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

CIN: L26940MH1936PLC002515
Phone: +91 22 3302 4321
Fax: +91 22 6631 7458
www.acclimited.com

June 12, 2020

National Stock Exchange of India Limited
Exchange Plaza, 5th Floor
Plot No.C/1, G Block,
Bandra Kurla Complex,
Bandra (East), Mumbai 400 051
Tel.: 2659 8235/36 8458
Scrip Code: ACC

BSE Limited
Corporate Relations Department
P.J. Towers, Dalal Street
Mumbai 400 001
Tel.: 2272 8013/15/58/8307
Scrip Code: 500410

Dear Sirs,

Sub: Electronic copy of the revised Notice of the 84th Annual General Meeting ("AGM") along with addendum to Board's Report for the year 2019 and Intimation of cut-off date of Friday, June 26, 2020 to determine the eligibility of the members to cast their vote through remote e-Voting and e-Voting during AGM

This is further to our letter dated June 9, 2020 regarding, *inter-alia*, convening of the 84th Annual General Meeting of the Company ("**AGM**") on Monday, July 6, 2020 through Video Conferencing/Other Audio Visual Means ("**VC/OAVM**") Facility.

The Integrated Annual Report of the Company for the year ended December 31, 2019 including the financial statements for the year ended December 31, 2019 ("**Annual Report**") was sent electronically to those Members, whose e-mail addresses were available with the Company's Registrar and Transfer Agent, KFIN Technologies Private Limited ('**KFintech**') *[Formerly known as Karvy Fintech Private Limited]*. For other Members, who have not registered their e-mail addresses, the Annual Report was sent at their registered postal address by the permitted mode on March 13, 2020.

Please find enclosed electronic copy of the revised Notice of the AGM along with addendum to Board's Report, being sent by email to those Members whose email addresses are registered with the Company/Depository Participant(s). The requirements of sending physical copy of the revised Notice of the AGM along with addendum to Director's Report to the Members have been dispensed with vide MCA Circulars and SEBI Circular. The revised Notice of the AGM along with addendum to Director's Report and the Annual Report are also being uploaded on the website of the Company at www.acclimited.com and we request you to also upload them on your website www.bseindia.com and www.nseindia.com.

Further, post our intimation vide letter dated June 9, 2020 to BSE & NSE regarding the newspaper advertisements for the 84th AGM through VC/OAVM Facility, Members of the Company holding shares in physical form who have not registered their email addresses with the Company can obtain the Notice of the AGM, Annual Report and/or login details for joining the AGM through VC/OAVM facility including e-voting, by sending scanned copy of signed request letter mentioning your name, folio number and complete address; self-attested scanned copy of the PAN Card and any document (such as AADHAR Card, Driving Licence, Election Identity Card, Passport) in support of the address of the Member as registered with the Company, to the email address of the Company at ACC-InvestorSupport@acclimited.com. Members holding shares in demat form can update their email address with their Depository Participant.

Further, in terms of Section 108 of the Companies Act, 2013 and Rule 20 of the Companies (Management & Administration) Rules, 2014 (*as amended*), and Regulation 44 of the Listing Regulations, the Company is providing the facility to its Members (holding shares either in physical or dematerialized form) to exercise their right to vote by electronic means on any or all of the businesses specified in the Notice convening the 84th AGM of the Company (Remote e-voting).

The Company is also offering the facility to the Members to cast their vote electronically during the AGM. Accordingly, the Company has fixed Friday, June 26, 2020 as the cut-off date to determine the eligibility of the members to cast their vote by electronic means and e-Voting during the AGM scheduled to be held on Monday, July 6, 2020 through VC/OAVM Facility.

Accordingly, the voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cutoff-date of Friday, June 26, 2020.

Please take the same on record.

Yours Sincerely
For **ACC Limited**

Rajiv Kumar Choubey

Digitally signed by Rajiv Kumar Choubey
DN: c=IN, o=Personal, cn=Rajiv Kumar Choubey,
serialNumber=025caabe7cb51d29f8808c05f530001a06f465f207bd5b2421e9c8ac305140e1,
pseudonym=d769c94eabb24d6082ca224f5ffeccc7,
2.5.4.45=0341006235613563333137626164613631326362616535373935306263313834613861656436306666303837306532316132633336365303963337383364623930386562, postalCode=201014,
2.5.4.20=bf61f954a873aa3c1fa369a1cbf2341076800430dc230df38737a8e3048e651d, st=Uttar Pradesh
Date: 2020.06.12 15:56:57 +05'30'

Rajiv Choubey
Chief Legal Officer & Company Secretary
ACS-13063

Encl.: as above

ACC Limited

Registered Office: Cement House, 121, Maharshi Karve Road, Mumbai 400 020
CIN: L26940MH1936PLC002515; **Phone No:** +91 22 41593321
Email: ACC-InvestorSupport@acclimited.com; **Website:** www.acclimited.com

NOTICE

NOTICE IS HEREBY GIVEN THAT THE 84th ANNUAL GENERAL MEETING OF ACC LIMITED ('the Company') which was scheduled to be convened on Monday, April 06, 2020 and could not be held due to Covid-19 pandemic and national level Lockdown, will now be held on **Monday, July 06, 2020 at 2.30 P.M. IST** through Video Conferencing ('**VC**') / Other Audio Visual Means ('**OAVM**') 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, 2019, 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, 2019, together with the Report of the Auditors thereon; and

2. To confirm the payment of Interim Dividend for the Financial Year ended December 31, 2019 aggregating to ₹ 14 per Equity Share out of the surplus in the profit and loss account of the Financial Year ended December 31, 2019.

3. To appoint a Director in place of Mr. Martin Kriegner, (DIN:00077715), a Non-Executive/Non Independent Director who retires by rotation and being eligible, offers himself for re-appointment.

4. To appoint a Director in place of Mr. Vijay Kumar Sharma, (DIN:02449088), a Non-Executive/Non Independent Director who retires by rotation and being eligible, offers himself for re-appointment.

SPECIAL BUSINESS

5. **To approve the appointment of Mr. Neeraj Akhoury (DIN:07419090) as a Director**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, and all other applicable provisions of the Companies Act, 2013 (the **'Act'**) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or amendment(s) thereto re-enactment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to the provisions of Articles of Association of the Company, and basis the recommendation of Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. Neeraj Akhoury (DIN:07419090), who was appointed as an Additional Director w.e.f. February 21, 2020, pursuant to the provisions of Section 161 of the Act and other applicable provisions of the Act to hold Office up to the date of this Annual General Meeting and in respect of whom the Company has received a notice in writing under Section 160 of the Act, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

6. **To approve the appointment of Mr. Sridhar Balakrishnan (DIN:08699523) as a Director**

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

   "RESOLVED THAT pursuant to the provisions of Sections 149, 152, 160, and all other applicable provisions of the Companies Act, 2013 (the **'Act'**) read with the Companies (Appointment and Qualification of Directors) Rules, 2014 and other applicable rules, if any, (including any statutory modification(s) or amendment(s) thereto re-enactment(s) thereof for the time being in force), Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and subject to the provisions of Articles of Association of the Company, and basis the recommendation of Nomination & Remuneration Committee and the Board of Directors of the Company, Mr. Sridhar Balakrishnan (DIN:08699523), who was appointed by the Board of Directors, as an Additional Director of the Company with effect from February 20, 2020 pursuant to the provisions of Section 161 of the Act and other applicable provisions of the Act to hold Office up to the date of this Annual General Meeting of the Company, who 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, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company, *(co-terminus with his tenure as Managing Director & Chief Executive Officer)*, not liable to retire by rotation."

7. **To approve the appointment and remuneration of Mr. Sridhar Balakrishnan (DIN:08699523) as Managing Director & Chief Executive Officer**

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

   "RESOLVED THAT pursuant to the provisions of Sections 196, 197 and 203 read with Schedule V and any other applicable provisions of the Companies Act, 2013 (the **'Act'**) and rules made thereunder, (including any statutory modification(s) or amendment(s) thereto or re-enactment(s) thereof for the time being in force), subject to the provisions of the Articles of Association (**'AoA'**) of the Company, approval of the Members of the Company, be and is hereby accorded for appointment of Mr. Sridhar Balakrishnan (DIN:08699523), as the Managing Director & Chief Executive Officer (**'MD & CEO'**) and Key Managerial Personnel of the Company for a period of five (5) years commencing from February 21, 2020 up to February 20, 2025, not liable to retire by rotation on such terms and conditions including remuneration and as specified in the Explanatory Statement pursuant to Section 102(1) of the Act to the resolution as per Item Nos. 6 & 7 annexed to this Notice.

RESOLVED FURTHER THAT subject to the provisions of Section 197, Schedule V of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, and other applicable rules, if any, (including any statutory modification(s) or re-enactment thereof for the time being in force), the provisions of the AoA of the Company, the approval of the Members of the Company, be and is hereby accorded for payment of remuneration to Mr. Balakrishnan (DIN:08699523), MD & CEO, from February 21, 2020 (as detailed out in the Explanatory Statement) and with an annual increment as may be approved by the Nomination & Remuneration Committee of the Board/ Board of Directors, subject to a maximum of 20% (twenty percent) increase every year, during the currency of his term of five (5) years as MD & CEO of the Company.

RESOLVED FURTHER THAT in the event of absence or inadequacy of net profits in any financial year, the remuneration payable to MD & CEO shall be governed by Section II of Part II of the Schedule V of the Act or any modifications thereof or if so permitted, by the Board or any Committee thereof.

RESOLVED FURTHER THAT Mr. Balakrishnan, MD & CEO, shall also be entitled to an annual performance bonus as may be determined by the Nomination & Remuneration Committee/Board of Directors in terms of the Remuneration Policy of the Company and as per the details specified in the Explanatory Statement pursuant to Section 102(1) of the Act to the resolution as per Item Nos. 6 & 7 annexed to this Notice.

RESOLVED FURTHER THAT in his capacity as MD & CEO, Mr. Balakrishnan is entitled to exercise all powers as are exercisable by the MD & CEO of the Company as permissible under the provisions of the Act, and any other statutes in order to manage the affairs of the Company.

RESOLVED FURTHER THAT the Board of Directors/ Nomination and Remuneration Committee of the Company be and is hereby authorized to alter and vary the terms and conditions of the said appointment (including authority, from time to time, to determine the amount of salary, the type and amount of perquisites, bonus and other benefits payable to Mr. Balakrishnan), in such manner as may be agreed to between the Company and Mr. Balakrishnan, within the limits approved by the Members and to the extent the Board may consider appropriate.

RESOLVED FURTHER THAT the Board of Directors/ Nomination and Remuneration Committee of the Company be and is hereby authorized to do all such acts, deeds, matters and things and to execute any agreements, documents, instruments and writings as may be required, with power to settle all questions, difficulties or doubts that may arise in regard to the said appointment as it may in its sole discretion deem fit and to delegate all or any of its powers conferred herein to any director(s) and/ or officer(s) of the Company to give effect to this resolution."

8. To ratify the Remuneration of Cost Auditors

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

"**RESOLVED THAT** pursuant to Section 148 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, including any amendment, modification or variation thereto, the Company hereby ratifies the remuneration of ₹ 8.00 lakhs (Rupees Eight Lakhs) plus applicable taxes and re-imbursement of out-of-pocket expenses payable to Messrs D C Dave & Co., Cost Accountants (Firm Registration No.: 000611), who have been appointed by the Board of Directors on the recommendation of the Audit Committee, as Cost Auditors of the Company, to conduct the audit of the cost records maintained by the Company as prescribed under the Companies (Cost Records and Audit) Rules, 2014, as amended, for the Financial Year ending December 31, 2020.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds, matters and things as may be considered necessary, desirable and expedient for giving effect to this Resolution."

9. To approve the payment of Commission based on net profits of the Company to the Non-Executive Directors

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

"**RESOLVED THAT** pursuant to the provisions of Section 197 and any other applicable provisions of the Companies Act, 2013 (**'the Act'**) [including any statutory modification(s) or re-enactment(s) thereto for the time being in force] and Regulation 17(6) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, consent of the Company be and is hereby accorded for payment of commission based on net profits of the Company to the Non-Executive Directors, including Independent Directors *(i.e. directors other than Managing Director & Chief Executive Officer)* of the Company to be determined by the Board of Directors (**'the Board'**) for each such Non-Executive Director for every financial year for a period of five (5) financial years commencing from the end of the Financial Year ending on December 31, 2020 and distributed between such Directors in such manner as the Board may from time to time determine within the overall maximum limit of 1% *(one percent)* of the net profits of the Company for each financial year computed in accordance with the provisions of Section 198 of the Act or such other percentage as may be specified by the Act from time to time in this regard.

RESOLVED FURTHER THAT the payment of the above commission shall be in addition to sitting fees payable to the Director(s) for attending the meetings of the Board or Committees thereof or for any other purpose whatsoever as may be decided by the Board and re-imbursement of expenses actually incurred by them for participation in the Meetings of the Board, Committees of the Board and for other purposes as determined by the Board."

Notes:

1. In view of Covid-19 pandemic, social distancing norms and restrictions on movement of persons at several places in the country and pursuant to General Circular Nos.14/2020, 17/2020 and 20/2020 dated April 8, 2020, April 13, 2020 and May 5, 2020, respectively (collectively referred to as **'MCA Circulars'**) issued by the Ministry of Corporate Affairs (**'MCA'**) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 issued by the Securities and Exchange Board of India (**'SEBI Circular'**) permitted the holding of the Annual General Meeting (**'AGM'**) through VC / OAVM, without the physical presence of the Members. In compliance with the provisions of the Companies Act, 2013 (**'the Act'**), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**), MCA Circulars and SEBI Circular, the AGM of the Company is being held through VC / OAVM which does not require physical presence of members at a common venue. The proceedings of the AGM will be deemed to be conducted at the Registered Office of the Company which shall be the deemed Venue of the AGM.

2. An Explanatory Statement, pursuant to Section 102(1) of the Act, relating to special business set out under Item Nos. 5 to 9, of the accompanying Notice are annexed hereto. A statement providing additional details of the Directors along with their brief profile who are seeking appointment/ re-appointment as set out at Item Nos. 3 to 7 of the Notice dated February 20, 2020 are annexed herewith as per Regulation 36 of the Listing Regulations, as amended and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (**'ICSI'**).

3. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with in line with the MCA Circulars and SEBI Circular. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.

4. Institutional / Corporate Shareholders (i.e. other than individuals / HUF, NRI, etc.) are required to send a scanned copy (PDF/ JPG Format) of its Board or governing body Resolution/Authorization etc., authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote E-voting. The said Resolution/Authorization shall be sent to the Scrutinizer by email through its registered email address to saurabhshah@psaprofessionals.com with a copy marked to evoting@nsdl.co.in.

5. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cutoff-date of Friday, June 26, 2020.

6. The Company's Statutory Auditors, M/s Deloitte Haskins & Sells LLP, were appointed as Statutory Auditors of the Company for a period of five (5) consecutive years at the AGM of the Members held on March 29, 2017 on remuneration to be determined by the Board of Directors. Pursuant to the amendment made by the Companies (Amendment) Act, 2017, effective from May 7, 2018, it is no longer necessary to seek the ratification of the shareholders for continuance of the above appointment. Hence, the Company is not seeking the ratification of the shareholders for the appointment of the Statutory Auditors.

7. Under the Act, dividends that are unclaimed/unpaid for a period of seven (7) years from the date of their transfer are required to be transferred to the Investor Education and Protection Fund (**'IEPF'**) administered by the Central Government. An amount of ₹ 2,48,26,290 being unclaimed/unpaid Final Dividend of the Company for the financial year ended December 31, 2011 and ₹ 1,57,46,225 being unclaimed/unpaid Interim Dividend of the Company for the financial year ended December 31, 2012 were transferred on May 28, 2019 and September 25, 2019 respectively to IEPF. The last date for claiming unclaimed and unpaid dividends declared by the Company for the Financial Year ended December 31, 2012 and thereafter is as under:

Financial year ended	Date of declaration of Dividend	Last date for claiming unpaid/unclaimed dividend
31.12.2012 (75th Final)	05.04.2013	12.05.2020
31.12.2013 (76th Interim)	25.07.2013	31.08.2020
31.12.2013 (76th Final)	09.04.2014	16.05.2021
31.12.2014 (77th Interim)	24.07.2014	30.08.2021
31.12.2014 (77th Final)	20.03.2015	26.04.2022
31.12.2015 (78th Interim)	17.07.2015	23.08.2022
31.12.2015 (78th Final)	13.04.2016	19.05.2023
31.12.2016 (79th Interim)	26.07.2016	01.09.2023
31.12.2016 (79th Final)	29.03.2017	05.05.2024
31.12.2017 (80th Interim)	17.07.2017	23.08.2024
31.12.2017 (80th Final)	13.06.2018	20.07.2025
31.12.2018 (81st Final)	22.03.2019	28.04.2026

Members who have not encashed their dividend warrants so far in respect of the aforesaid periods, are requested to make their claims to KFIN Technologies Private Limited, Registrar and Share Transfer Agent of the Company (**'RTA'**), (Formerly known as Karvy Fintech Private Limited) (**'Kfintech'**) or the Chief Legal Officer & Company Secretary of the Company, at the Company's Registered Office, well in advance of the above due dates. Pursuant to the provisions of IEPF Authority, IEPF (Accounting, Audit, Transfer and Refund) Rules, 2016 (**'IEPF Rules'**), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on March 22, 2019 (date of the last AGM) on the website of the Company at www.acclimited.com and also on the website of the Ministry of Corporate Affairs (www.mca.gov.in).

Further, pursuant to the provisions of Section 124 of the Act read with the relevant Rules made thereunder, shares on which dividend has not been paid or claimed for seven (7) consecutive years or more shall be transferred to the IEPF Authority as notified by the Ministry of Corporate Affairs.

In accordance with the IEPF Rules, the Company has sent notices to all the Shareholders whose shares are due for transfer to the IEPF Authority and has also published the details thereof in notices published in newspapers.

The shareholders whose dividend/shares is/will be transferred to the IEPF Authority may claim the shares or apply for refund by making an application to the IEPF Authority by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF Authority http://www.iepf.gov.in/IEPF/refund.html.

8. To prevent fraudulent transactions, Members are advised to exercise due diligence and notify the Company of any change in address or demise of any Member as soon as possible. Members are also advised to not leave their demat account(s) dormant for long. Periodic statement of holdings should be obtained from the concerned Depository Participant and holdings should be verified from time to time.

9. As per the provision of Section 72 of the Act, facility for making nomination(s) is now available to Individuals holding shares in the Company. Members holding shares in physical form may obtain the Nomination Form from the Company's website at www.acclimited.com or Kfintech. Members holding shares in demat mode should file their nomination with their Depository Participants (**'DPs'**) for availing this facility.

10. Members holding shares in physical form, in identical order of names, in more than one folio are requested to send to the Company or KFintech, the details of such folios together with the share certificates for consolidating their holdings in one folio. A consolidated share certificate will be issued to such Members after making requisite changes.

11. In case of joint holders, the Member whose name appears as the first holder in the order of names as per the Register of Members of the Company will be entitled to vote at the AGM.

12. As per Regulation 40 of the SEBI Listing Regulations, as amended, securities of listed companies can only be transferred in demat form with effect from April 1, 2019, except in case of request for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, Members holding shares in physical form are requested to consider converting their holding to demat form, Members can contact the Company or Kfintech for assistance in this regard.

13. Members are requested to intimate changes, if any, pertaining to their name, postal address, email address, telephone/ mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to Kfintech having address at Kfintech Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032, in case the shares are held by them in physical form.

The Company or Kfintech cannot act on any request received directly from the Members holding shares in demat form for any change of bank particulars. Such changes are to be intimated only to the DPs of the Members or Kfintech. Further, instructions, if any, already given by them in respect of shares held in physical form will not be automatically applicable to shares held in electronic mode.

14. Members seeking any information with regard to the Accounts or any matter to be placed at the AGM, Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Act, Register of Contracts or Arrangements in which directors are interested under Section 189 of the Act, and relevant documents referred to in the accompanying Notice and in the Explanatory Statements are requested to write to the Company on or before Friday, July 3, 2020 through email on ACC-InvestorSupport@acclimited.com. The same will be replied by the Company suitably.

15. In compliance with the aforesaid MCA Circulars and SEBI Circular, the revised Notice of the AGM is being sent only through electronic mode to those Members whose email addresses are registered with the Company/Depositories. Members may note that the revised Notice of the AGM and the Annual Report 2019 will also be available on the Company's website at https://www.acclimited.com, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL at https://www.evoting.nsdl.com. Members may also note that pursuant to Sections 101 and 136 of the Act read with the Rules framed thereunder, the original Notice calling the AGM along with the Annual Report for Financial Year 2019 were being sent by electronic mode to those Members whose E-mail addresses are registered with the DPs or the Company/ Kfintech, unless the Members have requested for a physical copy of the same.

16. Attendance of the Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

17. Members are requested to send all communications relating to shares and unclaimed dividends, change of address, bank details, email address etc. to the RTA at the following address:

KFIN Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Selenium Tower B. Plot No.31-32,
Gachibowli, Financial District, Nanakramguda,
Hyderabad, Telangana 500 032.

If the shares are held in electronic form, then change of address and change in the Bank Accounts etc., should be furnished to their respective DPs.

18. **Members are requested to:**
    i. Intimate to Kfintech, changes, if any, in their registered addresses, in case of shares held in physical form;
    ii. Intimate to the respective DPs, changes, if any, in their registered addresses, in case of shares held in dematerialized form;
    iii. Quote their folio numbers/Client ID/DP ID in all correspondence;
    iv. Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names; and
    v. Register their PAN with their DPs, in case of shares held in demat form and Kfintech/Company, in case of shares held in physical form, as directed by SEBI.
19. Members may please note that SEBI has made PAN as the sole identification number for all participants transacting in the securities market, irrespective of the amount of such transactions. Members may please note that SEBI has also made it mandatory for submission of PAN in the following cases, viz. (i) Deletion of name of the deceased shareholder(s) (ii) Transmission of shares to the legal heir(s) and (iii) Transposition of shares.
20. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.
21. **Instructions for E-voting and joining the AGM are as follows:**

A. VOTING THROUGH ELECTRONIC MEANS

i. In compliance with the provisions of Section 108 of the Act, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as amended from time to time, Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India (**'ICSI'**) and Regulation 44 of the Listing Regulations read with MCA Circulars and SEBI Circular, the Members are provided with the facility to cast their vote electronically, through the E-voting services provided by NSDL, on all the resolutions set forth in this Notice. The instructions for E-voting are given herein below and facility for those Members participating in the AGM to cast vote through E-Voting system during the AGM.

ii. The remote E-voting period commences on Wednesday, July 01, 2020 (9:00 A.M. IST) and ends on Sunday, July 5, 2020 (5:00 P.M. IST). During this period, Members holding shares either in physical form or in dematerialized form, as on Friday, June 26, 2020 i.e. cut-off date, may cast their vote electronically. The E-voting module shall be disabled by NSDL for voting thereafter. Those Members, who will be present in the AGM through VC / OAVM facility and have not cast their vote on the Resolutions through remote E-voting and are otherwise not barred from doing so, shall be eligible to vote through E-voting system during the AGM.

iii. The Board of Directors has appointed Mr. Pramod S. Shah, Managing Partner, failing him, Mr. Saurabh Shah, Corporate Advisor of M/s Pramod S. Shah & Associates, Practicing Company Secretaries as a Scrutinizer to scrutinize the voting process in a fair and transparent manner.

iv. The Members who have cast their vote by remote E-voting prior to the AGM may also attend/ participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.

v. 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.

vi. Any person, who acquires shares of the Company and becomes a Member of the Company after sending of the Notice and holding shares as of the cut-off date, may obtain the login ID and password by sending a request at evoting@nsdl.co.in. However, if he/she 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.

vii. The details of the process and manner for remote E-voting are explained herein 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

Details on Step 1 are mentioned below:

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 eservices 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 is:
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******
For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID For example, if your Beneficiary ID is 12************** then your user ID is 12**************
For Members who are holding shares in physical form.	EVEN Number followed by Folio Number registered with the company For example, if EVEN is 123456 and folio number is 001*** then user ID is 123456001***

5. Your password details are given below:
   a) If you are already registered for E-voting, then you can use your existing password to login and cast your vote.
   b) 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 by NSDL. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.
   c) How to retrieve your 'initial password'?
      i) 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 in your mailbox from evoting@nsdl.com. 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'.
      ii) In case you have not registered your email address with the Company/Depository, please follow instructions mentioned below in this notice.
6. If you are unable to retrieve or have not received the 'initial password' or have forgotten your password:
   a) Click on **"Forgot User Details/Password?"** (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.
   b) **"Physical User Reset Password?"** (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.
   c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.
   d) Members can also use the one-time password (OTP) based login for casting the votes on the E-voting system of NSDL.
7. After entering your password, click on Agree to "Terms and Conditions" by selecting on the check box.
8. Now, you will have to click on "Login" button.
9. After you click on the "Login" button, Home page of E-voting will open.

