December 31, 2016 has resulted in decrease in depreciation and amortisation expense in the Consolidated Statement of Profit and Loss with a corresponding increase in goodwill on consolidation in the Consolidated Balance Sheet as at December 31, 2016, by ₹ 5.88 Crore.

#### (B) Goodwill on investment in associates and Joint venture

Under Previous GAAP, Goodwill resulted at the time accounting of investments in Associates and Joint venture under equity method as on the acquisition date was considered as part of Investments and amortised over a period. Under Ind AS, Goodwill is not required to be amortised.

On the date of transition to Ind AS, there is no change in amount recognised as goodwill since the Group has opted for exemption from retrospective application of accounting of business combinations. The reversal of amortisation expense for the year ended December 31, 2016 has resulted in decrease in other expenses in the Consolidated Statement of Profit and Loss with a corresponding increase in Carrying value of investment in Associates and Joint venture in the Consolidated Balance Sheet as at December 31, 2016, by ₹ 3.42 Crore.

### 19 Joint Arrangement

The Group holds 50% interest in OneIndia BSC Private Limited. The Group exercises joint control over the entity. Under Previous GAAP, the group has proportionately consolidated its interest in the entity in the consolidated financial statements.

On transition to Ind AS, the Group has assessed and determined that OneIndia BSC Private Limited is a joint venture under Ind AS 111 "Joint Arrangements". Accordingly, it is accounted for using the equity method in accordance with Ind AS 28 "Investments in Associates and Joint Ventures". For the application of equity method, the initial investment is measured as the aggregate of carrying amount of assets and liabilities that the Group had previously proportionately consolidated.

### 20 Other comprehensive income

Under Ind AS, all items of income and expense are recognised in the period and included in Consolidated Statement Profit and Loss of the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognized in the Consolidated Statement Profit and loss but are shown in the Consolidated Statement of Profit and Loss and "other comprehensive income" includes remeasurements of defined benefit plans, net of taxes. The concept of other comprehensive income did not exist under Previous GAAP.



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

**56.** Additional information as required by Paragraph 2 of the General Instructions for the Preparation of Consolidated Financial Statements under Division II of Schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As at December 31, 2017	Amount ₹ Crore	As at December 31, 2017	Amount ₹ Crore	As at December 31, 2017	Amount ₹ Crore	As at December 31, 2017	Amount ₹ Crore
<b>Parent</b>								
ACC Limited	100.67	9,418.79	100.41	928.29	105.80	2.37	100.43	930.66
<b>Subsidiaries</b>								
<i>Indian</i>								
Bulk Cement Corporation (India) Limited	0.12	11.12	0.21	1.90	-	-	0.21	1.90
ACC Mineral Resources Limited	(0.55)	(51.56)	(1.65)	(15.28)	-	-	(1.65)	(15.28)
Lucky Minmat Limited	(0.35)	(32.70)	(0.05)	(0.47)	-	-	(0.05)	(0.47)
National Limestone Company Private Limited	(0.08)	(7.92)	(0.02)	(0.15)	-	-	(0.02)	(0.15)
Singhania Minerals Private Limited	(0.03)	(2.59)	(0.08)	(0.70)	-	-	(0.08)	(0.70)
<b>Non-controlling interests in all subsidiaries</b>	(0.03)	(2.88)	(0.01)	(0.10)	-	-	(0.01)	(0.10)
<b>Associates (Investment as per the equity method)</b>								
<i>Indian</i>								
Alcon Cement Company Private Limited	(0.09)	(8.49)	0.06	0.52	(0.45)	(0.01)	0.06	0.51
Asian Concretes and Cements Private Limited	0.26	24.33	0.80	7.42	-	-	0.80	7.42
<b>Joint Ventures (Investment as per the equity method)</b>								
<i>Indian</i>								
OneIndia BSC Private Limited	0.02	1.73	0.14	1.26	(4.46)	(0.10)	0.13	1.16
Aakaash Manufacturing Company Private Limited	0.06	6.02	0.19	1.72	(0.89)	(0.02)	0.18	1.70
<b>TOTAL</b>	<b>100.00</b>	<b>9,355.85</b>	<b>100.00</b>	<b>924.41</b>	<b>100.00</b>	<b>2.24</b>	<b>100.00</b>	<b>926.65</b>

Note : The above figures are after eliminating intra group transactions and intra group balances as at December 31, 2017.