Details on Step 2 are mentioned below:

How to cast your vote electronically on NSDL E-voting system?

1. After successful login 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.
2. After click 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.
3. Select "EVEN" of the Company, which is 112984.
4. 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/ Corporate shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a 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 email to saurabhshah@psaprofessionals.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 https://www.evoting.nsdl.com to reset the password.

3. In case of any queries relating to E-voting you may refer to the FAQs for Shareholders and E-voting user manual for Shareholders available at the download section of https://www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in.

   In case of any grievances connected with facility for E-voting, please contact Ms. Pallavi Mhatre, Manager, NSDL, 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai 400013. Email: evoting@nsdl.co.in/pallavid@nsdl.co.in, Tel: 91 22 2499 4545/ 1800-222-990

   Process for registration of email id for obtaining Annual Report and user id/password for E-voting and updation of bank account:

Physical Holding	Send a request to the Registrar and Transfer Agents of the Company, Kfintech providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAR (self-attested scanned copy of Aadhar Card) for registering email address. Following additional details need to be provided in case of updating Bank Account Details: a) Name and Branch of the Bank, b) the Bank Account type, c) Bank Account Number allotted by their banks after implementation of Core Banking Solutions d) 9 digit MICR Code Number, and e) 11 digit IFSC Code f) A scanned copy of the cancelled cheque bearing the name of the first shareholder.
Demat Holding	Please contact your Depository Participant (DP) and register your email address and bank account details in your demat account, as per the process advised by your DP.

B. INSTRUCTIONS FOR MEMBERS FOR ATTENDING THE AGM THROUGH VC / OAVM ARE AS UNDER:

1. Members will be able to attend the AGM through VC / OAVM or view the live webcast of AGM provided by NSDL at https://www.evoting.nsdl.com by using their remote E-voting login credentials and selecting the EVEN for Company's AGM.

   Members who do not have the User ID and Password for E-voting or have forgotten the User ID and Password may retrieve the same by following the remote E-voting instructions mentioned in the Notice. Further Members can also use the OTP based login for logging into the E-voting system of NSDL.

2. Facility of joining the AGM through VC / OAVM shall open 30 (thirty) minutes before the time scheduled for the AGM and will be available for Members on first come first served basis and the Company may close the window for joining the VC/OAVM Facility 30 (thirty) minutes after the scheduled time to start the 84th AGM.

3. Members may note that the VC / OAVM Facility, provided by NSDL, allows participation of atleast 1,000 Members on a on a first-come-first-served basis. The large shareholders *(i.e. shareholders holding 2% or more shareholding)*, Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors, etc. can attend the 84th AGM without any restriction on account of first-come-first-served principle.

4. Members who need assistance before or during the AGM, can contact NSDL on evoting@nsdl.co.in/ 1800-222-990 or contact Mr. Amit Vishal, Senior Manager – NSDL at amitv@nsdl.co.in/ 022-24994360 or Mr. Anubhav Saxena, Assistant Manager- NSDL at anubhavs@nsdl.co.in/ 022-24994835.

5. Members who would like to express their views or ask questions during the AGM may register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID/folio number, PAN, mobile number at HSSA-CompanySecretarial-Team@acclimited.com from Monday, June 29, 2020 (9:00 A.M. IST) to Tuesday, June 30, 2020 (5:00 P.M. IST). Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the AGM. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM.

22. Other Instructions

1. The Scrutinizer shall, immediately after the conclusion of voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote E-voting and make, not later than 48 (fourty eight) hours of conclusion of the AGM, a consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing, who shall countersign the same.
2. The result declared along with the Scrutinizer's Report shall be placed on the Company's website at www.acclimited.com and on the website of NSDL at https://www.evoting.nsdl.com immediately. The Company shall simultaneously forward the results to National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed.
3. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the AGM by email and holds shares as on the cut-off date, i.e. Friday, June 26, 2020, may obtain the User ID and password by sending a request to the Company's email address at ACC-InvestorSupport@acclimited.com. However, if you are already registered with NSDL for remote E-voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.
4. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote E-voting or casting vote through E-voting system during the meeting.

23. The Board of Directors approved payment of Interim Dividend of ₹ 14 per Equity Share of ₹ 10 each for the year ended December 31, 2019 in lieu of its earlier recommendation of Final Dividend 2019, and which has been paid on May 28, 2020.

24. The Ministry of Corporate Affairs has taken a 'Green Initiative in Corporate Governance' by allowing companies to send documents to their shareholders in electronic mode. To support this green initiative and to receive communications from the Company in electronic mode, members who have not registered their E-mail addresses and are holding shares in physical form are requested to contact the RTA of the Company and register their Email-id. Members holding shares in demat form are requested to contact their DPs. Members may please note that notices, annual reports, etc. will be available on the Company's website at www.acclimited.com. Members will be entitled to receive the said documents in physical form free of cost at any time upon request.

By Order of the Board of Directors,
For ACC Limited

Rajiv Choubey
Chief Legal Officer & Company Secretary
ACS No.: 13063

Mumbai
June 6, 2020

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

Explanatory Statements in respect of items of Special Business

The following Explanatory Statement, as required under Section 102 of the Companies Act, 2013 (**'the Act'**), set out all the material facts relating to the business proposed to be transacted under Item Nos.5 to 9 of the accompanying Notice dated February 20, 2020.

Item No. 5

Mr. Neeraj Akhoury (DIN:07419090), Managing Director & Chief Executive Officer **('MD & CEO')** of the Company has tendered his resignation from the post of MD & CEO with effect from close of business hours of February 20, 2020 to pursue other career opportunities.

The detailed profile of Mr. Akhoury is provided under the head 'Additional Information of Directors being appointed/re-appointed as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice' which forms part of this Notice.

Mr. Akhoury has a degree in Economics and an MBA from the University of Liverpool. He has also studied for one year General Management at XLRI, Jamshedpur. He is an alumnus of the Harvard Business School (GMP).

Mr. Akhoury, basis the recommendation of Nomination & Remuneration Committee,was appointed as an Additional Director of the Company w.e.f. February 21, 2020 pursuant to the provisions of Section 161 and other applicable provisions of the Act, by the Board of Directors of the Company at its Meeting held on February 20, 2020.

Mr. Akhoury holds office up to the date of this AGM of the Company or the last date on which the AGM should have been held, whichever is earlier and is eligible for appointment as Director of the Company. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Mr. Akhoury for the office of Director.

Mr. Akhoury has furnished consent/declaration for his appointment as required under the Act and the Rules made thereunder.

Mr. Akhoury does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any person.

The Board of Directors, recommend the appointment of Mr. Akhoury (DIN:07419090), as Director as set forth in Item No. 5 of this Notice, for approval by the Members of the Company.

Save and except Mr. Akhoury and his relatives, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set forth in Item No. 5 of this Notice.

Item No. 6 & 7

Mr. Sridhar Balakrishnan (DIN:08699523), who was appointed as an Additional Director of the Company w.e.f. February 20, 2020 pursuant to the provisions of Section 161 and other applicable provisions of the Act, holds office up to the date of this AGM of the Company or the last date on which the AGM should have been held, whichever is earlier and is eligible for appointment as Director of the Company. In terms of Section 160 of the Act, the Company has received a notice in writing from a Member signifying his intention to propose the candidature of Mr. Balakrishnan for the office of Director.

Mr. Balakrishnan has furnished consent/declaration for his appointment as required under the Act and the Rules made thereunder.

The Board of Directors of the Company (**'Board'**), at its meeting held on February 20, 2020 basis the recommendation of the Nomination & Remuneration Committee (**'N&RC'**) of the Company and subject to the approval of Members, approved the appointment of Mr. Balakrishnan (DIN:08699523) as the Managing Director and Chief Executive Officer (**'MD & CEO'**) of the Company for a period of five (5) years commencing from February 21, 2020 up to February 20, 2025, on the terms & conditions including remuneration as may be decided by the Board/N&RC of the Board from time to time subject to such necessary sanctions and approvals as may be applicable. It is proposed to seek Members' approval for appointment and payment of remuneration to Mr. Balakrishnan as MD & CEO of the Company, in terms of the applicable provisions of the Act.

Broad particulars of the remuneration payable to Mr. Balakrishnan, MD & CEO with an annual increment, as may be approved by Board/N&RC of the Board from time to time and in accordance with the Remuneration Policy of the Company, subject to increase of maximum 20% (twenty percent) every year during the currency of his term of five (5) years as MD & CEO of the Company:

1. **Tenure**

   Mr. Balakrishnan is appointed as the MD & CEO of the Company for a period of 5 (five) years commencing from February 21, 2020, on the remuneration and upon and subject to the terms and conditions herein contained.

2. **Remuneration:**

   (a) <u>Basic Salary</u>

   ₹ 10,119,561 per annum in grade of ₹ 1,00,00,000 – ₹ 2,12,00,000.

   Annual increment will be effective April 1 each year and will be decided by the Board each year on the recommendation of Nomination & Remuneration Committee of the Board. The increment as and when approved by the Board shall be merit based and will take into account the performance as MD & CEO as well as that of the Company. The first such annual increment will be granted on April 1, 2021 on the Remuneration i.e.; Basic salary and Allowances as mentioned.

   <u>Allowances & Perquisite</u>

   Allowances & Perquisite of ₹ 1,51,79,341 per annum in range of ₹ 1,50,00,000 – ₹ 3,77,00,000.

The Company follows the flexible allowance structure for all its employees that enable its employees to decide on the salary components other than the basic salary within the remuneration of the employee concerned.

In line with this structure, Mr. Balakrishnan will be entitled to ₹ 15,179,341 of allowance per annum which can be distributed in House Rent Allowance (HRA), Leave Travel Allowance (LTA), Medical, Special allowance etc. at his discretion as per the flexi pay policy of the company. Mr. Balakrishnan can opt for contribution to Superannuation or NPS scheme up to the limit as prescribed by such contribution, if any shall be deducted by the company from the Allowances stated above.

In addition to the above, Mr. Balakrishnan would be paid/entitled for the following perquisites:

(i) Club Membership

Membership of one club, the admission and annual membership fee whereof shall be borne by the Company.

(ii) Personal Accident Insurance

Group Personal Accident Insurance Policy as per the rules of the Company.

(iii) Leave

The MD & CEO shall be entitled for leave with full pay or encashment thereof, as per the rules of the Company.

(iv) Provident Fund

Company's contribution to provident fund not exceeding twelve percent (12%) of the basic salary as per the rules of the Company;

(v) Gratuity

Gratuity at the rate of half month's basic salary for each year of completed service as per the rules of the Company. The service tenure of Mr. Balakrishnan with the Company as Chief Commercial Officer shall be recognized and considered for the purpose of gratuity as payable under the Payment of Gratuity Act 1972;

(vi) Other Perquisites

As may be decided by the Board of Directors on the recommendation of the Nomination & Remuneration Committee subject to the overall ceiling on managerial remuneration.

Explanation:

Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

(b) Performance Incentive

Such remuneration by way of performance incentive payment up to an amount equivalent to a maximum of one hundred percent (100%) of the basic salary and allowances stated above, in a particular financial year based on the performance of the MD & CEO against set goals and the Company meeting the target performance for the financial year. The performance incentive will be determined by the Board of Directors of the Company at the end of each financial year on the recommendation of the Nomination & Remuneration Committee, subject to the overall ceilings stipulated under Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with rules thereunder and Schedule V to the said Act or any modifications or re-enactment thereto for the time being in force.

(c) Long Term Incentive Plan

The MD & CEO is eligible to participate in the Long Term incentive Plan of LafargeHolcim Limited (LH), the ultimate holding Company of ACC pursuant to which the MD & CEO will be granted such number of shares of LH (Performance Shares) from time to time as per the said incentive plan. The cost of such shares shall be borne by LH.

(d) Amenities

(i) Conveyance facilities

The Company shall provide a suitable car for the MD & CEO for official and personal use. Repairs, maintenance and running expenses including driver's salary shall be borne/ reimbursed by the Company.

(ii) Telephone and other communication facilities

The Company shall provide a mobile phone to the MD & CEO and shall also provide telephone, and other communication facilities at his residence. All the expenses incurred thereof shall be paid or reimbursed by the Company as per the rules of the Company.

3. Overall remuneration

The aggregate of salary, allowances, perquisites and performance incentive in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Companies Act, 2013 read with rules thereunder and Schedule V to the said Act or any modifications or re-enactment for the time being in force.

4. Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of service of the MD & CEO, the payment of salary, performance incentives, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Companies Act, 2013 as may for the time being in force.

5. **Income Tax**

Income tax in respect of the above remuneration will be deducted at source as per applicable laws / rules.

6. **Sitting Fees/ Commission**

MD & CEO shall not be paid any sitting fees and/or commission for attending the meetings of the Board or committees thereof.

7. **Out of Pocket Expenses in connection with Company's work**

MD & CEO shall be entitled to be paid/reimbursed by the Company all costs, charges and expenses including entertainment expenses as may be reasonably incurred by him on behalf of the Company subject to such ceiling as may be decided by the Board on the recommendation of the Nomination & Remuneration Committee.

8. **Other Terms & Conditions**

(a) As the MD & CEO, Mr. Balakrishnan will carry out such functions, exercise such powers and perform such duties as the Board of Directors of the company (hereinafter called 'the Board') shall from time to time in its absolute discretion determine and entrust to him, subject, nevertheless to the provisions of the Companies Act, 2013 or any statutory modifications or re-enactment thereof for the time being in force.

(b) MD & CEO will, to the best of his skill and ability endeavor to promote the interests and welfare of the Company and to conform to and comply with the directions and regulations of the Company and also such orders and directions as may from time to time be given to him by the Board.

(c) MD & CEO shall at all times act in the best interests of the Company and all its shareholders (including its minority shareholders) and keep the Board informed of any developments or matters that have materially impaired or are reasonably likely to materially impair the interests of the Company and/or any of its stakeholders.

(d) Subject to the superintendence, direction and control of the Board, the MD & CEO shall (i) have the general control of the business of the Company and be vested with the Management and day to day affairs of the Company (ii) have the authority to enter into contracts on behalf of the Company in the ordinary course of business and (iii) have the authority to do and perform all other acts, deeds, matters and things which in the ordinary course of such business be considered necessary or proper in the best interests of the Company.

(e) The MD & CEO shall devote the whole of his time and attention to the business of the company and shall not engage directly or indirectly in any other business, occupation or employment, provided, however, he may with the prior approval of the Board hold Directorship in other companies and/or provide services to other group companies.

(f) The MD & CEO will not be entitled to supplement his earning under this agreement with any buying or selling commission. He will give an undertaking to the company that so long as he functions as the MD & CEO, of the company he will not become interested or otherwise concerned directly or through his wife and/or minor children in any selling agency of the company. He will cease to be the MD & CEO immediately upon any contravention of this undertaking.

(g) MD & CEO shall not during the continuance of his employment hereunder or at any time thereafter divulge, publish or disclose to any person whomsoever or make use whatsoever for his own purpose or for any other purpose other than that of the Company of any information, knowledge, methods, trade secrets or any confidential information relating to the business affairs or activities of the Company, obtained by him during his employment with the Company and shall, during the continuance of his employment, use his best endeavor to prevent any other person from doing so.

(h) The terms and conditions of the appointment of the MD & CEO may be varied, altered, increased, enhanced or widened from time to time by the Board as it may in its discretion deem fit, within the maximum amount payable in accordance with the provisions of the Companies Act, 2013 or any amendments made hereafter in this regard and within the overall approval given by the Shareholders.

(i) The MD & CEO shall disclose his interest in any company or companies or body corporate, firms or other association of individuals and shall also disclose direct or indirect interest in any contract or arrangement entered into between the Company and such other companies, body corporate, firms or association of persons in the manner laid down in Section 184 of the Companies Act 2013 and the Companies (Meetings of the Board and its Powers) Rules, 2014, as amended from time to time. In the event of his failure to disclose his interest as aforesaid or acts in contravention of the provisions of Section 184, his office shall forthwith stand vacated.

(j) Mr. Balakrishnan's appointment as MD & CEO of the Company is by virtue of his employment in the Company and his appointment will be subject to the provisions of Sections 197, 198, 203, 167(1) and other applicable provisions of the Companies Act, 2013, read with Rules thereunder and Schedule V to the said Act or any modifications or reenactment for the time being in force. So long as the MD & CEO continues to be in the employment of the Company, he will be a Director not liable to retire by rotation.

(k) If at any time the MD & CEO ceases to be a Director of the Company, for any reason whatsoever, he shall cease to be the MD & CEO. Similarly, if at any time the MD & CEO ceases to be in the employment of the Company for any cause/reason whatsoever, he shall cease to be a Director of the Company.

9. **Notice Period**

(a) Either the Company or the MD & CEO may give the other six (6) months' notice in writing of termination of the Agreement, or the Company would pay salary in lieu of notice.

(b) Either the Company or the MD & CEO may also terminate the Agreement upon notice in writing to the other party:

   (i) in the event that the other party materially breaches this Agreement and has not remedied such breach (if capable of remedy) within 14 (fourteen) days of having been notified of the breach or;

   (ii) in accordance with applicable law.

(c) Both the Company and MD & CEO reserve the right to terminate this Agreement without notice for 'Due Cause'.

Due Cause means: an event such as grave and repeated violations of any relevant contractual obligations, guidelines or instructions, intentionally or negligently causing damage or injury to the other party, the acceptance of commission or bribes in any form, any behavior that seriously damages LafargeHolcim, the Company or the employees' reputation, the commission of serious offences against applicable law, or repeated failure to perform basic responsibilities despite having fair opportunity to rectify such failure to perform.

In the event of absence or inadequacy of net profits in any financial year, the remuneration payable to MD & CEO shall be governed by Section II of Part II of the Schedule V of the Act or any modifications thereof or if so permitted, by the Board or any Committee thereof.

Mr. Balakrishnan shall not be subject to retirement by rotation during his tenure as MD & CEO of the Company.

Mr. Balakrishnan took charge as MD & CEO of the Company w.e.f. February 21, 2020.

The detailed profile of Mr. Balakrishnan is provided under the head 'Additional Information of Directors being appointed/re-appointed as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice' which forms part of this Notice.

Mr. Balakrishnan is an Engineering graduate with B. Tech (Electronics) degree from the Institute of Technology (Banaras Hindu University), Varanasi, and has a post graduate diploma in Business Management from XLRI, Jamshedpur.

Mr. Balakrishnan does not hold any share in the Company, either in his individual capacity or on a beneficial basis for any person.

The Board of Directors, recommend the appointment of Mr. Balakrishnan (DIN:08699523), as Director (co-terminus with his tenure as Managing Director & CEO) and MD & CEO of the Company and payment of remuneration, as set forth in Item Nos. 6 & 7 of this Notice, for approval by the Members of the Company.

Save and except Mr. Balakrishnan and his relatives, none of the Directors or Key Managerial Personnel or their relatives are, in any way, concerned or interested, financially or otherwise, in the Resolution set forth in Item Nos. 6 & 7 of this Notice.

Item No. 8

The Company is required to have its costs records audited by a Cost Accountant in practice. Accordingly, the Board of Directors of the Company on the recommendation of the Audit Committee, have approved the appointment of Messrs. D C Dave & Co., Cost Accountants, having Firm Registration Number: 000611, as Cost Auditors of the Company for conducting the audit of the cost records of the Company, for the Financial Year ending December 31, 2020 at a remuneration of ₹ 8.00 lakhs (Rupees Eight Lakh) plus payment of applicable taxes and re-imbursement of out-of-pocket expenses incurred by the Cost Auditors in connection with the aforesaid audit.

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

The Board of Directors recommends the Ordinary Resolution set out at Item No. 8 of the accompanying Notice for approval by 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 at Item No. 8 of the Notice

Item No. 9

The Members had, at the AGM of the Company held on March 20, 2015, passed an Ordinary Resolution under Section 197 of the Act (**the Act'**) and approved the payment of commission to Non-Executive Directors, of a sum not exceeding one percent (1%) per annum of the net profits of the Company, calculated in accordance with the provisions of the Act subject to determination by the Board of Directors for each of the non-executive directors for a period of five (5) years beginning with the financial year ended December, 31, 2015.

The above approval is therefore valid only till the Financial Year ended December 31, 2019.

As per Regulation 17(6)(a) of the Listing Regulations, all fees/compensation payable to Non-Executive Directors, including Independent Directors shall require approval of the Members at AGM.

The current competitive business environment, stringent accounting standards and corporate governance norms require considerable enhanced levels of involvement of the Directors in the decision making process. The responsibility of the Directors has become more onerous and the Directors are required to devote more time and attention to the business of the Company. It is therefore proposed to continue with the payment of commission based on the net profits of the Company to the Non-Executive Directors of the Company for a period of five (5) years commencing from the Financial Year ending December 31, 2020. The Board of Directors will determine each year, the amount to be paid as commission to the Non-Executive Directors which expression includes the Independent Directors which shall not exceed one percent (1%) of the net profits of the Company for that year, as computed in the manner referred to in Section 198 of the Act.

In view of the above, Members' approval is being sought pursuant to Sections 197, 198 and other applicable provisions, if any of the Act for the payment of commission to Non- Executive Directors of the Company for a period of five (5) years commencing from January 1, 2020 subject to the ceiling as stated above and as prescribed under the Act. The payment of commission would be in addition to the sitting fees payable for attending Meetings of the Board and Committees thereof and for any other purposes as determined by the Board.

All the Directors of the Company and their relatives are concerned or interested in the Resolution at Item No. 9 of the Notice to the extent of the remuneration that may be received by each of them.

The Board of Directors recommends the Ordinary Resolution set out at Item No. 9 of the Notice for approval by the Members.

By Order of the Board of Directors,
For ACC Limited

Rajiv Choubey
Chief Legal Officer & Company Secretary
ACS No.: 13063

Mumbai
June 6, 2020

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

Additional Information of Directors being appointed/re-appointed as required under Regulation 36(3) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, in order of the items mentioned in the Notice

1. **Mr. Martin Kriegner**

Director Identification Number	00077715
Date of Birth	September 6, 1961
Nationality	Austrian
Qualification	Doctorate of Law & MBA from Austrian University
Date of Appointment on Board	February 11, 2016
Shareholding in ACC	NIL
Brief Profile of the Directors	Mr. Martin Kriegner is an Austrian national and has been a member of the Executive Committee of LafargeHolcim since August 2016 and is Region Head of Asia Pacific. He is a graduate of Vienna University with a Doctorate in Law and he obtained an MBA at the University of Economics in Vienna. Mr. Kriegner joined the Group in 1990 and became the CEO of Perlmooser AG, Austria in 1998. He moved to India as CEO of the Lafarge 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 Cement, RMX and Aggregates. In July 2015 he became Area Manager Central Europe for LafargeHolcim operations. He is also globally in charge for Cement Manufacturing, Logistics, Commercial and Geocycle.
Expertise in specific functional areas	Operations, Finance & General Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	**Audit Committee** Member: Ambuja Cements Limited; ACC Limited
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Corporate Governance Report

There are no inter-se relationship between the Board Members

2. **Mr. Vijay Kumar Sharma**

Director Identification Number	02449088
Date of Birth	December 19, 1958
Nationality	Indian
Qualification	M.Sc.
Date of Appointment on Board	February 06, 2014
Shareholding in ACC	NIL
Brief Profile of the Directors	Mr. Sharma was the Chairman of Life Insurance Corporation of India (**'LIC'**) until he attained superannuation from the Corporation with effect from January 1, 2019. LIC has confirmed that Mr. Sharma will continue to be their representative on the Company's Board after his superannuation. Prior to his taking over as Chairman of LIC on December 16, 2016, he served as Chairman (In-charge) from September 16, 2016 and Managing Director, LIC from November 1, 2013. From December 2010 to November 2013, he served as Managing Director & Chief Executive Officer, LIC Housing Finance Limited (**'LICHFL'**), a premiere housing finance company in the country. Mr. Sharma, is a post-graduate from Patna University. He joined LIC as Direct Recruit Officer in 1981 and grew up with the Corporation since then. He held various challenging assignments pan India and in all operational streams including in-charge positions at different levels. Working across length and breadth of the Country 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's 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. He has been an inspirational leader who utilizes negotiation skills gained over thirty seven 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 translate it to reality. He is known as Growth Leader, leading the Organization to surge ahead and turnaround on its growth path in all the segments of performance. Mr. Sharma was Chairman, Board of Directors of LICHFL, LIC (International) Bahrain B.S. C (C), Life Insurance Corporation Singapore Pte. Ltd. and other companies. He was also Director on Board of Kenindia Assurance Co. Ltd.
Expertise in specific functional areas	Business Strategy, Product Development & Branding, Risk Mitigation & Compliance
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Tata Steel Limited; Mahindra & Mahindra Limited
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	**Stakeholders' Relationship Committee** Chairman: Tata Steel Limited
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Corporate Governance Report

There are no inter-se relationship between the Board Members

3. Mr. Neeraj Akhoury

Director Identification Number	07419090
Date of Birth	September 17, 1968
Nationality	Indian
Qualification	Graduate with Economics; General Manager Management Programme, XLRI Jamshedpur
Date of Appointment on Board	February 21, 2020 (appointed as an Additional Director w.e.f. February 21, 2020)
Shareholding in ACC	NIL
Brief Profile of the Directors	Mr. Akhoury brings with him 25+ years of rich experience in the steel and cement industries. He has worked in leadership roles in India and other emerging markets. 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 & MD of Lafarge AshakaCem PLC. Thereafter, he was appointed as Strategy & Business Development Director for the Middle East & Africa at the Lafarge headquarters in Paris. He was also the CEO of Lafarge Surma Cement Limited and country representative of LafargeHolcim, Bangladesh.
Expertise in specific functional areas	Sales, Business Finance, Managing P&L, Operations, & General Management and has a successful track record in core sector industries of steel & cement
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Bulk Cement Corporation (India) Limited Holcim Services (South Asia) Limited OneIndia BSC Private Limited (ceased to be a Director w.e.f. February 20, 2020) Ambuja Cements Limited (appointed as MD & CEO w.e.f. February 21, 2020)
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	**Member:** ACC Limited (ceased to be a member of Stakeholders' Relationship Committee of ACC w.e.f. February 20, 2020) Ambuja Cements Limited (appointed as member of Stakeholders' Relationship Committee of Ambuja w.e.f. February 21, 2020)
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Corporate Governance Report

There are no inter-se relationship between the Board Members

4. Mr. Sridhar Balakrishnan

Director Identification Number	08699523
Date of Birth	September 13, 1970
Nationality	Indian
Qualification	B. Tech (Electronics) degree from the Institute of Technology (Banaras Hindu University), Varanasi, and Post Graduate Diploma in Business Management from XLRI, Jamshedpur
Date of Appointment on Board	February 20, 2020
Shareholding in ACC	NIL
Brief Profile of the Directors	Mr. Balakrishnan is a member of Company's senior leadership group and has a consistent track record of outstanding accomplishments in situations representing increasing level of challenges, complexities and uncertainties through innovative solutions and his result-oriented approach. Mr. Balakrishnan has a diverse experience of working across the construction products industry, media and FMCG at the leadership level, viz. ACC, STAR & Marico. Mr. Balakrishnan has spent majority of his career in the FMCG industry in different roles handling sales, business finance and supply chain for India to managing P&L across international geographies. Mr. Balakrishnan in his previous roles had an opportunity to drive innovation led growth, turnaround unprofitable units and has built new engines of growth across multiple geographies. During his tenure as Chief Commercial Officer of the Company, he has been instrumental in the Company's expansion, distribution growth, market share amongst other aspects. Mr. Balakrishnan in his current role was responsible for driving revenue growth and profitability for the organisation. His key deliverables included developing the commercial strategy, ensuring an optimum and profitable product portfolio and building the right sales organisation to drive business. Mr. Balakrishnan has 22 years of experience in consumer business that has benefited the Company as the Company is transforming from a cement manufacturing business to a total building materials company with innovative technology - technology based products and solutions. Mr. Balakrishnan's extensive leadership experience and expertise across markets make him a strong asset to the future growth strategy of the Company.
Expertise in specific functional areas	Sales, Business Finance and Supply Chain and managing P&L, Operations, & General Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	NIL
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	**Member:** ACC Limited (Appointed as member of Stakeholders' Relationship Committee of ACC w.e.f. February 21, 2020)
Details of Board/Committee Meetings attended by the Directors during the year	As, Mr. Balakrishnan appointed on the Board of the Company with effect from February 20, 2020, he has not attended any Board meeting or Committee meeting in the capacity of a Director during the year.

There are no inter-se relationship between the Board Members

ACC Limited

Registered Office: Cement House, 121, Maharshi Karve Road, Mumbai 400 020
CIN: L26940MH1936PLC002515; **Phone No:** +91 22 41593321
Email: ACC-InvestorSupport@acclimited.com; **Website:** www.acclimited.com

ADDENDUM TO THE REPORT OF THE BOARD OF DIRECTORS OF ACC LIMITED

(Approved in the Board Meeting held on May 12, 2020)

With reference to the Integrated Report 2019 sent to the Members of the Company on March 13, 2020, there is a minor change in the sub-para 1 of para 4 of the Board's Report regarding payment of Interim Dividend, which is attached herewith. All other information in the Integrated Report 2019 remains unchanged. Inconvenience caused is highly regretted.

By Order of the Board of Directors,
For ACC Limited

Rajiv Choubey
Chief Legal Officer & Company Secretary
ACS No.: 13063

Mumbai
May 12, 2020

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

Enclosure: *Revised sub-para 1 of para 4 of the Board's Report forming part of Integrated Report 2019*

4. DIVIDEND

The Board of Directors had recommended a payment of dividend at a rate of ₹ 14 per equity share (140%) for the year ended December 31, 2019 which was subject to the approval of the Members at the 84th Annual General Meeting (**'AGM'**).

The 84th AGM was scheduled to be held on April 6, 2020. However, due to the spread of the coronavirus (Covid-19) pandemic and nation level lockdown imposed by the Government, the AGM could not be conducted. The Board of Directors considered that due to the current situation, there was significant uncertainty as to when the 84th AGM could be conducted. Consequently, the distribution of the dividends would also be delayed up to the conduct of the AGM. In such circumstances, considering very large number of retail shareholders, the Board in its meeting held on May 12, 2020 took a decision to recall the above recommendation of Final Dividend at the rate of ₹ 14 per equity shares (140%) and in its place approved payment of Interim Dividend for the year 2019 at the rate of ₹ 14 per equity shares (140%) to the equity shareholders of the Company as per the Record Date of May 20, 2020.

---------- Forwarded message ---------
From: **Soni Singh** <SoniS@nsdl.co.in>
Date: Fri, Jun 12, 2020 at 3:23 PM
Subject: Commencement of mail sending of ACC limited along with the AGM notice & Addendum to Board Report.
To: Rashmi KHANDELWAL <rashmi.khandelwal@acclimited.com>
Cc: Pratik Bhatt <PratikB@nsdl.co.in>, Sarita Mote <SaritaM@nsdl.co.in>, Pallavi Mhatre <pallavid@nsdl.co.in>, Amit Vishal <AmitV@nsdl.co.in>, Anubhav Saxena <AnubhavS@nsdl.co.in>

Dear Madam,

As discussed, We are commencing with the dispatch of mails to the 87143 shareholders of ACC limited along with the AGM notice & Addendum to Board Report today.

Warm Regards,

Soni Singh| Assistant Manager | National Securities Depository Ltd.

+ 91 22 24994559 | SoniS@nsdl.co.in |www.nsdl.co.in

executed transactions should be treated as preliminary only and subject to our formal written confirmation.
****
****

ACC Limited
Integrated Report 2019

ACC

Cemented by relationships.
Growing with vision.

About this report

Our reporting approach

We, at ACC Limited (ACC), commenced our Integrated Reporting <IR> journey with our 2018 Annual Report as part of our commitment towards transparent and holistic stakeholder communications. Our approach to reporting is guided by the Integrated Reporting <IR> Framework of the International Integrated Reporting Council (IIRC).

Similarly, we have been reporting our triple bottom-line performance through a separate sustainability report since 2007. We prepared our latest sustainability report for 2018, as per the standards outlined by the Global Reporting Initiative (GRI).

You can find our detailed GRI mapping on our website www.acclimited.com, under the investors section. Our performance on various social and environmental indicators is summarised in the performance data tables on pages 367–370.

To report our performance in 2019 and the way forward, we are combining the disclosures from our annual and sustainability reports into a unified integrated report. In our opinion, this enables a comprehensive yet concise coverage of all information pertaining to how ACC creates value. The report is intended to serve the information requirements of our providers of financial capital and all other stakeholders.

Frameworks, guidelines and standards

The report is prepared as per the International <IR> Framework and covers key performance indicators in line with the GRI Standards 'Comprehensive' option. It also measures our performance against the United Nations Sustainable Development Goals (UN SDGs).

Sections of this document also comply with the requirements of the Companies Act, 2013 (and the Rules made thereunder); Indian Accounting Standards; the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements), Regulations, 2015; and the Secretarial Standards issued by the Institute of Company Secretaries of India. Stakeholders are encouraged to read them in conjunction with the contents prepared using the <IR> format to get a holistic view of our annual performance.

Scope and boundary

The report covers information pertaining, but not limited, to cement plants, grinding units, ready mix concrete plants, limestone mines, captive power plants and the office premises of ACC and its material subsidiaries. The report contains disclosures that pertain to the period of January 1, 2019 to December 31, 2019, unless stated otherwise.

Responsibility statement

As Those Charged With Governance (TCWG), our Board and Management have evaluated the contents presented in the report and assured its integrity, to the best of their knowledge. The Board has approved the publication of this report on February 20, 2020.

Report navigation

To aid navigation and indicate cross-referencing, the following icons have been used across the report.

Financial capital

Manufactured capital

Natural capital

Page reference

Risk

Social and relationship capital

Intellectual capital

Human capital

Strategic priority

Material issues

Annual General Meeting

On Monday, April 6th, 2020 at 3.00 pm
Pama Thadani Auditorium,
Jai Hind College, A Road,
Churchgate (W), Mumbai 400 020

Cemented by relationships. Growing with vision.

History was created more than eight decades ago when the doyens of the Indian cement industry unified their operations to build the foundation of a company that has become synonymous with cement in India.

Ever since, we have transformed the scale and scope of the business, expanded our presence, adopted new technologies and above all, embraced sustainable development in letter and spirit.

Our progress has been driven by the invaluable relationships that we have nurtured with our esteemed customers, investors, channel partners and other stakeholders. These relationships have helped us build an enduring brand supported by the pillars of transparency and trust.

As we build on a vision fostered by our predecessors, we continue to be stakeholder-centric, purpose-driven and growth-focused. We are charting new pathways of progress for ourselves and for the nation by being truly best-in-class in all our endeavours. We are moving forward, powered by the relationships that hold us in good stead.

Contents

For more information visit our website at
www.acclimited.com

Highlights 2019

₹15,343 Cr
Net sales

₹1,378 Cr
Net profit

~84%
Average capacity utilisation

12.47 MT
Waste-derived resources used

18%
Return on Capital Employed (RoCE)

28.89 MT
Cement sold

~5,00,000
Lives benefitted through CSR initiatives

4,965 t/FTE*
Best-in-class people productivity

* t/FTE—Tonnes per full-time equivalent

ACC

Corporate overview

Leaders in business. Partners in prosperity.

33.05 MTPA
Installed cement capacity

90
Ready mix concrete plants

17
Cement plants

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

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

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

Our vision

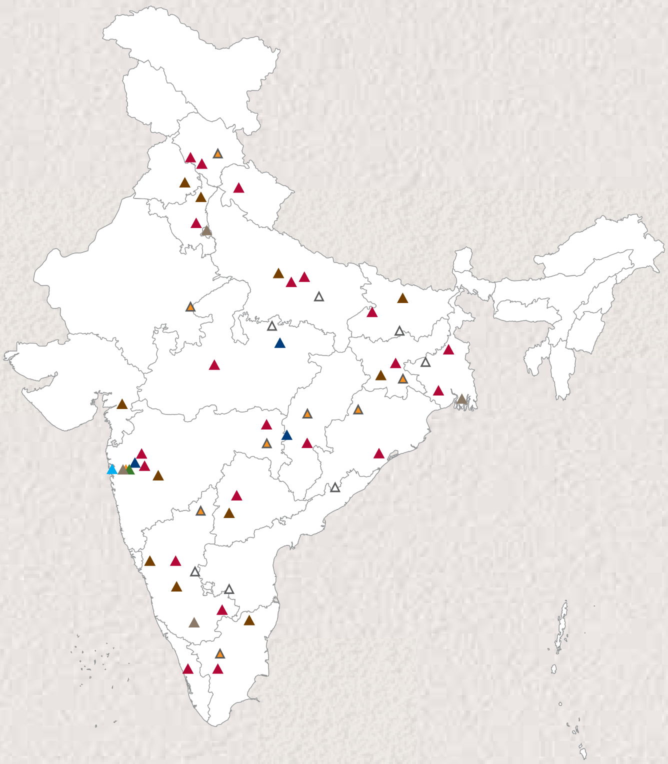
To be one of the most respected companies in India; recognised for challenging conventions and delivering on our promises.

Our purpose

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

Our presence

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



09
Captive power plants

~50,000
Channel partners

6,643
Employees

Corporate office
Mumbai, Maharashtra

Regional sales offices
Eastern region: Kolkata, West Bengal
Northern region: New Delhi, NCR
Western region: Thane, Maharashtra
Southern region: Bengaluru, Karnataka

Geocycle India
Thane, Maharashtra

Techport
Thane, Maharashtra

Sales units

Training centres
ACC ACL Leadership Academy
Thane, Maharashtra
ACC Cement Technology Institute
Jamul, Chhattisgarh
Sumant Moolgaokar Technical Institute
Kymore, Madhya Pradesh

Ready mix concrete plants: 90

Cement plants
Grinding unit
Integrated plant

Andhra Pradesh	Vizag
Chhattisgarh	Jamul
Himachal Pradesh	Gagal 1
	Gagal 2
Jharkhand	Chaibasa
	Sindri
Karnataka	Kudithini
	Thondebhavi
	Wadi 1
	Wadi 2
Madhya Pradesh	Kymore
Maharashtra	Chanda
Odisha	Bargarh
Rajasthan	Lakheri
Tamil Nadu	Madukkarai
Uttar Pradesh	Tikaria
West Bengal	Damodhar

These location are mapped as at 31st December, 2019. It is illustrative and not drawn to scale.

Journey and milestones

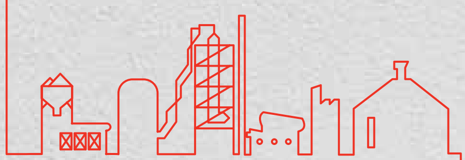
Evolving with the times. Building the nation.

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

Here is a brief account of our evolution.

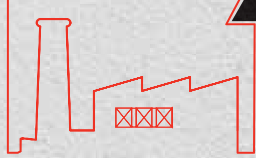
1930s

The Associated Cement Companies Limited is incorporated



1940s

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

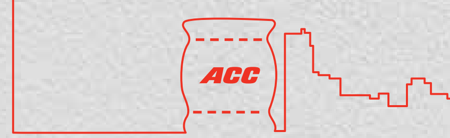


1950s

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

1960s

- Launches innovative products such as hydrophobic cement and oil well cement
- Sets up the Central Research Station at Thane
- Implements data processing, design management information and control systems



1970s

- Introduces India's first energy-efficient pre-calcinator technology
- Bags plant management contract in Saudi Arabia
- Receives ASSOCHAM 1st National Award for outstanding performance in promoting rural and agricultural development

1980s

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

1990s

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

2000s

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

2010s

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

Products and services

Setting the trend. Raising the bar.

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

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

CEMENT

Gold range

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

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

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

Silver range

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

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

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

ACC Super Shaktimaan
Scientifically designed to provide strength and protect from corrosion

READY MIX CONCRETE

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

Latest product innovations to ready mix concrete value-added portfolio

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

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

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

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

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

CONSTRUCTION CHEMICALS

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

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

DRY MIX RANGE

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

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

ACC Xtra Strong Tile Adhesive - XT 111

ACC Xtra Strong Tile on Tile Adhesive - XT 222

ACC Xtra Strong Exterior Tile Adhesive - XT 333

Cement-based tile adhesive range for internal and external tile application

Summary of value creation

Creating value with resources.
Growing the enterprise with relationships.

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

Value created/enhanced in 2019

Financial capital

We depend on various financial resources to conduct business, obtained from debt and equity financing, internal accruals and returns from investments. Our balance sheet is debt-free and this positively impacts our net profit.

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

₹9,689 Cr
Economic value added

₹8,293 Cr
Economic value distributed

₹1,396 Cr
Economic value retained

Manufactured capital

Our manufactured capital comprises our countrywide network of integrated cement manufacturing and grinding units, ready mix plants, offices and other state-of-the-art movable and immovable infrastructure, including warehouses, machinery and vehicles.

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

2%
Increase in cement sales volume

12%
Increase in ready mix concrete sales volume

14%
Reduction in cost of materials consumed per tonne

Intellectual capital

Our deep knowledge, experience and expertise in being the pioneers in the Indian cement industry, together with our proprietary brands and in-house technologies and processes, comprise our intellectual capital.

Read more on our intellectual capital performance and outlook on page 32.

₹35 Cr
Sales from Solutions and New Products category in 2019

Value created/enhanced in 2019

Natural capital

We depend on various natural resources for our raw material requirements and their continued quality, availability and affordability is vital to our operations.

Read more on our natural capital performance and outlook on page 36.

17.9%
Reduction in specific SOx emissions

22.3%
Reduction in specific NOx emissions

2.7%
Reduction in specific dust emissions

7%
Reduction in specific water consumption in cement operations

Social and relationship capital

We have nurtured long-lasting relationships with our various stakeholder groups such as investors, customers, employees and communities. Their continued patronage and loyalty reinforces our confidence to operate responsibly and grow with everyone.

Read more on our social and relationship capital performance and outlook on page 44.

~5,00,000
Beneficiaries of CSR programmes

7,397
Skill building sessions for masons/contractors

280
Technical lectures conducted

32,000
Total instant mix proportioning/concrete testing services provided

97.6%
Customer complaints resolved from those received

Human capital

Our dynamic, diverse and dedicated employees come from various ethnic, social and economic backgrounds. Their collective skills and competencies are our greatest strength.

Read more on our human capital performance and outlook on page 48.

3,844
Performance reviews carried out

24%
Reduction in LTIFR

₹11.58 Lakh
Average annual compensation

750
Employees promoted

Chairman's statement

Building the India of tomorrow

Dear Stakeholders,

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

Reviewing an eventful year

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

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

However, there is fair reason to believe that most of these issues have bottomed out to pave the way for brighter prospects. Globally, there are early signs of stabilisation as US-China dynamics improve and global trade flow gets back on track. Accommodative monetary policy and resilient consumer spending have helped ease market sentiment.

While we are looking at a global growth rebound, in India, we are confident of robust growth in the medium to long term. Factors that are expected to contribute to this growth include the Union Budget and policies that support heavy social and industrial infrastructure. The government's commitment of ₹102 Lakh Crore to the National Infrastructure Pipeline over the next five years is expected to significantly drive demand for cement in India.

Taking stock of our performance and growth

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

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

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

Progressing sustainably

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

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

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

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

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

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

Going forward

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

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

Best regards,
Narotam Sekhsaria

Value creation model

Optimising inputs. Maximising outcomes.

INPUTS

Financial capital (standalone)

Equity: ₹188 Crore
Net worth: ₹11,521 Crore
Retained earnings: ₹7,697 Crore
Capital expenditure: ₹540 Crore

Manufactured capital

Cement manufacturing units: 17
Integrated plants: 11
Grinding units: 6
Ready mix concrete plants: 90
Installed capacity for cement manufacturing: 33.05 MTPA
Offices: 5
R&D facilities: 1
Warehouses: 400
Captive power plants: 09
Wind Farms: 3
Solar power portfolio: 82 MW (operational and under implementation)

Intellectual capital

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

Natural capital

Total water consumption in cement operations: 4.66 Million m^3
Total green energy consumed: 82.39 Million units
Total waste co-processed: 4,51,286 tonnes
Total expenditure on environment: ₹235.5 Crore

Social and relationship capital

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

Human capital

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

ACTIVITIES

Mining

Raw material preparation

Inbound logistics

Drying and grinding of raw meal

Clinkerisation and Storage

Cement grinding and storage

Packing and dispatch

Outbound logistics

Sales and marketing

After sales service

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

OUTPUTS

27.87 MT
Cement production across grades and quality

3.53 Million m³
Ready mix concrete

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

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

OUTCOMES

Financial capital (standalone)

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

Manufactured capital

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

Intellectual capital

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

Natural capital

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

Social and relationship capital

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

Human capital

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

ACC

Operating landscape

An environment of opportunities. An ecosystem of potential.

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

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

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

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

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

Demand from housing and infrastructure development

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

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

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

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

Additional capacity installation

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

Focusing on sustainability

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

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

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

Allocation of dedicated coal mines

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

Risks and threats

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

Stakeholder engagement

Engaging for growth. Empowering for progress.