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

## NOTE 56 (Contd..)

Additional information as required by Paragraph 2 of the General Instructions for the Preparation of Consolidated Financial Statements under Division II of Schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As at December 31, 2016	Amount ₹ Crore	As % of consolidated profit or loss	Amount ₹ Crore	As % of consolidated other comprehensive income	Amount ₹ Crore	As % of consolidated total comprehensive income	Amount ₹ Crore
<b>Parent</b>								
ACC Limited	100.65	8,871.00	104.22	686.12	100.00	(15.63)	104.32	670.49
<b>Subsidiaries</b>								
<i>Indian</i>								
Bulk Cement Corporation (India) Limited	0.13	11.07	0.37	2.44	-	-	0.38	2.44
ACC Mineral Resources Limited	(0.47)	(41.75)	(6.02)	(39.60)	-	-	(6.16)	(39.60)
Lucky Minmat Limited	(0.37)	(32.24)	(0.11)	(0.75)	-	-	(0.12)	(0.75)
National Limestone Company Private Limited	(0.09)	(7.74)	(0.02)	(0.15)	-	-	(0.02)	(0.15)
Singhania Minerals Private Limited	(0.02)	(1.69)	(0.01)	(0.09)	-	-	(0.01)	(0.09)
<b>Non-controlling interests in all subsidiaries</b>	(0.03)	(2.78)	(0.02)	(0.13)	-	-	(0.02)	(0.13)
<b>Associates (Investment as per the equity method)</b>								
<i>Indian</i>								
Alcon Cement Company Private Limited	(0.07)	(5.94)	0.13	0.88	-	-	0.14	0.88
Asian Concretes and Cements Private Limited	0.19	16.91	0.79	5.17	-	-	0.80	5.17
<b>Joint Ventures (Investment as per the equity method)</b>								
<i>Indian</i>								
OneIndia BSC Private Limited	0.01	0.57	0.25	1.66	-	-	0.26	1.66
Aakaash Manufacturing Company Private Limited	0.07	6.02	0.42	2.74	-	-	0.43	2.74
<b>TOTAL</b>	<b>100.00</b>	<b>8,813.43</b>	<b>100.00</b>	<b>658.29</b>	<b>100.00</b>	<b>(15.63)</b>	<b>100.00</b>	<b>642.66</b>

Note : The above figures are after eliminating intra group transactions and intra group balances as at December 31, 2016.





## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### NOTE 56 (Contd.)

Additional information as required by Paragraph 2 of the General Instructions for the Preparation of Consolidated Financial Statements under Division II of Schedule III to the Companies Act, 2013.

Name of the entity in the Group	Net Assets, i.e., total assets minus total liabilities	
	As % of consolidated net assets	Amount ₹ Crore
	As at January 01, 2016	As at January 01, 2016
<b>Parent</b>		
ACC Limited	100.30	8,580.45
<b>Subsidiaries</b>		
<i>Indian</i>		
Bulk Cement Corporation (India) Limited	0.12	9.88
ACC Mineral Resources Limited	(0.08)	(6.87)
Lucky Minmat Limited	(0.37)	(31.49)
National Limestone Company Private Limited	(0.09)	(7.61)
Singhania Minerals Private Limited	(0.02)	(1.73)
<b>Non-controlling interests in all subsidiaries</b>	(0.03)	(2.65)
<b>Associates (Investment as per the equity method)</b>		
<i>Indian</i>		
Alcon Cement Company Private Limited	(0.06)	(4.78)
Asian Concretes and Cements Private Limited	0.19	16.24
<b>Joint Ventures (Investment as per the equity method)</b>		
<i>Indian</i>		
OneIndia BSC Private Limited	(0.01)	(1.09)
Aakaash Manufacturing Company Private Limited	0.05	4.38
<b>TOTAL</b>	<b>100.00</b>	<b>8,554.73</b>

Note : The above figures are after eliminating intra group balances as at January 01, 2016.