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

Stakeholder analysis

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

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

Stakeholder groups	Key concerns	Mode of engagement	Frequency
Employees	• Training and development • Performance evaluation and recognition • Sharing knowledge and best practices • Fair practices and work- life balance • Health and safety matters	• Town hall meetings and webcasts • Intranet portal, Newsletter • Cultural events • Safety committees and toolbox talks • Trainings and performance management system • Reporting mechanisms	Regularly
Government/ regulators/ local authorities	• Compliance with laws and regulations • Regular reporting	• Regular visits and applications • Meetings, presentation, reports and networking in different forums organised by regulatory authorities • Presentations from management	As and when required
Channel—Dealers and retailers	• Assured quality • Support in sales promotion • Regular supply and timely delivery • Profitability and return on investment	• Sales calls • Relationship building activities such as meets, events and engagements • Net Promoter Score (NPS) surveys	Continuous contact visits Dealer meets and NPS surveys—Annual

Stakeholder groups	Key concerns	Mode of engagement	Frequency
Consumers (trade) —Individual home builders and contractor	• Estimation of building cost • Assured quality • Selection of good cement • Process of good construction • Troubleshooting	• Calls/visits by customer service engineers • Consumer meets and exhibitions • Information on ACC products • Complaint & feedback mechanism • Advice on good construction practices	Regular customer visits; others based on needs and opportunities
Consumers (institutional)	• Assured quality • Consistency in product • Regular supply and timely delivery • One-window solution for all cement and concrete needs • Testing if needed	• One-to-one sales calls • Technical after sales service • Key account management system	High frequency and regular
Communities	• Livelihood opportunities and income generation • Quality education • Preventive health and sanitation • Community environment • Infrastructure development	• CSR interventions and volunteering • Volunteering initiatives • Community events and functions • Stakeholder engagement surveys community advisory panels meetings • Social audits	Programme-based and regular
Investors	• Information on Company's performance • Company's financial health, growth and performance • Dividend payments	• Annual General Meetings. • Stakeholders' Relationship Committee to addresses grievances of investors and shareholders • Email ID & toll-free number for investors	Quarterly/ annually/ as and when required
Vendors and suppliers	• Registration as approved vendor • Product specifications • Pricing and terms of payment • Delivery period • Product failures and user complaints • Compliance	• By phone, VC, email or in person. • Suppliers meet • Capacity building on supplier code of conduct • Surveys	High frequency and continuous contact visits
Waste generators	• Awareness of safe and sustainable waste disposal methods • Awareness of co-processing • Delay in permit process • Handling and transporting waste • Assurance of waste disposal	• Regular visits, emails and telephonic conversations • Participation in various forums, release of case studies and articles in reputed publications • Customer events • Geocycle Week	Monthly or more frequent
Trade associations and industrial bodies	• Issues faced by the Company/ industry • Need for policy intervention and changes as part of ease of doing business	• Sharing best practices and benchmarks • Participating in regional and national events/ conclaves of industry bodies	As and when required and organised
Media	• Transparent disclosure and information sharing	• Press releases • Publishing articles and news • Meetings and interviews	As and when required

Materiality

Prioritising critical matters. Creating measurable impact.

Our initiatives are determined by several issues that are important to us and our stakeholders. To analyse matters that have significant bearing on our ability to create value, we undertook an extensive materiality assessment process in 2017. In 2018, we reviewed the previous assessment to gain new insights and record improvements and changes. The material issues thus identified were prioritised, reviewed and validated to be presented in the year's sustainability report. Subsequently, we further aligned the material matters with the aspects identified by the Sustainability Development 2030 (SD 2030) Plan of our parent, LafargeHolcim.

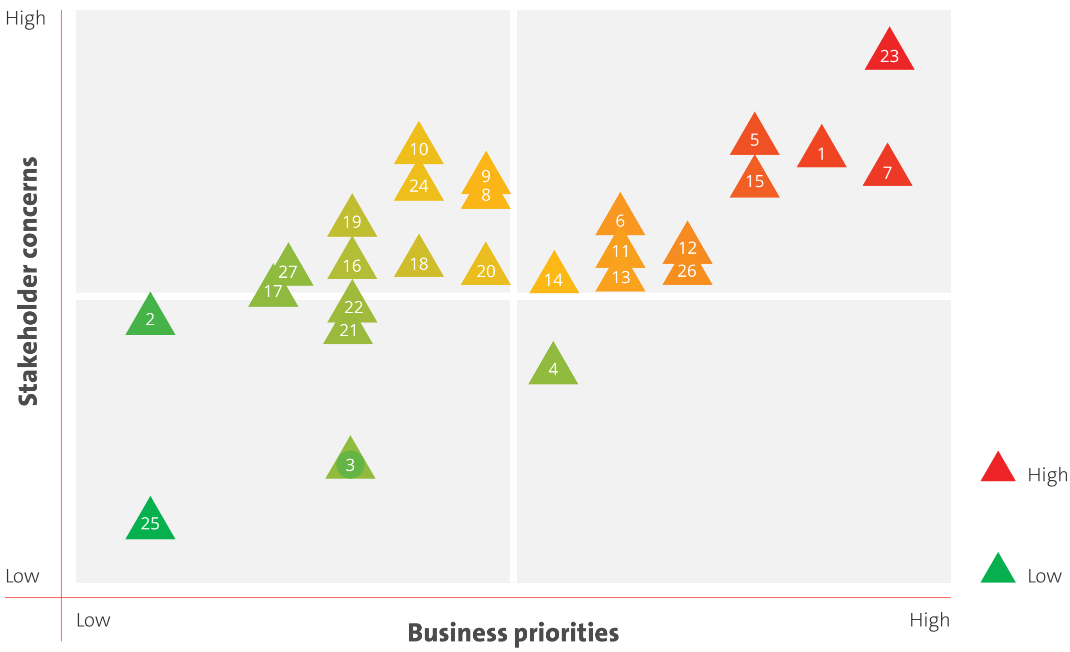
Since this exercise, the organisation has not undergone any notable changes in its operations or relationships.

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

Most critical material issues

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

Materiality Matrix



Internal

8 Research and Product Innovation

10 Code of Conduct and Business Ethics

15 Energy

21 Attraction/Development/ Talent Retention

22 Employee Training and Development

Internal and External

1 Economic Performance

2 Indirect Economic Impacts

3 Land Acquisition for Mines and New Projects

4 Supply Chain Management

5 Customer Relationship Management

6 Corporate Governance

9 Sustainable Construction

11 Risk Management

12 Climate Change and Global Warming

13 Circular Economy

14 Biodiversity

16 Water Management

17 Effluent and Waste Management

18 Air Emissions

20 Employment and Labour Practices

External

7 Compliance to Regulatory/ Statutory Requirements

19 Transportation and Logistics

23 Health and Safety

24 Human Rights

25 Public Policy and Advocacy

26 Community Development

27 Grievance Mechanism

Strategy

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

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

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

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

Our strategic framework

- Purpose
- Material issues
- External environment
- Business imperatives
- Strategy drivers
- Strategic focus areas
- Key initiatives and actions to drive strategy-led value

Progressing on our strategic focus areas

	SFA1 **Expanding and upgrading capacities**	SFA2 **Enhancing profitability**
Key strategic drivers	• Require higher production capacity in ACC's key markets of Central & East India to prevent being sold out • Available cash surplus to fund growth with no external borrowings or capital raise required • Legacy manufacturing units that require technology upgrade	• Improve operating margins with internal efficiencies and cost optimisation • Vision to align operating margins with industry peers • Better margins from premium products
Critical material issues	• Health and safety • Economic performance • Customer relationship management • Energy	• Economic performance • Energy
How do we do it?	1. **Deploying development capex** In December 2018, our Board approved three major projects, with a total outlay of ₹2,843 crore. These include greenfield and brownfield projects in Madhya Pradesh, Uttar Pradesh and Jharkhand. 2. **Engaging efficiency and maintenance capex** We are upgrading our existing facilities with modern technology and new process methodology.	**Programme 'Parvat'** 'Parvat' is our flagship efficiency optimisation programme, designed to transform cost structure and improve delivered cost. Priorities include unlocking efficiencies in procurement and supply chain, and reducing distribution costs. **Focus on premium products** Maintaining a sharp focus on growing the premium product segment to achieve better margins and serve as a new growth avenue.
Progress in 2019	• The expansion programme is well on track. • In terms of efficiency capex, in 2019 we focused on upgrading infrastructure in our older manufacturing units to increase productivity per installed capacity and improve operating margins. • We added 15 ready mix concrete plants during the year.	• All employees at corporate, plants and sales units are engaged in driving the objectives of 'Parvat'. Have made progress on clinker factor reduction, decrease in spares inventory and improvements were made in gypsum and coal mix. • Investment in efficiency initiatives such as Waste Heat Recovery Plants (WHRPs). • Premium products grew significantly in 2019, and our new Solutions & Products range in dry mix and construction chemicals are gaining traction.
Key performance indicators	• Cement sold vs cement produced ratio • Cement realisation • Average capacity utilisation • Cost of expansion per tonne of cement	• Average operating margin • Cost of goods sold • Growth of premium products • Average operating margin from premium products
Outlook	The activation of new manufacturing capacities and existing capacity upgradation will help us service the high-growth markets of Central and Eastern India with higher volumes and better margins. We expect the new units to start contributing to our topline by the end of 2021 or early 2022.	Programme 'Parvat' is expected to improve operating profit through a marked reduction in cost. Our new products & solutions portfolio is receiving an encouraging response, and we expect that they will contribute in great measure to ACC's growth as a total building materials company.
	Read our detailed coverage on our expansion programmes on page 28.	Read our detailed coverage on cost efficiencies on page 24.

SFA3

Reimagining our business proposition

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

- Customer relationship management
- Climate change and global warming

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

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

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

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

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

- Number of new products launched during the year
- Ready mix concrete share in the overall topline
- Ready mix concrete sales growth over the years
- Emissions reduction

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

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

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

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

SFA4

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

- A non-negotiable commitment to health and safety of people
- Current and emerging issues in business sustainability
- Perspective shift from linearity to circularity
- Responsibility and ambition to set industry benchmarks in sustainability performance

- Health and safety
- Energy
- Circular economy, climate change and global warming
- Community development
- Corporate governance
- Risk management
- Biodiversity

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

Maintaining highest standards of corporate governance
Good governance is a standard operating practice for us. Our Board and Management periodically reviews our governance strategy and performance.

Progress across the below five priorities are covered on pages 34-35, 113.

- Climate & energy
- Circular economy
- Environment
- Community
- Governance

- GHG intensity
- Renewable energy consumed
- Waste co-processed
- Thermal Substitution Rate (TSR)
- Freshwater vs recycled water consumed
- CSR spend, beneficiaries and impact

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

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

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

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

Financial capital performance

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

In 2019, we performed exceedingly well on most parameters. We streamlined our operations to achieve better efficiencies and moderate our operating costs as part of our ‘Parvat’ initiative. The benefits thus accrued have been deployed in relevant growth areas. We ended the year with a consolidated net profit of ₹1,378 Crore.

~10%

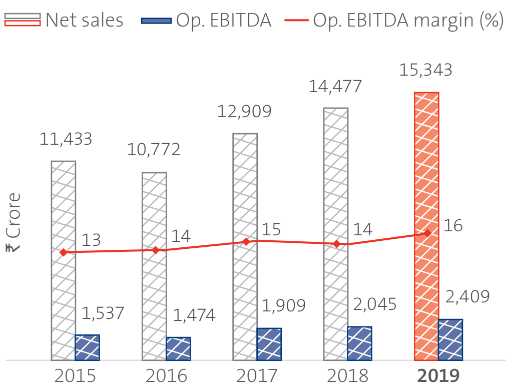
Contribution of ready mix concrete to overall topline

Recognition

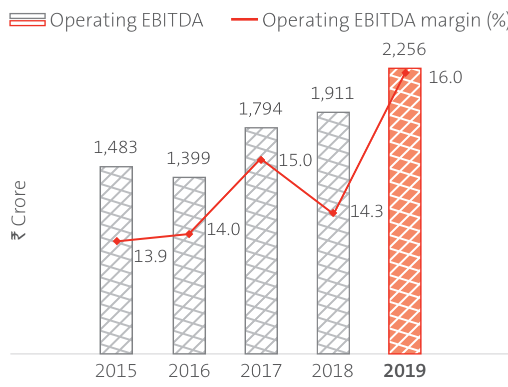
1. ‘Gold Shield’ ICAI Award for Excellence in Financial Reporting for 2018 annual report.
2. ACC’s Annual Report for the year 2018 was named the first runner-up (second place) in the manufacturing sector in the best-presented annual report category at the South Asian Federation of Accountants (SAFA).

Performance highlights (standalone financials)

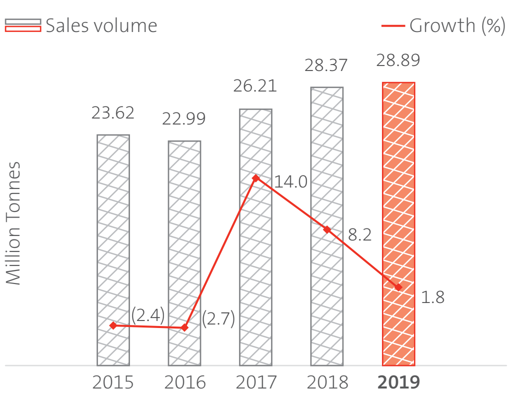
NET SALES, OPERATING EBITDA AND OPERATING EBITDA MARGIN



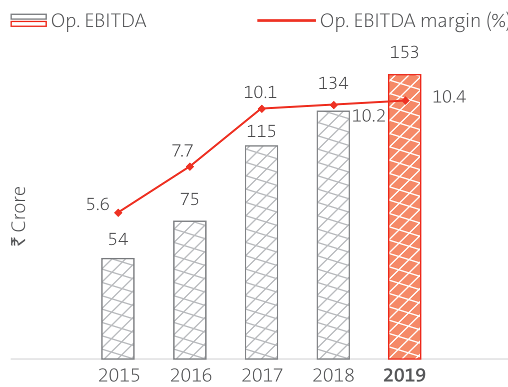
CEMENT OPERATING EBITDA & OPERATING EBITDA MARGIN



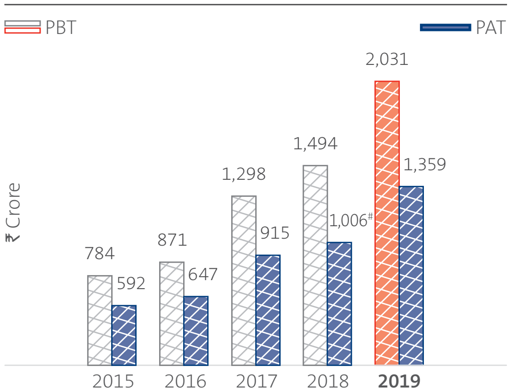
CEMENT SALES VOLUME & GROWTH



READY MIX CONCRETE OPERATING EBITDA & OPERATING EBITDA MARGIN

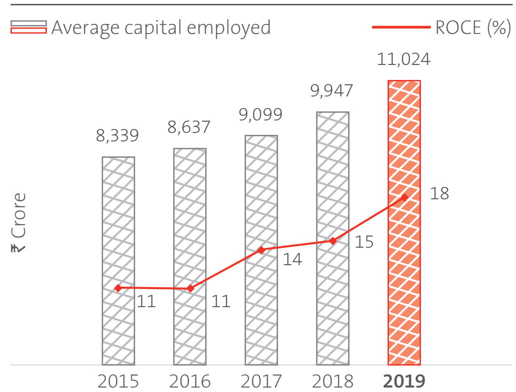


PROFIT BEFORE TAX & PROFIT AFTER TAX



Excludes write-back of ₹501 Crore related to tax provision

AVERAGE CAPITAL EMPLOYED & RETURN ON CAPITAL EMPLOYED [ROCE]

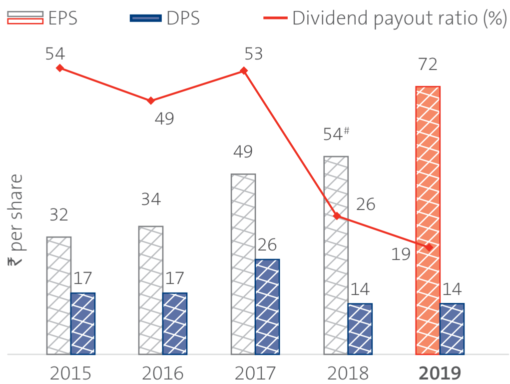


ACC

Financial capital performance (contd.)

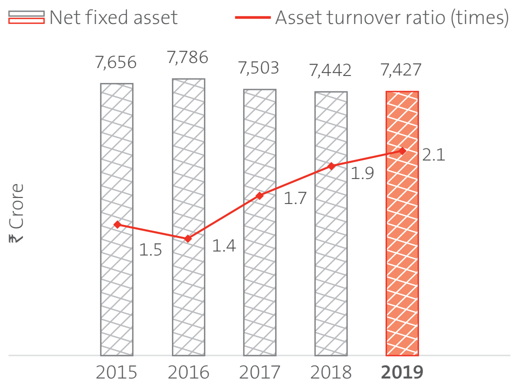
Performance highlights (standalone financials)

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

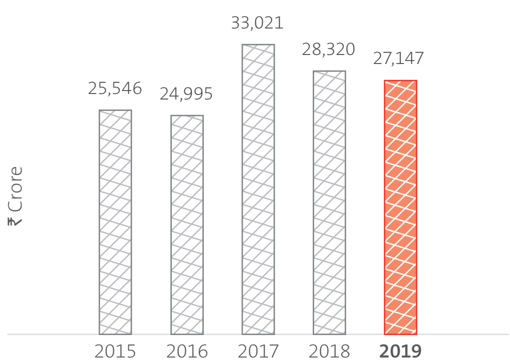


*Dividend payout ratio is calculated without considering dividend distribution tax
#EPS is calculated excluding write-back of tax provision

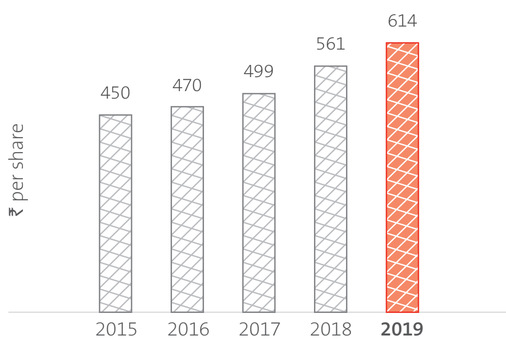
NET FIXED ASSET & ASSET TURNOVER RATIO



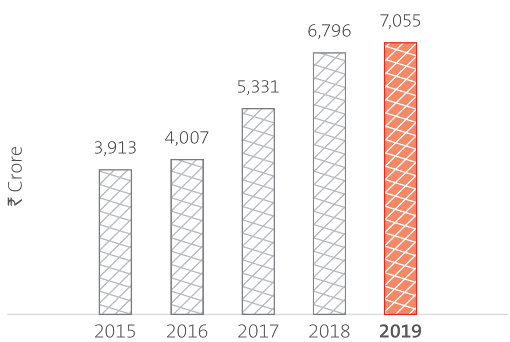
MARKET CAPITALISATION AT YEAR END



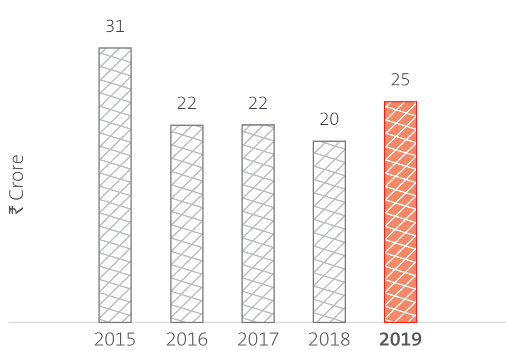
BOOK VALUE PER SHARE



CONTRIBUTION TO EXCHEQUER



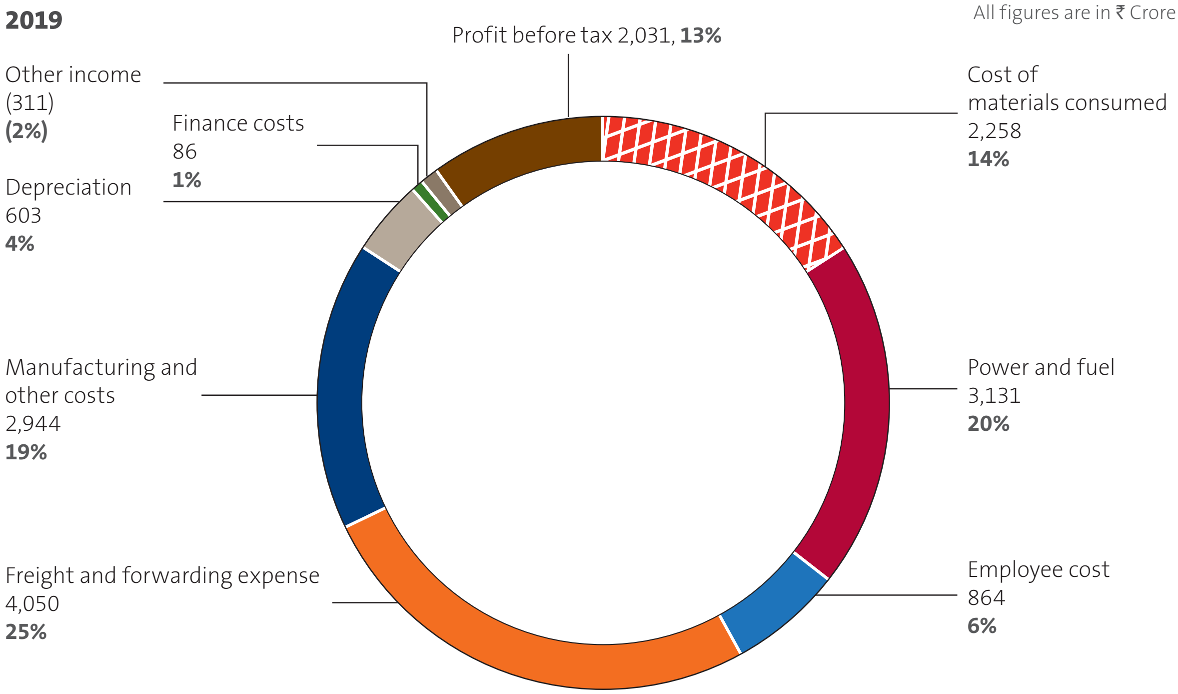
CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE



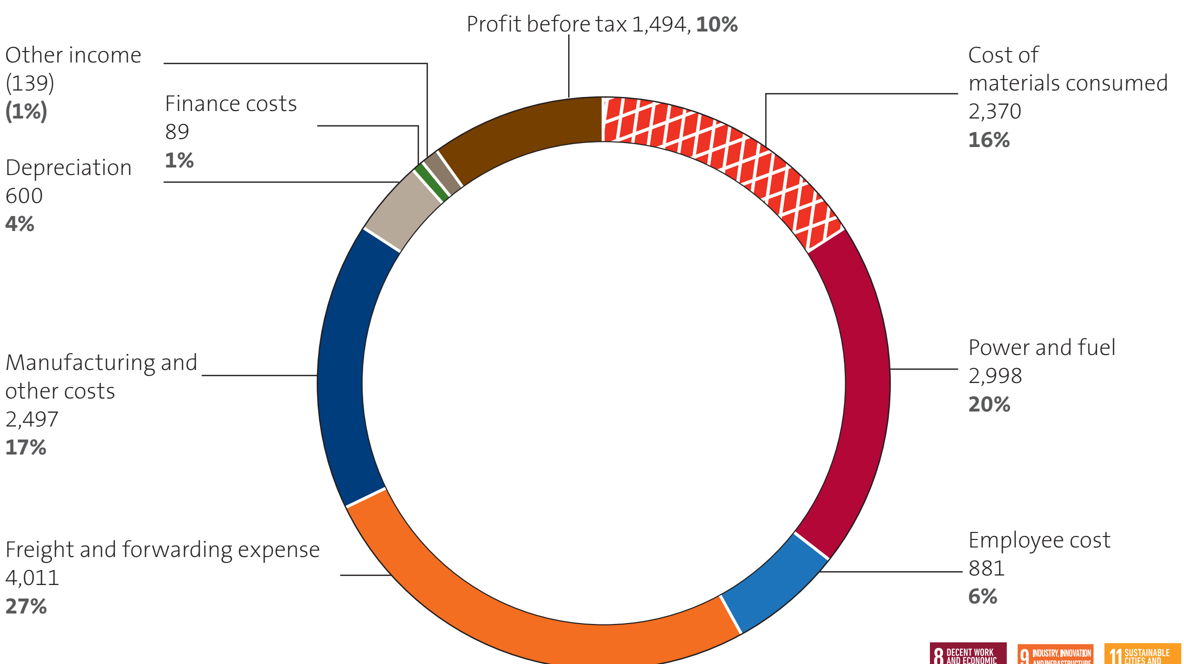
Cost and profit as a percentage of revenue from operations

All figures are in ₹ Crore

2019



2018



Manufactured capital performance

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

Capacity expansion and capex projects

To effectively manage our manufactured capital, we regularly undertake both capacity augmentation projects and engage efficiency capex initiatives.

Development capex

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

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

Efficiency capex

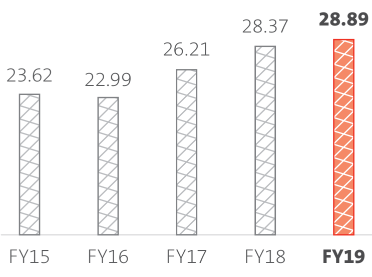
At best-in-class utilisation levels, we need to be mindful to ensure consistent reliability of our manufacturing units. To achieve this purpose, we are also in the process of upgrading our existing manufacturing infrastructure to arrive at better production efficiencies and consequently, better profitability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

Captive power generation units

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

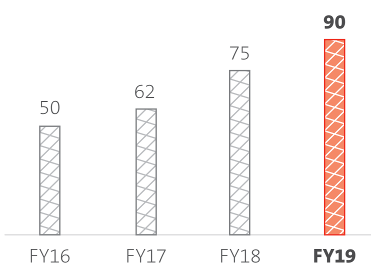
CEMENT SALES VOLUME

MTPA



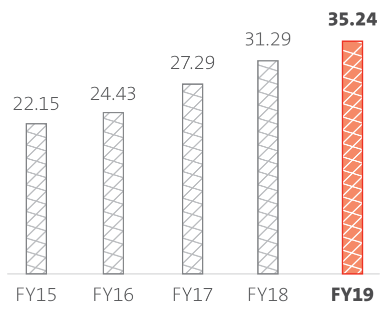
READY MIX CONCRETE PLANTS

in numbers



CONCRETE PRODUCTION VOLUME RMC

Lac m^3

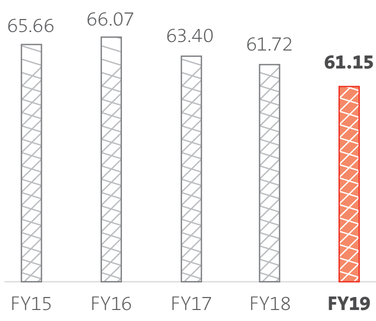


EBITDA PER TONNE OF CEMENT SOLD

₹ Crore

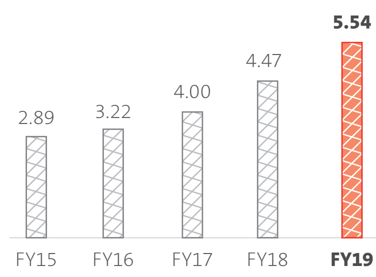
CLINKER FACTOR IMPROVEMENT

%



THERMAL SUBSTITUTION RATE (TSR)

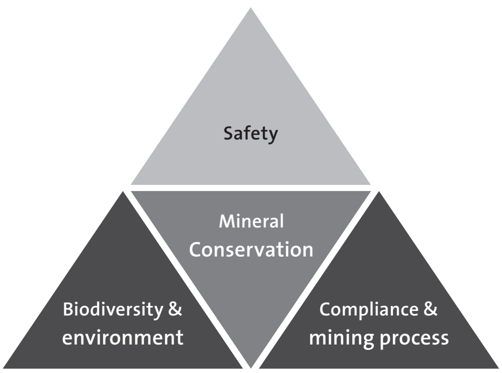
%



Manufactured capital performance (contd.)

Mining

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



Safety

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

Mineral conservation

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

Compliance

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

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

Supply chain and logistics

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

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

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

Digital initiatives in supply chain

- In the past, our Dealer Connect App has proved to be an effective tool in engaging better with our channel partners. Building on its success, we are planning to revamp the app with newer features and to further increase its adoption among stakeholders.
- In order to reduce lead times and provide better service to our customers, we have established an Automated Order Allocation Engine, where orders can be booked using a digital tool and collected within a stipulated time.
- To drive efficiency and adopt data-led management, we have bolstered our business intelligence systems with advanced supply analytics.

As we experiment with more sustainable and cost-efficient materials, our logistics strategy will also be naturally aligned to optimise the new mix. For example, we are considering gypsum as a new raw material and are looking forward to sourcing the same locally. Similarly, red mud, a waste product from the aluminium production industry, can be considered as raw material in the production of cement clinkers. This will also have a bearing on our logistics priorities, going forward.

Intellectual capital performance

As thought leaders, we continue to lead the industry in terms of innovation across ideas, products, practices and processes. We celebrate excellence and pave the road for others to follow.

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

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

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

Embracing digital technology

Our achievements in the digital space have vindicated our ability to foresee major industry shifts and act with speed. During the year, we introduced mobile applications for our sales & customer service teams, contractors, engineers and dealers, which helped us connect with customers better, achieve better control and optimise costs. For customers, our dedicated call centre serves as a reliable platform for information and for resolving concerns.

In 2019, we undertook a slew of initiatives to bolster our digital footprint, which included the introduction and revamp of applications for multiple stakeholders and interventions spanning functions and verticals.

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

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

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

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

Other interventions

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

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

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

Outlook

As we enter the new decade in 2020, we are working towards launching new innovations in the market such as floor systems, wall systems and roof systems. Simultaneously, we are also improving the existing portfolio by actively listening to our customers and experimenting with newer formulations to maintain our superior product performance. While 2019 was a year of introduction and establishment of a significant number of digital initiatives, 2020 is expected to witness large-scale adoption of the same.

'Karein Kuch Kamaal'

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

During the year, ACC extended the 'Karein Kuch Kamaal' philosophy to celebrating and sharing inspirational stories of excellence in people, ideas, and occasions.

Recognition

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

Sustainable development 2030 plan

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

Our sustainability strategy is led by our Sustainable Development (SD) 2030 Plan, developed in 2016, and aligned with the earlier SD 2030 Plan of our parent LafargeHolcim. This strategy focuses on four broad pillars, where we strive to create positive impact. However, we are happy to report that we have already surpassed most of the targets of 2020 in 2019 itself. On the next page is a snapshot of our 2019 performance against 2020 targets. Moreover, we are now presenting the revised sustainability strategy—SD 2030 plan, which appears in the MDA section of report.

Four pillars of our sustainability strategy

Climate
Reduction of net specific CO_2 emissions

Circular economy
Enhanced utilisation of waste-derived resources

Water and nature
Creating a positive impact on Water and Nature

People and communities
Creation of shared value

Our performance against the targets of previous SD 2030 plan

	Climate	Circular economy	Water and nature	People and communities
Performance 2019	Reduced net specific Co_2 emissions by 38% per tonne of cement (vs. 1990)	Used 12.47 million tons of waste-derived resources	Reduced specific freshwater withdrawal in cement operations by 31% (vs. 2015)	Half a million people benefitted from our social programmes
Target 2020	We will reduce net specific CO_2 emissions by 34% per tonne of cement (vs. 1990)	We will use 9.6 million tonnes of waste-derived resources per year	We will reduce specific freshwater withdrawal in cement operations by 19%	To benefit >1 million people through our social programmes
Target 2030	We will reduce net specific CO_2 emissions by 40% per tonne of cement (vs. 1990)	We will use 10.7 million tonnes of waste-derived resources per year	We will reduce specific freshwater withdrawal in cement operations by 30%. Show a positive change for biodiversity. Implement WASH pledge at all our sites	We will have zero fatalities Reduce LTIFR <0.20. Reduce TIFR by 50%. Benefit 3.25 million people from our social programmes. Assess 100% high risk active suppliers. Top sub-suppliers with high risk identified and assessed
SDGs linked	7 Affordable and clean energy; 11 Sustainable cities and communities; 13 Climate action	11 Sustainable cities and communities; 12 Responsible consumption and production; 13 Climate action; 17 Partnerships for the goals	6 Clean water and sanitation; 12 Responsible consumption and production; 15 Life on land	1 No poverty; 2 Zero hunger; 3 Good health and well-being; 4 Quality education; 8 Decent work and economic growth; 10 Reduced inequalities; 11 Sustainable cities and communities; 16 Peace, justice and strong institutions

Natural capital performance

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

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

1. Climate change

Cement production is energy intensive in nature with inherent process CO_2 emissions, contributing to ~7% of global cement emissions. The fast approaching 2°C irreversible temperature increase scenario

505 kg CO_2/t of cement

ACC maintains one of the lowest specific CO_2 emissions/t of cement in the world

will throw huge challenges and opportunities before the industry with stringent environment regulations, change in precipitation patterns leading to severe drought/floods, disruption of supply chain, and demand for new products to meet the extreme weather conditions, among others.

We are taking mitigation measures by engaging various CO_2 emission intensity reduction levers. These include clinker factor reduction, energy efficiency improvement, use of alternative fuels and raw materials, Waste Heat Recovery Systems (WHRS), renewable energy and adoption of new technologies.

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

Over the years, we have been successful in progressively reducing our emissions through concentrated efforts. As part of our revised SD 2030 commitment, we are working towards the reduction of specific CO_2 emissions to 400 kg/t of cement by 2030.

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

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

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

consumption through Open Access (OA) power from comparatively cheaper sources. We also set off our costs using WHRS at Gagal plant and plan to add more such systems shortly.

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

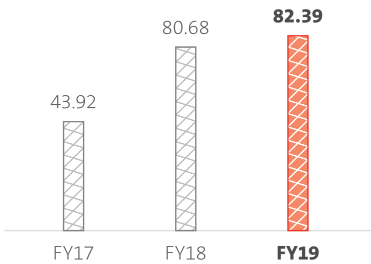
ACC is an active member of the Indian Chapter of the Global Cement and Concrete Association (GCCA) and a signatory to the Low Carbon Technology Roadmap for the Indian cement industry, a voluntary commitment by CSI member companies with time bound targets for reduction of carbon emissions by the year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

~75,800 tonnes

Expected annual CO_2 savings from renewable energy consumed

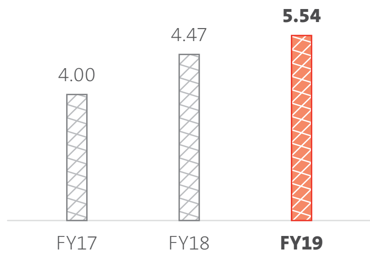
GREEN ENERGY USED

Million units



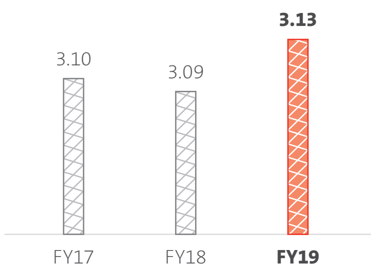
THERMAL SUBSTITUTION RATE (TSR)

%



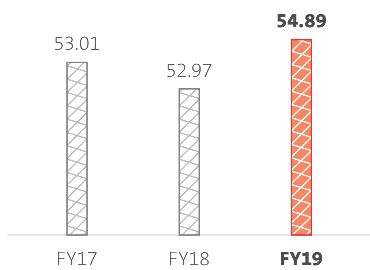
SPECIFIC THERMAL ENERGY

gj/t of clinker



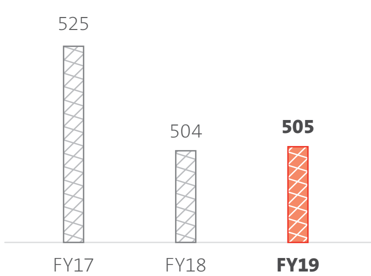
POWER GENERATION FROM WASTE HEAT RECOVERED

Million units gj



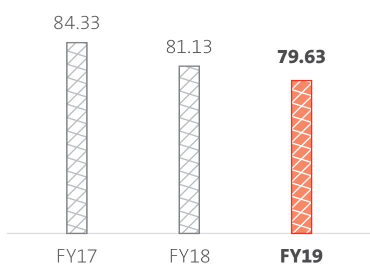
CO_2 EMISSIONS (NET)

kg/t of cement



SPECIFIC ELECTRICAL ENERGY

kwh/t of cement



Natural capital performance (contd.)

2. Circular economy

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

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

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

1. Sourcing stage

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

2. Production stage

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

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

Case study

Meaningful strides towards a 'zero plastic' future

At ACC, we are partnering India's drive for a 'zero plastic' future for all.

The Government of Himachal Pradesh (HP) sought the support of Geocycle India for the disposal of municipal waste in three districts. The challenge was to manage the work with precision, on budget and within the stipulated timeline.

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

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

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

Case study

Impactful waste management

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

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

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

Goa takes the lead

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

The role of Geocycle

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

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

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

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

Key benefits

1

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

2

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

3

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

Natural capital performance (contd.)

3. Managing waste and effluents

A. Waste water

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

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

B. Solid waste

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

C. Plastic waste

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

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

Case study

Cleanliness in action

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

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

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

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

Case study

Responsible usage: Green Building Centres

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

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

79,341 MT
of Fly ash

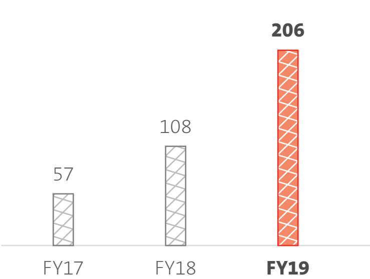
1,71,905 MT
Natural soil conserved

12,099 MT
CO_2 avoided during the year

36,816
Affordable houses constructed till date

GREEN BUILDING CENTRES

In numbers



3. Water and nature

Water

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

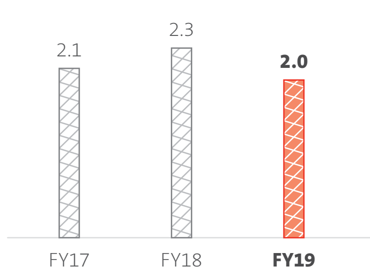
At ACC, we have resolved to achieve Zero Discharge of water in all our operations with sustained efforts like stringent discipline in water consumption, recycling and reuse of water. Several plants are already self-sufficient in meeting their water requirements, bringing us closer to our goal of becoming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

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

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

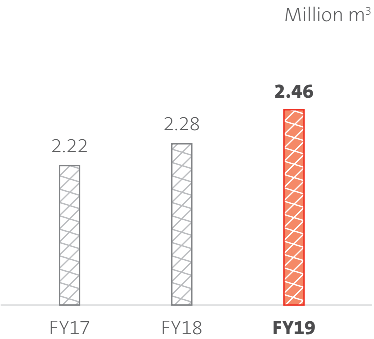
SURFACE WATER CONSUMPTION

Million m³

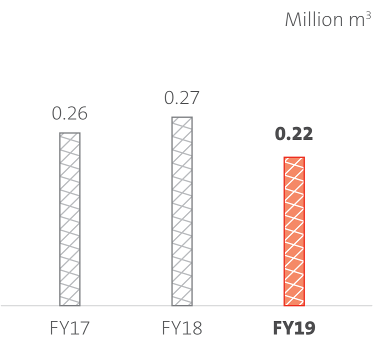


Natural capital performance (contd.)

HARVESTED RAINWATER CONSUMPTION



GROUND WATER CONSUMPTION



Biodiversity

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

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

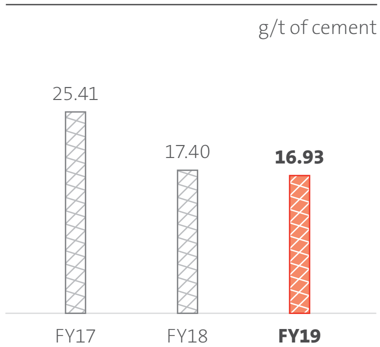
As of 2019, with 17 mining sites, total disturbed area was 1607 hectares (Ha) while rehabilitated area was 789 Ha. Among all sites, three are relatively biodiversity-sensitive, wherein 10 species fall under 'Schedule I' category, for which we have an approved Wildlife Conservation Plan (WCP). These 10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

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

Emissions

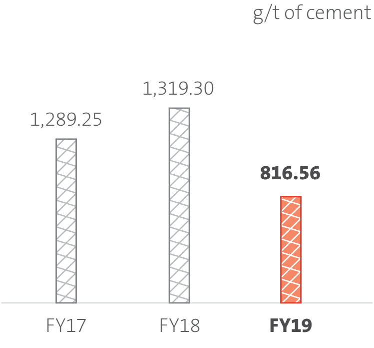
Other than carbon emissions, the cement manufacturing process emits dust, sulphur oxides (SOx) and nitrogen oxides (NOx). We have installed state-of-the-art systems to monitor every source of emission and to control them, in line with the latest emission regulations. At the transport stage, we ensure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

DUST EMISSIONS



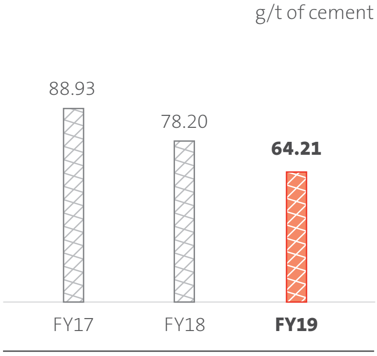
For NOx, we have instated various primary and secondary control measures such as Selective Non Catalytic Reduction (SNCR) systems that have helped us progressively reduce our NOx emissions.

NOx EMISSIONS



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

SOx EMISSIONS



Recognition

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

Social and relationship capital performance

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

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

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

Planning and implementation

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

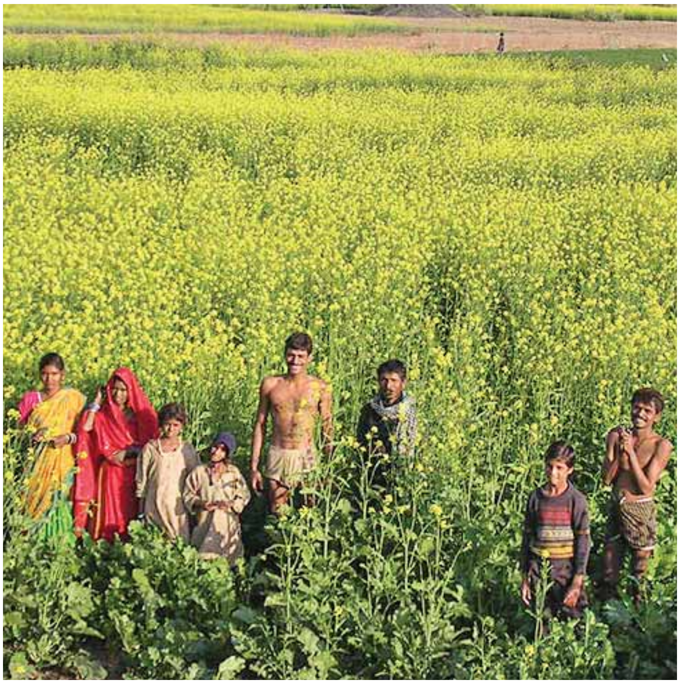
Our CSR footprint in 2019

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

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

DISHA (Livelihood)
41,079 lives impacted
2076 agri-entrepreneurs created
5 Farmers Producers Organisations (FPOs) made operational
14,399 women empowered through Self Help Groups (SHGs)
₹3.54 Crore savings mobilised through SHGs
₹4.79 Crore loans leveraged for SHGs
7 SHG Federations registered

Social and relationship capital performance (contd.)



WASH (Water, Sanitation, Hygiene)

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

Disaster Mitigation

- Assistance to 6,776 families in 6 districts of 2 states
- An entire gram panchayat rehabilitated after Cyclone Fani in Odisha
- 7 km motorable road paved in Odisha
- Recognised by Govt. of Odisha and Xavier University, Bhubaneshwar
- Relief operations in 5 districts of flood-hit Bihar

Case study

Digital is the new normal

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

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

We regularly engage with suppliers and contractors and ensure that we have sustainability as a core consideration in our procurement practices. Group policies and principles are followed to enlist suppliers and contractors. For new contracts, Avetta certified (green) suppliers are preferred. During the year, four suppliers were visited and evaluated on multiple parameters, including sustainability. Further, an online training for 200 vendors on the Avetta tool was conducted to build their capacity on sustainability aspects.

ACC

OFFICIAL PARTNER

Case study

Brand new innings with BCCI

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

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

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

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

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

Recognition

1. ACC received the '2 Good' rating at the Economic Times 2Good4Good CSR ratings programme for 2019.
2. ACC Gyan Setu programme to promote quality education received the Gold CSR Excellence Award for the Best Education/Scholarship Programme at ACEF Asian Leaders Forum & Awards 2019.
3. ACC Drona was the second-runner up in the Sports category at the CSR Journal Excellence Awards.

Human capital performance

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

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

627
New employees joined in 2019

~8%
% of women among new hires in 2019

Building for the future

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

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

Key initiatives:

1. To ensure continuous development and ease of access to all employees we have taken a digital learning route through our learning application 'SAIL'. This application empowers employees to learn anywhere and anytime at their convenience.
2. Young Chartered Accountants (CAs) from across India were inducted into our company. These campus recruits have brought new energy and enthusiasm, to drive fresh ideas in the company. Over half of these new CA recruits are women and this is in line with our objective of fostering a gender diverse workplace.
3. We have hired a group of young female CCR operators who are being trained at plants across ACC.
4. We have signed a long term wage settlement with the ACC unions representing Shop Floor Associates across all plants. ACC has introduced the new Integrated Incentive Scheme (IIS) and Safety Improvement Incentive Scheme (SIIS) aligned with our key business challenges, which lead to improvement in safety and business performance across plants.

Human capital performance (contd.)

Human rights

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

Awareness

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

Policies regarding discrimination and sexual harassment

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

Freedom of Association and Collective Bargaining

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

Rights of indigenous peoples

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

8 DECENT WORK AND ECONOMIC GROWTH

16 PEACE, JUSTICE AND STRONG INSTITUTIONS

Learning and development

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

Case study

Advanced digital learning to stay ahead

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

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

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

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

1,200

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

Key benefits derived from SAIL

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

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

Human capital performance (contd.)

Health and safety (H&S)

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

Key initiatives in Health and Safety:

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

Recognition

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

Fatalities (in numbers)

2017	2018	2019
1	0	4

Loss Time Injury (LTI) (in numbers)

2017	2018	2019
27	21	15

Loss Time Injury Frequency Rate (LTIFR) (in numbers)

2017	2018	2019
0.56	0.45	0.34

Case study

Safety is a constant priority

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

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

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

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

7700
Number of trucks monitored using IVMS

5200
Number of drivers underwent LH-approved in-cab training and assessment programme

38%
YoY reduction in the number of road accidents within ACC premises

Health

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

Road Safety

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

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

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

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

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

Recognition

1. Runner-up in the Torch Bearers of Safety Award category at the Mahindra Transport Excellence Awards 2018.
2. Indian Oil - Times Network certificate of commendation as "Best Technology Adopter of the Year" in road logistics.

Governance

Leadership with insight. Governance with foresight.

Over the years, we have been steered by leaders who have ensured that the Company stayed on its path of progress while adhering to best-in-class governance. They have accorded maximum prominence to inclusive and purpose-driven growth, which has translated into ACC becoming a trusted name across generations. We work with a two-fold leadership level system, with the Board and its committees at the apex level and the management at the operational level.

Our current Board consists of eminent members who bring diverse experience in various fields. All our Directors are well qualified, experienced and are renowned leaders from multiple fields such as manufacturing, finance, infrastructure, taxation, governance, mines and metallurgy, mergers and acquisitions, technology and so on.