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 57. DIVIDEND DISTRIBUTION AND PROPOSED DIVIDEND

	For the year ended December 31, 2017 ₹ Crore	For the year ended December 31, 2016 ₹ Crore
<b>Cash dividends on equity shares declared and paid:</b>		
Final dividend for the year ended on December 31, 2016: ₹ 6 per share (₹ 6 per share for 2015)	112.67	112.65
Dividend distribution tax on final dividend	22.94	22.93
Interim equity dividend ₹ 11 per share (previous year - ₹11 per share)	206.57	206.57
Dividend distribution tax on interim dividend	42.05	42.04
	<b>384.23</b>	<b>384.19</b>
<b>Proposed dividends on equity shares:</b>		
Final cash dividend for the year ended on December 31, 2017: ₹ 15 per share (previous year - ₹ 6 per share)	281.68	112.67
Dividend distribution tax on proposed dividend	57.34	22.94
	<b>339.02</b>	<b>135.61</b>

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognized as a liability (including DDT thereon) as at December 31.

### 58. GOODWILL ON CONSOLIDATION

Movement in Goodwill on consolidation

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Carrying amount as at beginning of the year	15.57	15.57	15.57
Impairment during the year	-	-	-
Net carrying value as at end of the year	15.57	15.57	15.57

Goodwill of ₹ 15.57 Crore (December 31, 2016 - ₹ 15.57 Crore, January 01, 2016 - ₹ 15.57 Crore) relates to acquisition of a business of subsidiary companies. For the purpose of impairment testing, carrying amount of goodwill has been allocated to the following Cash Generating Units (CGUs) :

₹ Crore

Particulars	As at December 31, 2017	As at December 31, 2016	As at January 01, 2016
Lucky Minmat Limited (LML)	6.42	6.42	6.42
National Limestone Company Private Limited (NLCPL)	5.38	5.38	5.38
Singhania Minerals Private Limited (SMPL)	3.28	3.28	3.28
Bulk Cement Corporation (India) Limited (BCCI)	0.49	0.49	0.49
<b>TOTAL</b>	<b>15.57</b>	<b>15.57</b>	<b>15.57</b>



## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS for the year ended December 31, 2017 (contd.)

### 59. IMPAIRMENT OF GOODWILL ON CONSOLIDATION (contd.)

Of the above CGUs, LML, NLCPL and SMPL are engaged in the business of extracting of limestone. BCCI is in the business of handling of cement.

The recoverable amounts of the CGUs are determined from value-in-use calculations. The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.

As at December 31, 2017, the cash flows are estimated over the life of respective mines.

Following are the key assumptions considered for value in use calculation:

1. Production of mines is estimated as per the production schedule in the mining plans submitted to the regulatory authorities.
2. Limestone is a commodity for which there is no market existing. Average selling price of the limestone considered based on the information available from the Indian Bureau of Mines ("IBM"). Expected increase in selling price is considered at 3% every year.
3. The cost of production is given an inflation effect of 4% every year for first five years and 3% every year thereafter and royalty rate is increased by 10% in every five year.
4. Weighted average cost of capital (WACC) estimated as 15.98%

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

Based on the Group's assessment there is no impairment of goodwill.

59. The Ind AS consolidated opening Balance Sheet and consolidated financial statements for the year ended December 31, 2016 have been audited by S R B C & CO LLP, the predecessor auditor.
60. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board of Directors of ACC Limited,