They ensure that the matters presented before them are scrutinised well through the right questions and processes. Further, the dedicated committees, along with their chairs, deep dive into their domain and conduct healthy discussions to arrive at a consensus regarding high-level decisions. The performance of the Board is annually evaluated using a transparent process.

Our core principles of governance

Strategic oversight

Reinforcing a risk culture

Accountability

Compliance with laws and regulations

Corporate social responsibility

Executive Committee

▶ **Standing from left to right**

Mr. Rajiv Choubey
Chief Legal Officer and
Company Secretary

Mr. Kiran Patil
Chief Manufacturing Officer

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

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

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

Ms. Rajani Kesari
Chief Financial Officer

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

Mr. Suresh Rathi
Chief Supply Chain Officer

Mr. Bhogendra Mishra
Head of Human Resources

Mr. Procyon Mukherjee
Chief Procurement Officer

ACC

Governance (contd.)

Board of Directors

▶ **Standing from left to right**

Mr. D. Sundaram
Non-Executive and
Independent Director

Mr. Sridhar Balakrishnan
Managing Director and CEO
w.e.f. February 21, 2020

Mr. Martin Kriegner
Non-Executive and
Non-Independent Director

Mr. Jan Jenisch
Non-Executive and
Non-Independent Director

▶ **Sitting from left to right**

Mr. Neeraj Akhoury
Managing Director and CEO
upto February 20, 2020
Additional Director (Non-Executive and
Non-Independent Director)
w.e.f. February 21, 2020

Mr. N. S. Sekhsaria
Chairman
Non-Executive and
Non-Independent Director

► **Standing from left to right**

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

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

Mr. Shailesh Haribhakti
Non-Executive and Independent Director

Mr. Sunil Mehta
Non-Executive and Independent Director

Mr. Vinayak Chatterjee
Non-Executive and Independent Director

► **Sitting from left to right**

Ms. Falguni Nayar
Non-Executive and Independent Director

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

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

Management discussion and analysis

ECONOMIC SCENARIO AND OUTLOOK

India's economy grew at 7.2% and 6.8% in fiscal 2017-18 and 2018-19, respectively. The current fiscal has witnessed a slowdown and the full year GDP growth rate for the fiscal 2019-20 is pegged at 5%. This is primarily due to demand weakness across sectors (including cement), financial sector stress, tightening of credit and lingering effects of earlier policy measures. Inflation has been contained at around 3% till August 2019 and has seen a gradual increase during the later months of the year. A key positive has been the decline in fuel prices (crude oil and coal) during 2019 due to moderation in global economic activity.

To address the deceleration in economic growth, the RBI has reduced the repo rate by 135 bps through the entire stretch of 2019. Due to weak transmission of rates by commercial banks and the stress in financial and banking sector, gains were limited during the year. Lower than expected tax collections have limited the fiscal space available to the Government of India to undertake counter-cyclical measures. In the Union Budget 2020, the Government of India raised the fiscal deficit target to 3.8% of GDP from 3.3% pegged earlier for 2019-20.

The outlook for fiscal 2020-21 remains largely positive with an estimated GDP growth rate of around 6%. Private investment is anticipated to pick up on the back of deleveraging of corporates, significant financial sector reforms and resolution of stressed assets under the Insolvency and Bankruptcy Code (IBC), which will contribute to cleaning up of banks' balance sheets.

Recent reforms to improve the ease of doing business — including steps to liberalise FDI, lower corporate income tax rates and aggressive disinvestment plans by the Government of India — will support broad-based growth in 2020. A very good monsoon, along with full implementation of the new income support scheme is also expected to drive rural consumption in the coming year. These initiatives and positive interventions by the Government of India, coupled with the fact that the fundamentals of the Indian economy remain intact should be a positive impact on economic growth and on demand for cement.

CEMENT INDUSTRY — OUTLOOK AND OPPORTUNITIES

India is the world's second largest cement producer with a cumulative production capacity of c. 520 Million tonnes annually (MTPA) in 2019, estimated to touch 550 MTPA

by 2020. After a healthy cement demand growth of around 9% in 2018, 2019 exhibited a mid-cycle slowdown with a growth of 1.5% to 2%, impacted by the broader economic environment.

Apart from the general economic slowdown, cement demand was sluggish during the first half of the year mainly due to the build-up of the national general elections in April-May 2019. The latter half of the year did not witness an expected rebound due to extended monsoons, low-capital expenditure in infrastructure activities and stresses in the NBFC and housing segments.

However, the outlook for the sector remains positive with an estimated demand growth of 5% in 2020. A key driver for this is the road map laid out under the National Infrastructure Pipeline for spends of $1.5 trillion over the next five (5) years.

The country's demand growth is likely to be led by East and Central regions and will be primarily from affordable housing and infrastructure creation. Affordable housing initiatives are expected to pick up pace under the Pradhan Mantri Awas Yojana (**'PMAY'**) with enhanced budgetary allocation by 9% over last fiscal's estimates. PMAY-Urban has an overall target of constructing 1.12 Crore houses by 2022, of which 1.03 Crore houses were sanctioned as of January 2020.

PMAY-Rural has the overall target of 1.95 Crore units, of which about 0.9 Crore units stand completed as of December, 2019. The Government remains strongly focused on infrastructure development as a key lever of economic growth. Higher capital expenditure, faster execution of infrastructure projects such as Dedicated Freight Corridors (DFC), airports and Metro Rail projects in Tier I and Tier II cities should bolster cement demand growth in 2020.

Good monsoons complemented with PM-KISAN scheme, higher budgetary allocation for the Pradhan Mantri Gram Sadak Yojana and increase in minimum support prices for farmers is expected to drive rural cement demand. Demand in Tier II cities can also be expected to improve with increased construction of commercial centres and office spaces. Based on these developments, the outlook for the cement sector in the coming year remains positive.

SALES VOLUME

In 2019, the Company's cement sales increased by 1.8% from 28.37 Million tonnes in 2018 to 28.89 Million tonnes. Overall, the industry witnessed marginal growth of ~1.5%-2% due to macro headwinds. This was further compounded by a relatively prolonged monsoon, which impacted industry growth. In Retail segment, individual house builders and ground plus three storey (G+3) buildings continues to remain the Company's largest

DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS (Standalone)

Key financial ratios of the Company showing financial performance are as under:

Ratios	2019	2018	Change	Change%
Debtors Turnover (Days)	18	19	(1)	(5)
Inventory Turnover (Days)	34	39	(5)	(13)
Interest Coverage Ratio	-	-	-	
Current Ratio (Times)	1.04	1.18	(0.14)	(12)
Debt Equity Ratio	-	-	-	
Operating EBITDA Margin (%)	16	14	2	14
*Net Profit Margin (%)	9	7	1.91	27
*Return on Net Worth (%)	12	10	2	23

*Before considering the tax write back of ₹500.63 Crore in 2018

Net Profit Margin and Return on Net Worth has improved primarily due to the increase in Profit after tax during the year.

There is no significant change (i.e. change of 25% or more as compared to the immediately previous financial year) in the other key financial ratios.

Management discussion and analysis (contd.)

customer segment in terms of volume and profitability. With growing urbanisation and rural empowerment, the demand from these sectors is expected to accelerate.

MARKET DEVELOPMENT

ACC is synonymous with cement. For over eight (8) decades, the Company has assiduously built a strong brand equity and recall, and continues to have a loyal customer base. Around 78% of the Company's cement sales are in the retail segment, which is addressed through its strong channel network of ~11,000 dealers and ~55,000 channel partners located across India. For developing its B2B customer base, dedicated teams have been set up to service the residential and infrastructure segments.

Over the years, the Company's sales and marketing teams have developed a deep understanding of customer preferences and requirements. This enables it to maximise the utilisation of existing capacity on 'product value-based volume strategy'. It has resulted in the creation of new revenue lines with the introduction of new products. Composite cement volumes have been scaled up significantly in the Eastern India markets.

The Company also launched composite cement in Karnataka. It has consciously driven the growth of premium products. The volume contribution of premium products has increased significantly in the last couple of years. The Company has also worked towards increasing the contribution of blended cement. As part of the overall sustainability strategy, ACC has also reduced the percentage contribution of OPC to the Company's overall volumes.

The Company has undertaken various steps for effective dealer channel management to drive growth in key relevant markets. The strategy is to appoint new channels, enhance wallet share per counter and to remain connected with the channel and retail customers, who are serviced through the dealer channel.

The ACC Dealer Connect App/portal, a web-based application, enables the dealer channel to digitally transact and track information on a real-time basis. The facility is not only important for their businesses, but provides the Company invaluable data on dealer performance.

Another 'Service Connect App' helps to digitally capture 100% site information of influencers for effective conversion and providing on-site services to home builders.

Digitalisation, for the Company, is a key enabler to remain future-ready and to reach out to a wider fraternity of stakeholders comprising dealers, contractors, engineers, customers, sales officers and customer service officers. These apps are being integrated into the larger digital ecosystem to leverage synergies across groups through new data mining capabilities.

The Company continues to strengthen influencer ownership programs through a mix of digital technologies and process changes and in tune with changing times. The objective is to give out more value to influencers and build long-term relationships to remain ahead of the curve.

During the year, ACC has effectively used performance marketing via digital marketing channels to launch and promote the Company's products and services, strengthening the ACC brand.

An interesting mix of TVC, digital films, hoardings, on-site demos, local activation and shop branding were deployed as a part of this campaign. A new brand campaign, 'Karein Kuch Kamaal' [करें कुछ कमाल] was launched in 2019 to energise the Company's corporate brand. An integrated

marketing campaign was launched using a blend of television, print, outdoor and digital.

Product specific campaign was also launched for 'ACC Gold Water Shield' cement. The emphasis was on highlighting the product's uniqueness in providing protection against water seepage. An interesting mix of short films, brand posters, local activation and shop branding were deployed as a part of this campaign.

New products were launched by your Company in construction chemicals and drymix product space. ACC has two (2) products, i.e. LeakBlock 202 (Cement Mix) and LeakBlock 303 (Cement Coat) in construction chemicals category.

In drymix, overall your Company has six (6) products across segments such as plasters, tile adhesives and grouts. The product range and packaging are separate for B2B and B2C segments. In precasts, solutions were developed around different applications such as pavement and sanitation, among others. Pilot trading operations have also been started in aggregates in cities of Bangalore and Mumbai.

CEMENT BUSINESS – PERFORMANCE

	2019	2018	Change%
Production (Million tonnes)	27.87	28.36	(2)
Sales Volume (Million tonnes)	28.89	28.37	2
Net Sale Value (₹ Crore)	14,060.31	13,387.09	5
Operating EBITDA (₹ Crore)*	2,256.30	1,981.17	14
Operating EBITDA Margin (%)	16.05	14.80	1.25 pp

* excluding employee separation cost of ₹70.37 Crore in 2018

Costs – Cement business

During 2019, the Company undertook various initiatives towards effective cost management.

a) Cost of materials consumed

The Company's raw materials cost is lower by 14% per tonne of cement *vis-à-vis* 2018 through overall improvement in supply chain and source mix efficiencies. The landed slag cost is lower by 16% during the year compared to 2018 by improvement in procurement source planning and better supply chain efficiencies. Fly ash landed cost is reduced by 15% as compared to previous year on account of an increase in the consumption of lower cost wet fly ash and through source-mix optimisation.

Higher usage of low-cost gypsum (phospho and activated) and reduction in the consumption of costlier imported gypsum through raw-mix optimisation resulted in overall reduction in gypsum cost by 3% when compared to that of the previous year.

The measures adopted by the Company helped step up manufacturing efficiencies and product mix; improving volumes of blended cement, reduced overall raw materials cost and consequent clinker factor.

Management discussion and analysis (contd.)

b) Power and Fuel

Power and fuel cost account for 26% of the total operating cost. Overall power and fuel cost is marginally higher by 2.6% per tonne of cement compared to the previous year, despite an increase in fuel cost and transportation cost of rail freight. The thermal power cost was adversely impacted on account of an increase in prices of imported and domestic coal as well as domestic petcoke in H1'19 due to limited availability of petcoke and increase in rail freight.

The Company is undertaking sustained measures to build a better fuel mix by maximising the use of cheaper fuel, judicious procurement of market coal through E-auctions and imports, higher consumption of alternative fuels and improvement in competencies and efficiencies at plants. As a result of these initiatives, Thermal Substitution Rate (TSR) is up by 1% during the current year compared to 2018, electrical energy efficiency improved by 0.4 kwh to 68.6 kwh/t clinker as against 69.0 kwh/t clinker in 2018 as well as by 0.8 kwh to 37.7 kwh/t of cement grinding as against 38.5 kwh/t cement grinding in 2018. This has helped curb the adverse impact caused by higher fuel cost.

The generation cost per kwh of the Company's Captive Power Plants ('**CPP**') in 2019 went up by 8% to ₹5.82 per unit as against ₹5.39 per unit in 2018. The Company's waste Heat Recovery plant of 7.5 MW at Gagal delivered its value target during the year.

c) Freight and Forwarding expenses

The Company continues to undertake various cost-containment measures throughout the year. Freight and forwarding expenses were higher during the year compared to the previous year due to higher sales volume.

Freight and forwarding per tonne has reduced by 1% during the current year compared to the previous year despite increase in fuel cost during later part of the year. The Company implemented logistics cost and efficiency improvement initiatives such as better evacuation efficiency, network optimization, more direct sales from plants and better asset utilization.

The Company aims to leverage technology and digital platforms to integrate its supply chain partners for a transparent and trustworthy relationship for a sustaining competitive edge.

d) Employee cost

Employee cost was lower during the year, compared to that of last year. The Company has rationalised human resource cost during the second half of 2018 to enhance productivity.

CAPACITY EXPANSION

To effectively manage our manufactured capital, we regularly undertake both capacity augmentation projects and engage efficiency capex initiatives. This ensures that we have ample capacity to cater to a rising demand scenario. In this regard, we have undertaken three development capex projects in 2019:

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

READY MIX CONCRETE BUSINESS (RMX)

The year 2019 has been satisfying for team RMX. Despite market challenges, slowdown and liquidity crunch, the RMX business has not only shown its capability to withstand challenges, but has also shown its mettle by surpassing its previous records. The Company witnessed significant growth in terms of business expansion, volume, top line and EBITDA.

During the year, the RMX business expanded its footprint by adding fifteen (15) new plants. With this addition, the nationwide network of RMX plants comprises ninety (90) state-of-the-art plants. We strongly believe that this initiative will help us bring more value to customers as well as to the Company.

	Units	2019	2018	Change %
RMX Production Volume	Lakh m^3	35.24	31.29	13
RMX Sales Volume	Lakh m^3	35.32	31.57	12
Net Sale Value	₹ Crore	1,473.03	1306.38	13
Operating EBITDA	₹ Crore	153.15	133.83	14
Op. EBITDA Margin	%	10.40	10.24	16 BPS

RMX is consistently performing well and its growth has outperformed the market. RMX sales volume in 2019 rose by 12% and EBITDA rose by 14% in 2019, compared to the previous year.

For the preceding twenty-seven (27) years, ACC RMX has been a key player in shaping India's construction and infrastructure sector, constantly striving to enhance service standards and deliver value to customers by catering to both on-site and commercial projects.

LH Global Rank: The RMX team is ambitious, aspiring and are determined to achieve new milestones, going forward. ACC RMX ranked no. 1 in LH global RMX ranking list for 2019.

Ranking was done based on various parameters like net sales growth, EBITDA growth, EBITDA margin and Return on Net Assets and RONOA. The team is confident to retain their no. 1 position in upcoming years as well.

Value-added Solutions (VAS): RMX with its technical capabilities and a wide range of value-added solutions stand out as the preferred partner for varied construction requirements. It serves key residential, infrastructure and commercial segments. In 2019, VAS has reached a new milestone and now contributes to 26% of the total RMX sale.

New products such as ACC Refraxcrete, ACC Curecrete and ACC Sustainocrete were successfully launched in the year.

Green Concrete: RMX has been conferred Green Pro Certification by the CII – Green Products and Services Council at the Green Building Conference 2019 held at Hyderabad. ACC RMX is the only ready mix concrete in India to have both Environmental Product Declaration (EPD) and Green Pro certification.

DISCUSSIONS ON FINANCIAL PERFORMANCE *VIS-A-VIS* OPERATIONAL PERFORMANCE

The section relating to operational performance *vis-a-vis* financial performance forms part of Board's Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The section relating to Internal Control Systems and their Adequacy forms part of Board's Report.

SUSTAINABLE DEVELOPMENT (SD)

The Company views sustainable development through the prism of meeting the requirements of the present without compromising the ability of future generations to meet their own needs.

As a part of its agenda for sustainable development, the Company continues to maintain high governance standards, respect for nature and social responsiveness towards communities.

Moreover, sustainable development has received greater attention in recent years owing to growing awareness among stakeholders and their ever-increasing expectations. The Company, in line with expectations, is undertaking various initiatives and putting concerted efforts towards sustainability to create value for each stakeholder.

The Company's SD strategy, its targets and initiatives are communicated to stakeholders through the SD report, which it has been publishing since 2009. The previous Sustainability Report 2018, along with preceding ones are prepared according to the Global Reporting Initiative (GRI) framework, externally assured and available on the Company's website at www.acclimited.com.

2019 was a remarkable year as we received nation-wide recognition for our focused efforts in the sustainability landscape. Our efforts to reduce carbon emissions and co-processing of waste were recognised in the form of CII-ITC Corporate Sustainability Outstanding Accomplishment Award 2019, JSW Earth Care award, India-first Resilient Climate Action Plan (CAP 2.0) Award and FICCI'S India-first circular economy award.

SD 2030 Plan – Building for Tomorrow

In 2016, a structured sustainability strategy was drawn up under SD 2030 Plan, defining the focus areas: (i) climate (ii) circular economy (iii) water and nature and (iv) people and communities, with roadmap and measurable targets to achieve the set goals by 2030.

Management discussion and analysis (contd.)

This SD 2030 Plan is aligned with the LafargeHolcim Group's SD Plan. During 2019, LafargeHolcim has revisited its sustainability strategy and restated its targets for each pillar. Also, ACC achieved most of its targets set in 2016.

Considering the above two (2) factors, the Company has also revised its sustainability strategy and associated targets based on LH targets, new external references, internal scenario planning and commitments to combat climate change in India. Thus, the Company is pleased to present the revised strategy as given below:

SD 2030 Plan

Sustainability Pillars	Climate & Energy	Circular Economy	Environment	Community
Objective	Reduction of CO_2 emissions	Enhanced reuse of waste derived resources	Creating a positive impact on Environment	Creation of shared value
Lead Metrics	CO_2 emitted* [kg CO_2/t of cement]	Quantity of waste derived resources used [MT]	Water Positive Index [no. of times]	No. of new beneficiaries [M new beneficiaries]
Target 2030	400	30	5	0.9

*Scope 1 emission only and excluding CPP

The Company is undertaking all possible measures to strive beyond the charted sustainability roadmap. During the year, the Company unveiled its aspiration to become carbon neutral, water negative and plastic negative and bio-diversity positive and is working to develop relevant strategy in that direction.

Climate and energy

While the Company has already achieved 2020 climate target to reduce its specific CO_2 emissions by 38% compared to 1990 level, the Company has marginally increased its specific carbon emissions from 504 kg/t of Cement in 2018 to 505 kg/t of Cement in 2019. While some of the levers impacting the CO_2 emissions, such as clinker factor, Thermal Substitution Rate (**'TSR'**) have improved over the last year, thermal energy consumption increased by 1%, which negated the positive contribution from clinker factor and TSR.

Clinker Factor

The Company has continued its efforts to reduce clinker factor across its blended cement portfolio. During 2019, the Company increased its blended Cement portfolio from 88% to 89%. This initiative helped the Company achieve 0.57% reduction of average clinker factor.

Thermal Energy

In 2019, the Company has increased its thermal energy consumption by 1% from 741 kcal/kg of clinker in 2018 to 748 kcal/kg of clinker in 2019. One of the reasons for higher thermal energy in some plants is attributed to enhanced usage of alternative fuels, besides switching over to petcoke at two (2) of the plants operating with conventional fuel. This will certainly be a focus area in 2020 as an important lever to reduce carbon emissions.

Green Energy and Power Generation through Waste Heat Recovery System

In 2019, 35.50 Million units of renewable energy were generated from Company's three (3) captive wind farms. In addition, the Company has consumed 51.5 Million units of solar power through Power Purchase Agreement (PPA). Thus, a total of 82.39 Million units of 'green energy' was consumed in 2019.

The Waste Heat Recovery system at Gagal Cement Works also generated around 55 Million units of electrical energy during the year. Company's new 5.35 MW solar photovoltaic plant at Jamul Cement Works, Chhattisgarh is ready to generate solar energy to augment power requirements.

During the year, the Company also enhanced Renewable Energy portfolio with the potential to consume 126 Million units of solar power for the coming year. Company's waste heat recovery projects at two (2) plants are in advance stage and will be operational by 2021.

Alternative Fuels and Raw Materials (AFR)

The co-processing of waste as alternative fuels (AFR) in cement production is a preferred option as it results in multiple benefits. The Company has set up three (3) platforms for pre-processing and facilities at nine (9) plants for co-processing hazardous and non-hazardous waste, municipal waste for use as Refuse Derived Fuel (**'RDF'**) and biomass in its kilns, wherever permissible by law. Through the 'Geocycle' brand, the Company continues its efforts to provide safe waste management solutions to industries and municipalities, while meeting the highest standards of health, safety and sustainability.

Geocycle is also promoting the use of alternative fuels through advocacy at appropriate forums and by creating stakeholder awareness. The Government's Swachh Bharat programme and mega cities seeking solutions for mutual waste management and co-processing of waste for use as RDF is expected to receive future traction. With increased consumption of alternative fuels, the Company has achieved 5.56% of TSR *vis-à-vis* 4.5% in 2018.

Circular Economy

ACC promotes the concept of circular economy by utilising waste from other industries into the Company's cement manufacturing process.

Besides co-processing waste as a fuel substitute, the Company also uses waste materials from the power and steel industries such as fly ash and slag to replace clinker in our cement. It saves primary raw material and reduces CO_2 emissions.

During 2019, 6.6 Million tonnes of fly ash, 2.85 Million tonnes of slag, 2.3 Million tonnes of crushed rock fines and 0.48 Million tonnes of alternative raw materials were consumed, contributing to the circular economy and providing sustainable, environment-friendly services to the nation.

Water & Nature

During the year, ACC consumed around 2.8 Million cubic metres of harvested rainwater in its cement operation, which is more than 50% of total water consumption. A note on water conservation is provided in the sustainability section of the Annual Report.

Biodiversity

This year, in its journey to conserve nature and preserve biodiversity, the Company planted >1 Lakh trees at its various locations. Few initiatives, focused on a particular floral/faunal group, were also undertaken at some plant locations under the 'B-Buzz' project.

The Company is committed to bringing about a positive change on biodiversity by 2030 *vis-a-vis* the baseline of 2020. The baseline assessment has already been completed ahead of 2020; and the action plan for biodiversity conservation is being firmed up in consultation with third-party experts.

Green Building Centres (GBCs)

By December 2019, 93 GBC's have been operational. The GBC have collectively helped utilise 79,341 MT of fly ash, conservation of 1,71,905 MT of Earth's natural topsoil and avoidance of 12,099 MT of carbon-dioxide emission during the year. Besides, as a part of this initiative direct employment opportunity was provided to more than 5,500 people and more than 36,000 low-cost housing has been facilitated through GBC products.

Product Stewardship

The Company has been the frontrunner to manufacture eco-friendly products such as blended cements. It aims to strengthen its efforts towards environment protection, health and safety performance throughout the entire products lifecycle.

In 2018, the Company became India's first to obtain certified Environmental Product Declaration (**'EPDs'**) for all its cement and concrete products. These EPDs can be used nationally and internationally to enhance the green building rating. The Company had also obtained GreenPro certification for all cement products.