**N. S. SEKHSARIA**

Chairman

DIN: 00276351

**NEERAJ AKHOURY**

Managing Director & CEO

DIN: 07419090

**SUNIL K. NAYAK**

Chief Financial Officer

**RAMASWAMI KALIDAS**

Company Secretary

FCS - 2440

**ARUNKUMAR R GANDHI**

Director

DIN: 00007597

**SUSHIL KUMAR ROONGTA**

Director

DIN: 00309302

**FARROKH K. KAVARANA**

Director

DIN: 00027689

**MARTIN KRIEGER**

Director

DIN: 00077715

**ASHWIN DANI**

Director

DIN: 00009126

**FALGUNI NAYAR**

Director

DIN: 00003633

Mumbai, February 08, 2018

## CONSOLIDATED NET PROFIT for the year ended December 31,2017

	2017 ₹ Crore	2016 ₹ Crore
<b>ACC's Net Profit</b>	915.45	647.05
Add: Adjustment for impairment of investments (AMRL)	15.15	42.81
Add: Pro-rata share of profits / (losses) of subsidiaries -		
Bulk Cement Corporation (India) Limited	1.90	2.46
ACC Mineral Resources Limited	(11.50)	(35.62)
Lucky Minmat Limited	(0.47)	(0.75)
National Limestone Co. Pvt. Limited	(0.19)	(0.18)
Singhanian Mineral Private Limited	(0.75)	(0.10)
	(11.01)	(34.19)
Add: Pro-rata share of profit of Joint venture and Associates	10.92	10.45
Less: Minority Interest of Subsidiary (BCCI)	0.10	0.13
Less: Dividend received from Associates	4.75	7.64
Less: Deferred tax on undistributed profit of Associates and Joint Ventures	1.24	-
Add: Other adjustments (Net)	(0.01)	(0.06)
<b>Profit attributable to Owners of the Company</b>	<b>924.41</b>	<b>658.29</b>

## CONSOLIDATED EQUITY as at December 31,2017

	2017 ₹ Crore	2016 ₹ Crore
<b>ACC's Equity</b>	9,365.46	8,831.87
Add: Adjustment for impairment of investments (AMRL)	57.96	42.81
Add: Net worth as per Balance Sheet of Subsidiary Companies -		
Bulk Cement Corporation (India) Limited	52.55	50.65
ACC Mineral Resources Limited	70.40	81.90
Lucky Minmat Limited	(1.02)	(0.56)
National Limestone Co. Pvt. Limited	0.68	0.87
Singhanian Mineral Private Limited	(0.44)	0.31
	122.17	133.17
Less: Pro- rata share of Minority shareholders interest in the Net Worth of Subsidiary Companies	2.88	2.78
Less: ACC's share in pre-acquisition Net Worth of Subsidiary Companies / Joint venture	157.90	157.90
	(38.61)	(27.51)
Less: Amortisation of Goodwill in Subsidiary Companies	43.85	43.85
Less: Unrealised profit on purchase of Fixed Assets	(0.53)	(0.53)
Add: Increase in Net Worth of Alcon Cement Company Pvt. Ltd.	(8.49)	(5.94)
Add: Increase in Net Worth of Asian Cements & Concretes Pvt. Ltd.	24.32	16.90
Add: Increase in Net Worth of Aakaash Manufacturing Co. Pvt. Ltd.	6.03	6.02
Add: Increase in Net Worth of OneIndia BSE Pvt. Ltd.	1.73	0.57
Less: Deferred tax on undistributed profit of Associates and Joint Ventures	9.07	7.83
Less: Other adjustments (Net)	0.16	0.14
<b>Consolidated Equity</b>	<b>9,355.85</b>	<b>8,813.43</b>