In 2019, efforts continued for the concrete business and recently ACC Concrete has been conferred a 'GreenPro certification' by the Confederation of Indian Industries (**'CII'**). The 'GreenPro certification'

Management discussion and analysis (contd.)

is a testament to ACC's initiatives to ensure more efficient use of resources such as water, energy and other natural resources, allaying environmental issues and concerns.

Air Emissions

Air emissions represent a key environmental aspect of cement production. As an operating principle, ACC ensures that all of its sites measure and manage air emissions. During the year, the Company achieved 100% compliance with New Emission Regulations for cement plants by implementing various primary and secondary measures.

Brief details of these initiatives are provided below:

Dust Emission Control

Various primary measures were implemented for cooler exhaust gases such as flow improvement through modifications based on Computational Fluid Dynamics (**'CFD'**) study in Electrostatic Precipitators (ESPs), along with upgradation to three (3) phase Transformer Rectifier sets, advanced microprocessor-based controllers and rapper panels. The CAPEX project of conversion of two CPP ESPs to Hybrid Bag filters was implemented in one of our CPP. The above measures have together resulted in ensuring stack dust emissions in cement plants < 30mg/Nm^3.

NO_x Emission Control

Various primary and secondary measures such as NO_x emission control comprising CFD modelling, meal curtain and low NOx burners and installation/commissioning of SNCR systems in integrated cement plants have been implemented. This has resulted in ensuring compliance with NO_x emissions according to new emission regulations.

SO_x Emission Control

The Company's SO_x emissions are well within the specified regulatory limits and do not require major emission control measures.

The Company's plants are required to have continuous online reporting of ambient air quality, effluents and process emission on a real time basis on the websites of regulatory authorities; and the Company had complied with this requirement.

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

ACC structured its social development interventions through ACC TRUST in alignment with the Global Sustainability Development Goals. Community development interventions undertaken in previous years continued with further vigour. The widening of portfolio included projects contributing to the national vision of achieving 'Skilled India'.

The Company's total CSR spent during the year was to the tune of ₹25.07 Crore. This was 2.10% of the average net profit of the last three (3) years. The Company's CSR projects primarily focused on the following broad thematic areas, viz., Sustainable Livelihood, Quality of Education and WASH (Water, Sanitation and Health), which are as per Schedule VII of the Companies Act, 2013 and aligned to Global Goals.

The Company's community development projects touched over five (5) Lakh people, residing in 215 villages close to ACC's operation in the country. The Sustainable Livelihood initiative has helped more than 41,000 lives including youth, women and farmers.

The initiative has helped farmers to enhance agricultural production by employing better means of agriculture and animal husbandry through FPOs. Youth were made employable through skills enhancement and women were united into Self Helf Groups (**'SHGs'**), SHG Federations and were provided with continued grooming for sustenance and bank linkages.

Many SHGs have set up micro enterprises and formulated duly registered federations to achieve larger common good. Education initiatives in the vicinity of plants addressed the requirements of more than 42,000 students during the year.

The Company disbursed 370 scholarships under its 'VidyaSaarathi' scheme, a comprehensive online scholarship. This helped economically disadvantaged students to get financial support to pursue their dream of better education.

Contemporary learning modules such as smart classes and interactive kiosks benefited students in 55 rural schools. Efforts were made to educate 1,380 girl children as part of the 'ACC ki Laadli' project. The Company continued to support seven government-run Industrial Training Institutes under the Public Private Partnership Scheme with the Government of India.

WASH (Water, Sanitation and Health) initiatives have till now touched more than two (2) Lakh lives. The project addresses community requirements for safe drinking water, better health through health camps and waste management in collaboration with municipal bodies.

More than 3,200 children received access to better health and nutrition through the support provided to 68 Anganwadi centres. Company supported ART Centre and STI clinics Over 5,600 persons got benefitted through the OPD, counselling, testing and treatment for HIV/AIDS.

The unprecedented rains and floods which ravaged many parts of Bihar and Odisha (cyclone-Fani) destroyed many lives, homes, schools, hospitals and civic infrastructure of the people in this region. The Company immediately stepped in to help local authorities in the flood impacted regions of Odisha and Bihar. The ACC Team along with channel partners reached out to affected people in both states. More than 4400 families were provided relief kits and more than 800 people were provided medical aid in Bihar. Similarly, more than 2,200 families were provided relief kits and more than 800 people were rendered medical aid in Odisha.

HEALTH AND SAFETY (H&S)

The Company launched 'More Boots on the Ground' initiative to reinforce focus on the ground level and leadership engagement by interaction with shop floor employees. As part of this initiative, the management team of various departments/work sites/zones are conducting workplace inspection and are interacting with people to help improve the behavioural aspect of shop floor workforce and are enhancing the safety knowhow that is required for sustaining the H&S systems. To digitalise the platform, a Boots on Ground application is being launched in ACC, where people have to record their Boots on Ground (BOG) via scanning the QR codes.

- **Health & Safety Improvement Plan (HSIP) 2019** was developed in the beginning of the year through a brainstorming session to identify key activities as this year's focus area. The plan contains seven (7) H&S objectives with clear ownership of the top management for each objective. HSIP is developed to build on improvements in the areas of H&S Leadership and Accountability, Road Safety, Health, Contractor Safety Management, Strengthen Frontline safety Behaviours, People Capability & Engagement, Drive Zero Harm Culture, and Fatality Elimination Control.
- According to the Group's Health and Safety Improvement Plan (HSIP), the Senior Management Team's visibility at shopfloor tools like **Visible Personal Commitment (VPC),** have been conducted, where senior management discusses with subordinates on safety topics.
- In 2019, every site of ACC and RMX were **audited for Health and Safety Management system (HSMS)** to provide assurance on the implementation and effectiveness of on-site system and process, through a group-defined protocol. The site is being audited by the auditors. To strengthen the audit process ACC has developed online audit website and the audits of 2019 were conducted through this application.

Management discussion and analysis (contd.)

- **Process Safety Management (PSM) programme** The programme includes identifying the gaps in areas like coal mill and conventional fuel, mining operation, hot meal handling and electrical safety. The Company is gradually stepping up the implementation programme. Our compliance level is approximately 78%. The Company will conduct another round of self-assessment in 2020 and close all open points.
- **Global H&S Safety Days** were celebrated from 6th to 18th May'19 on **'Minimum Safe Behaviours'** (**'MSB'**). The focus was on the seven primary behaviours, which are linked to health and safety rules and are the condition for employment.
- Several activities were conducted during that period across ACC comprising the management staff, SFA and contractors, poster competition, street play, awareness sessions, and MSB video completion. The global H&S days were launched with a webcast for all employees by the Company's senior leadership.
- ACC participated in **LH group Video competition** on **MSB** and 1 ACC winning entry was sent for group participation, which was organised as a part of Global H&S Days.
- ACC participated in **LH group competition** of **Good Practice Challenge#3** — 'How have you used advanced technology to improve H&S in your workplace?' — The country has submitted final three (3) entries for global participation, of which ACC has won Challenge #3.
- Continuing our commitment to create awareness about safe work practices and behaviours, we launched the campaign of **'SurakshaLaher — 2019'** in September 2019 'Confined Space'. This initiative from September 1, 2019 to September 30, 2019 consists of, but is not limited to, Awareness training on confined Space, Cross-functional teams conducting confined space survey identify gaps and mitigate them, More Boots on the Ground, Inspection of confined space tools and permit to work job cycle.
- **Capability Development** is as always a focus area for ACC, where we cover each employee and shop floor people, auditor trainings on Health and Safety Management system, Behaviour Based Safety Training, Hazard Identification and Reporting Training, Excellence in Execution Workshop and many more were imparted during the year.
- **Key Lessons** initiative of sharing key lessons for all onsite LTIs and critical incident as per group requirements has been carried for implementation of actions across sites to avoid similar incident occurrence at other sites.
- A new initiative on **'reviewing critical jobs'** is implemented in the Company. **Critical jobs** are those which have the probability of high-severity accident, if mitigation measures are not implemented properly. Hence, these jobs are reviewed by respective Director Plant one day before. On the day of execution, the CMO office and corporate H&S office directly contact supervisors over phone or video call, to discuss and ensure its proper implementation. It is done on a sample basis; and enjoys significant shop floor impact.

Health

During the year, the Company's focus was to provide a healthy workplace, keeping employees healthy and providing emergency medical response. The lifestyle management programme was started wherein employees with health risk factors were monitored and provided with nutritional counselling. Around 2000 employees are registered in this programme and a significant reduction of health risk factors was observed.

A Hearing Conservation programme, 'Protect your Ears' was launched to protect hearing of employees because of high noise in the workplace. The Emergency Medical Response (**'EMR'**) is another focus area during the year. The skill and infrastructure has been optimised and the regular monthly EMR drills are being conducted to sharpen and sustain the skills.

Logistic Safety

The Company has excelled in the road safety journey according to the roadmap committed in 2019. The Company's Driver Management Centres provide valuable support for driver training and counselling. It has been a major influencer to change driver behaviour aligned with the Transport Analytics Centre

(TAC). The major focus for 2019 was IVMS installation in 90% of controlled population and 20% km by the trained driver.

A Fatigue Management Campaign was launched across all plants for awareness on periodic rest to drivers. ACC increased its 'trained driver' pool to 60%, which covered 20% of the kilometres in 2019. Going forward, the Company's primary focus will be on more volume by IVMS and trained drivers. Besides, the Company's driver retention to make ACC a preferable destination will continue to be a strategic priority.

HUMAN RESOURCES

The Company believes that its employees are its opportunity multipliers and preparing them for the future is its top priority.

In our journey of challenging conventions, ACC is committed to provide best-in-class work environment and create people practices, which enables the Company in the development of employees and achievement of organisational ambitions.

Building for the Future

Sustainable and profitable growth can only be achieved in an organisation that focuses on performance culture and where employees are engaged and empowered to be the best they can be. The Company's results are testament to effectiveness of its performance culture, which keep reinforcing accountability and ownership in teams to achieve and aspire for the stretched targets and enabling our people to partner in every step of the Company's transformation journey.

To ensure the organisation and people meet their aspirations, we have world class people practices. 'Talent Review and Succession Planning' process, along with 'People for Tomorrow' are among such processes which are backbone of ACC's people development. These processes have enabled the Company to develop successors for its future business ambitions. Based on the outcome of the talent review and ACC's talent demographics, we have put development plan in place for teams and individuals and are continually working towards strengthening ACC's future readiness. To augment this further, ACC's growth strategy has presented with fabulous opportunity to grow the talent within, which is not only fulfilling the organisation's talent need, but also enabling employees to fulfil their professional aspirations.

Nurturing Talent

To ensure continuous development and ease of access to Company's employees, ACC has adopted a digital learning route through our learning application 'SAIL'. This application empowers employees to learn anywhere and anytime at their convenience.

The Company also had specific development initiative designed for senior executives, and its leadership teams in collaboration with reputed business school globally and in India.

Management discussion and analysis (contd.)

Infusion of Young Talent and Commitment towards Diversity

To stay competitive and become future-ready, ACC makes continuous efforts to identify, develop and nurture talent at all levels of the organisation for which the organisation has reinstated campus recruitment. Sixteen (16) young Chartered Accountants (CAs) from across India were inducted into ACC. These bright young CAs from the Institute of Chartered Accountants of India are currently working across plants and offices of the Company.

These campus recruits have brought new energy, infusing a spirit and culture of exciting new ideas, driving innovation across every sphere and refreshing the Company's talent base. The Company has initiated a drive and is encouraging hiring of women professionals/employees across functions to improve gender diversity. The Company's commitment to fostering an inclusive and diverse workplace is reflected by the fact that over half of the fresh CAs recruited by the Company are women.

The objective at ACC is to encourage the hiring of women employees across functions. Such initiative embodies the spirit of a gender diverse workforce and an inclusive work environment.

Industrial Relations

The Company enjoys harmonious industrial relations due to its vibrant work culture and believes in a collaborative approach to working. ACC's employee relation practices ensures that it creates a win-win situation for both employees and the organisation. This caring spirit has gone a long way in maintaining a harmonious environment across all units.

The Company signed a long-term wage settlement with All India ACC Union Core Committee constituted and empowered for the purpose of negotiating the settlement on behalf of Shop Floor Associates. This settlement was signed in line with the CMA settlement on a similar issue. The Company has introduced the new Integrated Incentive Scheme (IIS) and Safety Improvement Incentive scheme, which are aligned with its key business challenges and which lead to improvement in safety and business performance across plants.

Prevention of sexual harassment of women at the workplace

The details pertaining to Prevention of Sexual Harassment of Women at workplace has been dealt in the Boards' Report, which forms part of the Annual Report.

INNOVATION

The Company continues in its endeavour to be an innovative and a responsive organisation aligned with its vision to transition into a Building Materials Company. The thrust on experimenting with new ideas and creating new prototypes is the backbone of the innovation journey and has led to the development of several breakthroughs in cement and concrete applications over the years. The spirit of innovativeness has reaped significant benefits and 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.

The Company has expanded its area of innovation beyond cement and concrete to new building material categories like construction chemicals and dry mix products. ACC MAQER is an open innovation platform launched by the Company to explore institutional partnership (with leading B-schools, design schools and engineering colleges) and tie-ups with start-ups in related fields. Digitization is also another big area for innovation in terms of simplification of process, interface improvement and data accessibility.

BUSINESS RISKS AND OPPORTUNITIES

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which *inter-alia* includes a well-structured Business Risk Management (BRM) process. To systematically identify risks and opportunities and monitor their movement, a heat map has been designed comprising two parameters: a) likelihood of the event and b) the impact it is expected to have on the Company's operations and performance.

The risks that fall under the purview of high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the ExCo 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 the effectiveness of the mitigation plan.

The key business risks and their mitigation plans are described herein below:

Raw Material Risk

Fuel: Cement manufacture is an energy-intensive process and there is a high dependence on coal and petcoke, which forms the principal fuels in thermal energy production. More than 3.8 Million tonnes of petcoke and coal are required each year by the Company to meet the requirements of its kilns and CPP respectively.

International coal and petcoke prices witnessed a sharp drop in H2 financial year 2019, however freight was on a higher range due to International Maritime Organization (IMO) regulations and volatility in the market. In the domestic petcoke market, lead domestic player has successfully started eight (8) gasifiers out of ten (10), leading to tighter availability of domestic petcoke, especially in Q1 financial year 2019.

The availability of domestic coal in 2019 was improved and all old linkage backlogs were cleared, leading to price advantage. Domestic coal-linkage Fuel Supply Agreements (**'FSA'**) of majority cement players and all FSAs of ACC expired in June, 2018, which were auctioned in Tranche-IV between August and December 2018 and movement started from Q2 financial year 2019.

In 2019, ACC grabbed new opportunities by using flexible fuel mix, coupled with receipt of all old linkage low-cost backlog. Also, in the most competitive Auction Linkage Tranche-IV, ACC successfully secured more than expired quantity for the next five (5) years. Off-spec imported coal was utilised to mitigate the risk of high RB1/RB2 coal. In addition, continuous fuel mix optimisation, alternative fuels, firming up contracts for part of the volume and balance on the spot to capitalise on opportunities, spreading out purchases throughout the year, are some of the measures adopted by the Company to balance out the impact of the inflationary costs.

Limestone: Limestone is among the primary raw materials used in the manufacture of cement, making it imperative for the Company to ensure its uninterrupted long-term availability.

According to the Mines and Minerals (Development and Regulation) Amendment Act, 2015 (**'MMDR Act'**), mining leases granted before the commencement of the Act, for captive use are extended up to a period ending on March 31, 2030, or till the completion of their existing period of renewal, whichever is later. New mining leases would henceforth be allotted for a period of fifty (50) years through fresh auctions.

Most of the Company's mining leases extend up to March 31, 2030, thereby ensuring adequate limestone reserves to cater to the requirements of its plants till the said date, after which the Company will have to participate in auctions.

As per the provisions of the MMDR Act, wherever a Company has been issued a Letter of Intent (**'LOI'**) for grant of a mining lease, such LOI should be converted into a mining lease. Wherever, the Company is of the view that it had a LOI, it has taken up the matter in the respective High Court's seeking a direction to issue the mining lease. Currently, these matters are sub-judice. The Company is also participating in auctions to securing new mining leases for its existing plants as well as for its expansions at different locations.

As limestone is a gradually depleting natural resource to ensure prudent usage of the mineral in cement manufacture, a higher percentage of additives are added. This helps to make use of the low-grade limestone, without compromising on quality, and thereby conserving the mineral and increasing the life of the mine.

Environment Clearance, Forest and Wild Life clearances are a pre-requisite for mining activities wherever applicable. Besides, land acquisition is also becoming more challenging and expensive. The Management is taking adequate steps to put in place robust processes for obtaining fresh environmental clearances, wherever necessary.

Slag: Slag prices hardened during the year on account of a demand spurt, coupled with the shortage caused by wagon non-availability. To minimise the impact of the inflating slag prices, the Company has diverted its focus to composite cement.

Market Competition

The Cement Industry is witnessing a significant imbalance in its total installed capacity *vis-à-vis* the present capacity utilisation. Despite the capacity overhang, capacity expansion still continues, resulting in intense competition and adverse impact on the

Management discussion and analysis (contd.)

Company's market share, sales volume and profitability.

Efforts are also being made by the Company to widen the product portfolio by increasing the share of its premium products in the retail segment, application - based products and value - added products and services to the B2B segment.

Cyber Security

In the last few years, technology has evolved manifold and so have the risks attached to it. The proliferation of business data beyond our data centres to the cloud, social media and digital platforms for B2B and B2C connect have forced us to change the way we deal with cybersecurity. In addition to data loss, cyber-attacks can impact business operations, machinery and human assets, also resulting in legal and regulatory liabilities.

Recognising cyber risks, the Government of India has also introduced tighter cyber security laws. The responsibility has been entrusted to the Directors of the Company under the Act to take appropriate steps to ensure cyber security. In addition, the India Data Protection Bill is being analysed by the Joint Parliamentary Committee and is expected to get approved in 2020.

In view of the above priorities, appropriate controls (technology and governance) are implemented and planned as ACC's business landscape presents a large surface for a possible attack in view of its vast and disparate network spanning many remote locations, with complex Information Technology (IT) and Operational Technology (OT) environment.

Adequate perimeter security is in place and business continuity plans are tested every year. The impact assessment of most of the hardware and software has been mapped. The Company's cyber security management framework aligns with industry standards and regulations. A global Security Operations Centre (SOC) keeps track and prevents any potential attack in LafargeHolcim IT landscape, of which the Company's IT landscape is part. Year-on-year (YoY) cyber security maturity assessments are conducted and improvement is tracked and measured regularly.

The Risk Management Committee of the Board is apprised of steps taken to mitigate cyber security risks.

Legal Risks

Since the Company's business is dependent upon various approvals, consents, licences, permits and other such items, the Company is exposed to various legal, regulatory and litigation risks. The Company has a process of regularly reviewing key legal cases in terms of the demands involved, probability of receiving any adverse orders or matters where there may be financial or reputational impact on the Company.

ACC engages the best external legal counsel depending on the stakes involved, risks associated and keeps in mind the litigation cost. The LafargeHolcim Ltd., Ultimate Holding Company, has a Legal Case Management (LCM) Tool, where all legal cases are uploaded and tracked.

The Company organises regular Fair Competition training sessions on Competition Law for relevant employees, with special focus on functions like sales, marketing and procurement, among others. The purpose of this training is to create awareness on various facts of Competition Law compliance, 'Dos' and 'Don'ts', which forms part of risk mitigation. Apart from the face-to-face training sessions, E-learning modules are also rolled out to ensure better understanding of Competition Law compliance. The Company has also implemented various policies of the LafargeHolcim Group, including the Commercial Documentation Directive on Competition Law, to ensure awareness and review as part of the risk mitigation strategy. The process of the Company is subject to both internal and external audit to identify gaps if any, and accordingly corrective actions are taken.

Climate Risk

The details relating to climate risk and opportunities are dealt in the Natural capital part which forms parts of this Annual Report.

Standalone Financial Highlights

Particulars	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Cement Production (Million Tonne)	27.87	28.36	26.56	23.18	23.84	24.24	23.86	24.12	23.46	21.14
Cement Sales (Million Tonne)	28.89	28.37	26.21	22.99	23.62	24.21	23.93	24.11	23.73	21.29
Capacity utilisation	84%	86%	79%	73%	77%	78%	78%	79%	81%	77%
INCOME STATEMENT - ₹ Crore										
Net Sales	15,343	14,477	12,909	10,772	11,433	11,481	10,889	11,130	9,430	7,710
Operating EBITDA	2,409	2,045	1,909	1,474	1,537	1,507	1,629	2,196	1,921	1,812
Profit before exceptional item and tax	2,031	1,494	1,298	914	937	1,135	1,227	1,787	1,540	1,461
Profit before Tax	2,031	1,494	1,298	871	784	1,135	1,227	1,451	1,540	1,461
Profit after Tax	1,359	1,507*	915	647	592	1,168	1,096	1,061	1,325	1,120
BALANCE SHEET - ₹ Crore										
Net Worth	11,521	10,528	9,365	8,832	8,443	8,236	7,825	7,383	7,192	6,469
Long-term borrowings	-	-	-	-	-	-	35	163	511	524
Net Fixed Assets (Including CWIP)	7,427	7,442	7,503	7,786	7,656	7,513	6,324	6,175	6,573	6,548
Cash and cash equivalents	4,383	2,837	2,527	1,778	1,389	1,686	2,621	3,137	2,932	2,388
Current Assets	5,107	5,711	5,339	3,726	3,609	3,485	3,476	3,098	3,691	2,751
Current Liabilities	4,919	4,834	4,923	4,110	3,893	3,900	3,726	3,863	3,768	3,746
Capital Employed	11,521	10,528	9,365	8,832	8,443	8,236	7,860	7,546	7,703	6,993
SIGNIFICANT RATIOS										
Operating EBITDA margin	16%	14%	15%	14%	13%	13%	15%	20%	20%	24%
Average Return on Capital Employed	18%	15%	14%	11%	11%	14%	16%	24%	22%	22%
Return on Net Worth	12%	10%#	10%	7%	7%	14%	14%	14%	18%	17%
Current Ratio (Times)	1.04	1.18	1.08	0.91	0.93	0.89	0.93	0.80	0.98	0.73
Debt Equity Ratio (Times)	-	-	-	-	-	-	0.004	0.02	0.07	0.08
Price Earning Ratio (Times)	20.03	27.84#	36.08	38.39	43.07	22.56	18.91	25.15	16.29	18.04
Net worth per Share (₹)	614	561	499	470	450	439	416	393	385	345
Dividend per share (₹)	14	14	26	17	17	34	30	30	28	30.50
Basic Earnings per Share (₹)	72.36	53.57#	48.75	34.46	31.51	62.23	58.36	56.52	70.59	59.66
Cash Earnings per Share (₹)	104.47	85.51#	82.84	66.69	74.40	91.93	88.93	104.15	95.90	80.57
CASH FLOWS - ₹ Crore										
Net cash provided by / (used in)										
Operating activities	2,248	1,118	1,555	1,381	1,461	1,332	1,056	1,577	1,571	1,935
Investing activities	(328)	(368)	(385)	(539)	(948)	(1,437)	(858)	(311)	(258)	(812)
Financing activities	(374)	(441)	(422)	(420)	(681)	(837)	(834)	(1,066)	(768)	(621)

* Including write back of ₹ 501 Crore relating to tax provision of earlier years.
# before considering tax provisions write back of earlier years.