## STATEMENT CONTAINING EXTRACT OF SUBSIDIARIES FINANCIAL STATEMENTS

₹ Crore

Particulars	Balance Sheet as at December 31, 2017				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	24.74	-	0.05	5.98	0.22
Financial Assets					
Loans	0.25	-	-	3.91	-
Other Financial Assets	-	-	1.19	2.55	-
Non-current tax assets (Net)	1.19	-	-	-	-
Other non-current assets	0.20	0.22	-	0.15	0.08
<b>Total Non-current assets</b>	<b>26.38</b>	<b>0.22</b>	<b>1.24</b>	<b>12.59</b>	<b>0.30</b>
<b>Current assets</b>					
Inventories	0.47	-	0.36	-	-
Financial Assets					
Trade receivables	8.49	-	0.07	-	0.55
Cash and cash equivalents	32.37	0.41	0.08	0.13	0.17
Loans	-	-	0.04	59.17	-
Other financial assets	1.33	-	-	-	-
Other current assets	0.12	-	-	2.93	0.36
<b>Total Current assets</b>	<b>42.78</b>	<b>0.41</b>	<b>0.55</b>	<b>62.23</b>	<b>1.08</b>
Non-current assets classified as held for sale	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>69.16</b>	<b>0.63</b>	<b>1.79</b>	<b>74.82</b>	<b>1.38</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	33.64	3.25	2.00	121.95	0.52
Other Equity	18.91	(4.27)	(1.32)	(51.55)	(0.96)
<b>Total Equity</b>	<b>52.55</b>	<b>(1.02)</b>	<b>0.68</b>	<b>70.40</b>	<b>(0.44)</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Provisions	-	-	-	-	0.76
Deferred tax liabilities (Net)	1.13	-	-	-	-
<b>Total Non-current liabilities</b>	<b>1.13</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>0.76</b>
<b>Current liabilities</b>					
Financial Liabilities					
Borrowing	-	-	0.63	-	0.03
Trade payables	9.09	-	0.16	4.30	0.93
Other financial liabilities	2.44	-	-	-	0.09
Other current liabilities	3.33	1.65	-	-	-
Provisions	-	-	-	-	0.01
Current tax liabilities (Net)	0.62	-	0.32	0.12	-
<b>Total Current liabilities</b>	<b>15.48</b>	<b>1.65</b>	<b>1.11</b>	<b>4.42</b>	<b>1.06</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>69.16</b>	<b>0.63</b>	<b>1.79</b>	<b>74.82</b>	<b>1.38</b>

Particulars	Balance Sheet as at December 31, 2016				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
<b>ASSETS</b>					
<b>Non-current assets</b>					
Fixed assets	25.40	-	0.05	11.58	0.03
Financial Assets					
Loans	0.25	0.22	-	13.61	-
Other Financial Assets	-	-	1.19	2.55	-
Non-current tax assets (Net)	1.19	-	-	-	-
Other non-current assets	2.00	-	-	0.13	-
<b>Total Non-current assets</b>	<b>28.84</b>	<b>0.22</b>	<b>1.24</b>	<b>27.87</b>	<b>0.03</b>
<b>Current assets</b>					
Inventories	0.52	-	0.36	-	-
Financial Assets					
Trade receivables	2.63	-	0.07	-	-
Cash and cash equivalents	30.95	0.43	0.11	0.10	0.51
Loans	-	-	0.04	51.99	-
Other financial assets	1.33	-	-	-	-
Other current assets	0.32	-	-	6.24	0.02
<b>Total Current assets</b>	<b>35.75</b>	<b>0.43</b>	<b>0.58</b>	<b>58.33</b>	<b>0.53</b>
Non-current assets classified as held for sale	0.04	-	-	-	-
<b>TOTAL ASSETS</b>	<b>64.63</b>	<b>0.65</b>	<b>1.82</b>	<b>86.20</b>	<b>0.56</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Equity</b>					
Equity Share Capital	33.64	3.25	2.00	121.95	0.52
Other Equity	17.01	(3.81)	(1.13)	(40.05)	(0.21)
<b>Total Equity</b>	<b>50.65</b>	<b>(0.56)</b>	<b>0.87</b>	<b>81.90</b>	<b>0.31</b>
<b>Liabilities</b>					
<b>Non-current liabilities</b>					
Provisions	-	-	-	-	-
Deferred tax liabilities (Net)	1.26	-	-	-	-
<b>Total Non-current liabilities</b>	<b>1.26</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Current liabilities</b>					
Financial Liabilities					
Borrowing	-	-	0.53	-	0.03
Trade payables	6.86	-	0.11	4.23	0.22
Other financial liabilities	2.34	-	-	-	-
Other current liabilities	2.97	1.21	-	-	-
Current tax liabilities (Net)	0.55	-	0.31	0.07	-
<b>Total Current liabilities</b>	<b>12.72</b>	<b>1.21</b>	<b>0.95</b>	<b>4.30</b>	<b>0.25</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>64.63</b>	<b>0.65</b>	<b>1.82</b>	<b>86.20</b>	<b>0.56</b>



## STATEMENT CONTAINING EXTRACT OF SUBSIDIARIES FINANCIAL STATEMENTS

₹ Crore

Particulars	Statement of Profit and Loss for the year ended December 31, 2017				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
<b>Income</b>					
Revenue from operations	17.27	-	-	-	2.48
Other income	2.04	0.01	-	4.25	-
<b>Total Income</b>	<b>19.31</b>	<b>0.01</b>	<b>-</b>	<b>4.25</b>	<b>2.48</b>
<b>Expenses</b>					
Cost of materials consumed	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
Employee benefits expense	2.41	-	-	-	-
Power and Fuel	2.49	-	-	-	-
Freight and Forwarding expense	-	-	-	-	-
Finance costs	-	-	0.05	-	0.04
Depreciation and amortization expense	3.47	-	-	0.03	0.01
Other expenses	8.06	0.48	0.14	15.30	3.18
<b>Total expenses</b>	<b>16.43</b>	<b>0.48</b>	<b>0.19</b>	<b>15.33</b>	<b>3.23</b>
<b>Profit before and tax</b>	<b>2.88</b>	<b>(0.47)</b>	<b>(0.19)</b>	<b>(11.08)</b>	<b>(0.75)</b>
Tax expenses	0.98	-	-	0.42	-
<b>Profit after Tax</b>	<b>1.90</b>	<b>(0.47)</b>	<b>(0.19)</b>	<b>(11.50)</b>	<b>(0.75)</b>



Particulars	Statement of Profit and Loss for the year ended December 31, 2016				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
<b>Income</b>					
Revenue from operations	18.55	-	-	-	-
Other income	2.13	0.02	0.01	4.00	-
<b>Total Income</b>	<b>20.68</b>	<b>0.02</b>	<b>0.01</b>	<b>4.00</b>	<b>-</b>
<b>Expenses</b>					
Cost of materials consumed	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
Employee benefits expense	2.09	-	-	-	-
Power and Fuel	2.81	-	-	-	-
Freight and Forwarding expense	-	-	-	-	-
Finance costs	-	-	0.05	-	0.02
Depreciation and amortization expense	3.90	-	-	0.12	-
Other expenses	7.98	0.50	0.14	0.15	0.08
<b>Total expenses</b>	<b>16.78</b>	<b>0.50</b>	<b>0.19</b>	<b>0.27</b>	<b>0.10</b>
<b>Profit before exceptional items and tax</b>	<b>3.90</b>	<b>(0.48)</b>	<b>(0.18)</b>	<b>3.73</b>	<b>(0.10)</b>
Exceptional items	-	-	-	38.59	-
<b>Profit before tax</b>	<b>3.90</b>	<b>(0.48)</b>	<b>(0.18)</b>	<b>(34.86)</b>	<b>(0.10)</b>
Tax expenses	1.44	0.27	-	0.76	-
<b>Profit after Tax</b>	<b>2.46</b>	<b>(0.75)</b>	<b>(0.18)</b>	<b>(35.62)</b>	<b>(0.10)</b>



***This year our results will  
benefit our biggest stakeholder.  
The Earth.***

When ACC initiated a waste management programme in Madukkarai, the entire community rallied together to rid every street and corner of garbage. Volunteers joined hands with the local government. Households were taught how to collect and segregate garbage. Citizens took to social media to spread the word and start conversations. The programme exceeded every expectation with 100% of Madukkarai households participating and landfills receiving 80% less waste. The city was even awarded a Guinness World Record for the largest recycling lesson in the world. ACC salutes the spirit of the people of Madukkarai. We're proud to partner initiatives like this. Because when our stakeholders are united by a vision, we can make the world a better place.

***ACC***  
**cement**

**Cementing Relationships**

Cement | Ready Mix Concrete



## REGISTERED OFFICE

Cement House, 121, Maharshi Karve Road, Mumbai 400 020



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