Standalone Financial Highlights

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 costs and Depreciation and amortisation 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. Debt 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 - Net fixed assets - Investments - investment in short term deposits and mutual funds
10. Current Liabilities: Current liabilities excluding Short-term borrowings + Long-term provisions

Statement of Direct Economic Value Generated and Distributed

₹ Crore

	2019	2018
WEALTH GENERATED		
Gross Income*	22,246	20,883
Total cost	(12,557)	(11,249)
	9,689	**9,634**
WEALTH DISTRIBUTION		
As remuneration including retirement benefits for Employees	864	881
Contribution to Government as taxes and other levies	7,055	6796
As dividend to Shareholders	263	282
Community investments	25	20
Finance Costs	86	89
Retained with the Business	1,396	1,566

*Inclusive of goods and service tax (GST)

Value Added Statement

(₹ in Crore)

	2019	2018	2017	2016	2015
Equity	11,521	10,528	9,365	8,832	8,443
Capital employed	11,521	10,528	9,365	8,832	8,443
Average Capital Employed	11,024	9,947	9,099	8,637	8,339
Value added					
Net operating profit after taxes*	1,359	1,006	915	690	692
Add: interest on Long-term borrowings, net of tax	-	-	-	-	-
Net operating profit after taxes (NOPAT)	1,359	1,006	915	690	692
Cost of Capital	1,425	1,344	1,106	973	1,074
Value added	**(66)**	**(338)**	**(191)**	**(283)**	**(382)**
NOPAT / Average Capital employed (%)	12.33	10.11	10.06	7.99	8.30
Weighted Average Cost of Capital (%)	12.93	13.51	12.16	11.26	12.88
Value added / Average Capital Employed (%)	**(0.60)**	**(3.40)**	**(2.10)**	**(3.28)**	**(4.58)**
Enterprise Value					
Market Capitalisation (As at December, 31)	27,147	28,320	33,021	24,995	25,546
Less: Cash and Cash Equivalents	4,383	2,837	2,527	1,778	1,389
EV (Enterprise Value)	**22,764**	**25,483**	**30,494**	**23,217**	**24,157**
EV / Year End Capital Employed (Times)	**1.98**	**2.42**	**3.26**	**2.63**	**2.86**

* Net Operating profit is excluding exceptional item and tax impact on the same and tax provisions write-back.

Horizontal Analysis of Standalone Balance Sheet

₹ Crore

Particulars	2019	2019 Vs 18 (%)	2018	2018 Vs 17 (%)	2017	2017 Vs 16 (%)	2016	2016 Vs 15 (%)	2015
ASSETS									
Non-current assets									
Net Fixed assets	7,427	(0.20)	7,442	(0.81)	7,503	(3.63)	7,786	1.70	7,656
Non-current investments	230	-	230	-	230	(10.85)	258	(6.18)	275
Non current - loans and other financial assets	604	24.28	486	(22.36)	626	238.38	185	(15.53)	219
Non-current tax assets (Net)	857	27.34	673	128.14	295	(2.96)	304	(0.33)	305
Other non-current assets	541	(11.60)	612	(0.81)	617	(26.11)	835	(17.73)	1,015
	9,659	2.29	9,443	1.86	9,271	(1.04)	9,368	(1.08)	9,470
Current assets									
Inventories	1,141	(32.04)	1,679	19.59	1,404	14.71	1,224	2.94	1,189
Financial Assets									
Investments	-	-	-	-	-	-	-	(100.00)	4
Trade receivables	628	(27.65)	868	29.94	668	24.63	536	10.74	484
Cash and cash equivalents	4,383	54.49	2,837	12.27	2,527	42.05	1,779	31.19	1,356
Bank balances other than Cash and Cash Equivalents	155	(4.91)	163	(3.55)	169	1.20	167	406.06	33
loans	31	(60.76)	79	92.68	41	41.38	29	45.00	20
Other financial assets	271	19.91	226	2,411.11	9	80.00	5	(37.50)	8
Other current assets and assets held for sale	814	11.51	730	(8.75)	800	140.96	332	19.86	277
	7,423	12.78	6,582	17.16	5,618	37.97	4,072	20.80	3,371
TOTAL	**17,082**	**6.60**	**16,025**	**7.63**	**14,889**	**10.78**	**13,440**	**4.66**	**12,841**
EQUITY AND LIABILITIES									
Equity									
Equity Share capital	188	-	188	-	188	-	188	-	188
Other Equity	11,333	9.60	10,340	12.67	9,177	6.17	8,644	4.71	8,255
	11,521	9.43	10,528	12.42	9,365	6.03	8,832	4.61	8,443
Liability									
Non-current liabilities									
Provisions	234	68.35	139	(2.11)	142	0.71	141	17.50	120
Deferred tax liabilities (Net)	642	(3.17)	663	22.55	541	21.03	447	(4.69)	469
	876	9.23	802	17.42	683	16.16	588	(0.17)	589
Current liabilities									
Financial Liability									
Borrowing	-	-	-	-	59	18.00	50	42.86	35
Trade payables	1,471	(23.50)	1,923	6.18	1,811	44.07	1,257	43.82	874
Other financial liabilities	934	20.67	774	7.65	719	(13.48)	831	1.84	816
Other current liabilities	1,915	7.04	1,789	3.23	1,733	22.83	1,411	(2.29)	1,444
Provisions	23	(14.81)	27	(47.06)	51	(1.92)	52	(71.89)	185
Current Tax Liabilities (Net)	342	87.91	182	(61.11)	468	11.69	419	(7.91)	455
	4,685	(0.21)	4,695	(3.02)	4,841	20.42	4,020	5.54	3,809
TOTAL	**17,082**	**6.60**	**16,025**	**7.63**	**14,889**	**10.78**	**13,440**	**4.66**	**12,841**

Vertical Analysis of Standalone Balance Sheet

₹ Crore

Particulars	2019	(%)	2018	(%)	2017	(%)	2016	(%)	2015	(%)
ASSETS										
Non-current assets										
Net Fixed assets	7,427	43.46	7,442	46.44	7,503	50.40	7,786	57.93	7,656	59.62
Non-current investments	230	1.35	230	1.44	230	1.54	258	1.92	275	2.14
Non current - loans and other financial assets	604	3.54	486	3.03	626	4.20	185	1.38	219	1.71
Non-current tax assets (Net)	857	5.02	673	4.20	295	1.99	304	2.26	305	2.38
Other non-current assets	541	3.17	612	3.82	617	4.14	835	6.21	1,015	7.90
	9,659	56.54	9,443	58.93	9,271	62.27	9,368	69.70	9,470	73.75
Current assets										
Inventories	1,141	6.68	1,679	10.48	1,404	9.42	1,224	9.11	1,189	9.26
Financial Assets										
Investments	-	-	-	-	-	-	-	-	4	0.03
Trade receivables	628	3.68	868	5.42	668	4.49	536	3.99	484	3.77
Cash and cash equivalents	4,383	25.65	2,837	17.70	2,527	16.97	1,779	13.24	1,356	10.56
Bank balances other than Cash and Cash Equivalents	155	0.91	163	1.02	169	1.14	167	1.24	33	0.26
loans	31	0.18	79	0.49	41	0.28	29	0.22	20	0.16
Other financial assets	271	1.59	231	1.44	9	0.06	5	0.04	8	0.06
Other current assets and assets held for sale	814	4.77	725	4.52	800	5.37	332	2.47	277	2.15
	7,423	43.46	6,582	41.07	5,618	37.73	4,072	30.30	3,371	26.25
TOTAL	**17,082**	**100.00**	**16,025**	**100.00**	**14,889**	**100.00**	**13,440**	**100.00**	**12,841**	**100.00**
EQUITY AND LIABILITIES										
Equity										
Equity Share capital	188	1.10	188	1.17	188	1.26	188	1.40	188	1.46
Other Equity	11,333	66.34	10,340	64.52	9,177	61.64	8,644	64.31	8,255	64.29
	11,521	67.45	10,528	65.69	9,365	62.90	8,832	65.71	8,443	65.75
Liability										
Non-current liabilities										
Provisions	234	1.37	139	0.87	142	0.95	141	1.05	120	0.93
Deferred tax liabilities (Net)	642	3.76	663	4.14	541	3.63	447	3.33	469	3.65
	876	5.13	802	5.01	683	4.58	588	4.38	589	4.58
Current liabilities										
Financial Liabilities										
Borrowing	-	-	-	-	59	0.40	50	0.37	35	0.27
Trade payables	1,471	8.61	1,923	12.00	1,811	12.16	1,257	9.35	874	6.81
Other financial liabilities	934	5.47	774	4.83	719	4.83	831	6.18	816	6.35
Other current liabilities	1,915	11.21	1,789	11.16	1,733	11.65	1,411	10.50	1,444	11.26
Provisions	23	0.13	27	0.17	51	0.34	52	0.39	185	1.44
Current Tax Liabilities (Net)	342	2.00	182	1.14	468	3.14	419	3.12	455	3.54
	4,685	27.43	4,695	29.30	4,841	32.52	4,020	29.91	3,809	29.67
TOTAL	**17,082**	**100.00**	**16,025**	**100.00**	**14,889**	**100.00**	**13,440**	**100.00**	**12,841**	**100.00**

Horizontal Analysis of Statement of Profit and Loss

₹ Crore

Particulars	2019	2019 Vs 18 (%)	2018	2018 Vs 17 (%)	2017	2017 Vs 16 (%)	2016	2016 Vs 15 (%)	2015
Revenue from operations (net)	15,657	5.78	14,801	11.60	13,263	20.64	10,994	(6.81)	11,797
Other Income	311	123.89	139	5.30	132	3.13	128	7.56	119
Total Income	**15,968**	**6.88**	**14,940**	**11.53**	**13,395**	**20.44**	**11,122**	**(6.66)**	**11,916**
Cost of materials consumed	2,258	(4.72)	2,370	19.52	1,983	24.95	1,587	(8.79)	1,740
Purchase of traded goods	362	306.39	89	8,800.00	1	(50.00)	2	(98.13)	108
Changes in inventories	101	(180.65)	(125)	733.33	(15)	(188.24)	17	-	-
Employee benefits expense	864	(1.93)	881	7.57	819	8.48	755	(1.95)	770
Power and fuel	3,131	4.45	2,998	10.46	2,714	25.82	2,157	(9.90)	2,394
Freight and Forwarding expense	4,050	0.97	4,011	16.23	3,451	29.98	2,655	(2.50)	2,723
Finance costs	86	(3.12)	89	(12.75)	102	22.89	83	23.88	67
Depreciation and amortization expense	603	0.49	600	(6.25)	640	5.79	605	(7.21)	652
Other expenses	2,481	(2.01)	2,532	5.41	2,402	2.34	2,347	(7.05)	2,525
Total expenses	**13,936**	**3.65**	**13,445**	**11.14**	**12,097**	**18.51**	**10,208**	**(7.02)**	**10,979**
Exceptional items	-	-	-	-	-	(100.00)	43	(71.90)	153
Profit before tax	**2,031**	**35.88**	**1,495**	**15.18**	**1,298**	**49.02**	**871**	**11.10**	**784**
Tax expenses	673	37.54	489	27.68	383	70.98	224	16.67	192
Tax adjustments for earlier years	-	-	(501)	-	-	-	-	-	-
Profit for the year	**1,359**	**(9.83)**	**1,507**	**64.70**	**915**	**41.42**	**647**	**9.29**	**592**

Vertical Analysis of Statement of Profit And Loss

Particulars	2019	%	2018	%	2017	(%)	2016	(%)	2015	(%)
Revenue from operations (net)	15,657	100.00	14,801	100.00	13,263	100.00	10,994	100.00	11,797	100.00
Other Income	311	1.99	139	0.94	132	1.00	128	1.17	119	1.01
Total Income	**15,968**	**101.99**	**14,940**	**100.94**	**13,395**	**101.00**	**11,122**	**101.17**	**11,916**	**101.01**
Cost of material consumed	2,258	14.42	2,370	16.01	1,983	14.95	1,587	14.44	1,740	14.75
Purchase of traded goods	362	2.31	89.00	0.60	1	0.01	2	0.02	108	0.92
Changes in inventories	101	0.64	(125)	(0.84)	(15)	(0.11)	17	0.15	-	-
Employee benefits expense	864	5.52	881	5.95	819	6.18	755	6.87	770	6.53
Power and fuel	3,131	20.00	2,998	20.26	2,714	20.46	2,157	19.62	2,394	20.29
Freight and Forwarding expense	4,050	25.87	4,011	27.10	3,451	26.02	2,655	24.15	2,723	23.08
Finance costs	86	0.55	89	0.60	102	0.77	83	0.75	67	0.57
Depreciation and amortization expense	603	3.85	600	4.05	640	4.82	605	5.50	652	5.53
Other expenses	2,481	15.85	2,532	17.11	2,402	18.11	2,347	21.35	2,525	21.40
Total expenses	**13,936**	**89.01**	**13,445**	**90.84**	**12,097**	**91.21**	**10,208**	**92.85**	**10,979**	**93.07**
Exceptional items	-	-	-	-	-	-	43	0.39	153	1.30
Profit before tax	**2,031**	**12.98**	**1,495**	**10.10**	**1,298**	**9.79**	**871**	**7.93**	**784**	**6.65**
Tax expenses	673	4.30	(12)	(0.08)	383	2.89	224	2.04	192	1.63
Profit for the year	**1,359**	**8.68**	**1,507**	**10.18**	**915**	**6.90**	**647**	**5.88**	**592**	**5.02**

Board's Report

TO THE MEMBERS

The Board of Directors are pleased to present the Company's 84th Annual Report on business and operations, together with the audited financial statements *(consolidated as well as standalone)* for the year ended December 31, 2019.

1. STATE OF THE AFFAIRS OF THE COMPANY

The performance of the Cement Business and RMX Business are detailed out in the Management and Discussion Analysis Report, which forms part of the Annual Report.

2. FINANCIAL PERFORMANCE

Particulars	Consolidated		Standalone	
	₹ Crore		₹ Crore	
	2019	2018	2019	2018
Revenue from Operations	15,657.55	14,801.62	15,656.65	14,801.35
Other Income	318.43	142.66	311.21	138.50
Total Income	15,975.98	14,944.28	15,967.86	14,939.85
Profit before Tax	**2,052.52**	**1,510.11**	**2,031.47**	**1,494.29**
Tax Expenses	674.98	(10.51)*	672.56	(12.34)
Profit for the year	**1,377.54**	**1,520.62**	**1,358.91**	**1,506.63**
Attributable to				
Owners of the Company	1,377.41	1,520.47	1,358.91	1,506.63
Non-controlling Interest	0.13	0.15	-	-
Other Comprehensive Income (OCI)	(49.23)	(4.84)	(48.98)	(4.85)
Total Comprehensive Income	**1,328.31**	**1,515.78**	**1,309.93**	**1,501.78**
Owners of the Company	1,328.18	1,515.63	1,309.93	1,501.78
Non-controlling Interest	0.13	0.15	-	-
Opening Balance in retained earnings	**6,702.10**	**5,526.05**	**6,703.53**	**5,541.33**
Amount available for appropriations	8,030.28	7,041.68	8,013.46	7,043.11
Appropriations				
Final Dividend Paid				
For 2018	262.90	-	262.90	-
For 2017	-	281.68	-	281.68
Tax on Equity Dividend	54.04	57.90	54.04	57.90
Closing balance in retained earnings	**7,713.34**	**6,702.10**	**7,696.52**	**6,703.53**

*Including write back of ₹500.63 Crore relating to tax provision of earlier years.

3. OVERVIEW OF COMPANY'S FINANCIAL & OPERATIONAL PERFORMANCE

- Consolidated income, comprising Revenue from Operations and other income, for the year was ₹15,975.98 Crore, 7% higher compared to ₹14,944.28 Crore in 2018
- Total consolidated Revenue from Operations increased to ₹15,657.55 Crore from ₹14,801.62 Crore in 2018
- Other Operating Revenue for 2019 was ₹314.44 Crore representing a decrease of 3% over the previous year
- Consolidated Profit before Tax for the year was ₹2,052.52 Crore *vis-à-vis* ₹1,510.11 Crore in 2018
- Consolidated Profit after Tax for the year was ₹1,377.54 Crore compared to ₹1,520.62 Crore in 2018
- 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 with respect to the reporting year
- Cement Production decreased by 2% from 28.36 Million tonnes in 2018 to 27.87 Million tonnes in 2019
- Cement Sales Volume increased by 2% from 28.37 Million tonnes in 2018 to 28.89 Million tonnes in 2019

- The net sales in cement increased by 5% from ₹13,387.09 Crore in 2018 to ₹14,060.31 Crore in 2019
- RMX Production Volume has increased by 13% from 31.29 Lakh m^3 in 2018 to 35.24 Lakh m^3 in 2019
- RMX sales volume increased by 12% from 31.57 Lakh m^3 in 2018 to 35.32 Lakh m^3 in 2019
- The net sales in RMX increased by 13% from ₹1,306.38 Crore in 2018 to ₹1,473.03 Crore in 2019

4. DIVIDEND

The Board of Directors has recommended a payment of dividend at a rate of ₹14 per equity share (140%) for the year ended December 31, 2019 subject to the approval of the Members at the 84th Annual General Meeting (**'AGM'**).

In terms of the provisions of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (**'Listing Regulations'**), the Company has formulated a Dividend Distribution Policy. The policy is given in **Annexure A** to this Report. It is also accessible from the Company's website at www.acclimited.com/assets/new/new_pdf/Dividend_Distribution_Policy.pdf

Unclaimed dividend pertaining to the 74th final dividend and the 75th interim dividend, respectively for the years December 31, 2011 and December 31, 2012 totalling to ₹4.06 Crore have been transferred to the Investor Education and Protection Fund (**'IEPF'**) in accordance with statutory requirements.

5. TRANSFER TO RESERVES

The Company has not transferred any amount to the Reserves for the year ended December 31, 2019.

6. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Pursuant to Regulation 34 of the Listing Regulations, the Management Discussion and Analysis Report for the year under review, is presented in a separate section, forming part of the Annual Report.

7. SHARE CAPITAL

The Company's paid-up equity share capital continues to stand at ₹187.79 Crore as on December 31, 2019.

During the year, the Company has not issued any shares or convertible securities. The Company does not have any scheme for the issue of shares, including sweat equity to the Employees or Directors of the Company.

8. FINANCIAL LIQUIDITY

Cash and cash equivalent as on December 31, 2019 was ₹4,492.53 Crore *vis-à-vis* ₹2,933.21 Crore in the previous year.

The Company's working capital management is robust and involves a well-organised process, which facilitates continuous monitoring and control over receivables, inventories and other parameters.

9. CREDIT RATING

As in the previous years, CRISIL, the reputed rating agency, has given the highest credit rating of AAA/STABLE for the long-term and A1+ for the short-term financial instruments of the Company. This reaffirms the reputation and trust the Company has earned for its sound financial management and its ability to meet its financial obligations.

10. DEPOSITS

The Company has not accepted any deposits falling under the ambit of Section 73 of the Companies Act, 2013 (**'Act'**) and the Rules framed thereunder during the year under review.

11. PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS

The details of Loans, Guarantees and Investments covered under the provisions of Section 186 of the Act read with the Companies (Meetings of Board and its Powers) Rules, 2014 are given in the Notes to the Standalone Financial Statements *(Refer Note No. 46)*.

12. INTERNAL CONTROL SYSTEMS

12.1 Internal Audit and its Adequacy

The scope and authority of the internal audit function is defined in the Internal Audit Charter. To maintain independence and objectivity in its functions, the internal audit function reports directly to the Audit Committee of the Board.

At the beginning of each financial year, a risk-based annual audit plan is rolled out after it is approved by the Audit Committee of the Board. The audit plan aims to evaluate the efficacy and adequacy of the internal control system and compliance thereof, robustness of internal processes, policies and accounting procedures, 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.

12.2 Internal Controls over Financial Reporting (ICFR)

The Company's internal financial controls are commensurate with the 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 put in place robust policies and procedures, which *inter alia*, ensure integrity in conducting its business, safeguarding of its assets, timely preparation of reliable financial information, accuracy and completeness in maintaining accounting records and prevention and detection of frauds and errors.

13. VIGIL MECHANISM/WHISTLE BLOWER POLICY

Over the years, the Company has established a reputation for doing business with integrity and displays zero tolerance for any form of unethical behaviour. EthicalView Reporting Policy (**'EVRP'**) is the vigil mechanism instituted by the Company to report concerns about unethical behaviour in compliance with the requirements of the Act and the Listing Regulations. The Board's Audit Committee 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 EVRP have been disclosed on the Company's website at www.acclimited.com/assets/new/pdf/ethicalview-reporting-policy.pdf

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

14. SUBSIDIARY, ASSOCIATE AND JOINT VENTURE COMPANIES

14.1 Subsidiaries

Bulk Cement Corporation (India) Limited (BCCI)

During the year under review, BCCI's revenue from operations increased to ₹18.78 Crore compared to ₹18.76 Crore in 2018. The profit before tax for 2019 was ₹3.18 Crore as against ₹3.39 Crore in 2018.

ACC Mineral Resources Limited (AMRL)

The Company had a Joint Venture (JV) 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 AMRL.

Consequent upon the cancellation of the allocation of the four (4) coal blocks to MPSMC by the Government of India as per the orders of the Supreme Court passed in the month of 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 (3) other subsidiary companies, including Lucky Minmat Limited, National Limestone Company Private Limited and Singhania Minerals Private Limited. Singhania Minerals Private Limited is operational, while the other two (2) companies are not operational.

14.2 Material subsidiaries

None of the subsidiaries mentioned in para 14.1 supra is a material subsidiary as per the thresholds laid down under the Listing Regulations, as amended from time to time.

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

14.3 JOINT VENTURE (JV)/ASSOCIATE COMPANIES

OneIndia BSC Private Limited is a JV company with equal participation with Ambuja Cements Limited to provide back-office services to the Company with respect to routine transactional processes.

The Company also has a JV with Aakaash Manufacturing Company Private Limited for the manufacture and supply of ready-mix concrete. As on December 31, 2019, the following is the list of associate companies:

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

15. CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements of the Company for the year 2019 are prepared in compliance with the applicable provisions of the Act, including Indian Accounting Standards specified under Section 133 of the Act. The audited Consolidated Financial Statements together with the Auditors' Report thereon forms part of the Annual Report.

Pursuant to Section 129(3) of the Act, a statement containing salient features of the Financial Statements of each of the subsidiaries, associates and JV companies in the prescribed Form AOC-1 which forms part of the Annual Report.

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

16. BOARD OF DIRECTORS & KEY MANAGERIAL PERSONNEL

16.1 Directorate

A. Appointments/Re-appointments

Mr. Neeraj Akhoury

Mr. Akhoury, Managing Director & Chief Executive Officer (**'MD & CEO'**) of the Company has tendered his resignation from the post of MD & CEO with effect from close of business hours of February 20, 2020 to pursue other career opportunities. Mr. Akhoury has confirmed that there was no other material reason other than those provided herein above. The Board has placed on record its appreciation of the leadership provided by Mr. Akhoury during his tenure as MD & CEO and his contribution to the Company.

The Board of Directors of the Company on February 20, 2020, basis recommendation of the Nomination & Remuneration Committee (**'N&RC'**) appointed Mr. Akhoury as an Additional Director w.e.f. February 21, 2020 and to hold office up to the date of the ensuing Annual General Meeting (**'AGM'**). Further, the N&RC and Board of Directors of the Company have also recommended the appointment of Mr. Akhoury as Director *(Non-Executive Non Independent)*, to the Members at the ensuing AGM, liable to retire by rotation.

Mr. Sridhar Balakrishnan

The Board of Directors of the Company on February 20, 2020, basis recommendation of the Nomination & Remuneration Committee (**'N&RC'**) appointed Mr. Balakrishnan as an Additional Director w.e.f. February 20, 2020 and to hold office up to the date of the ensuing AGM.

In the said meeting the Board also appointed Mr. Balakrishnan as the Managing Director and Chief Executive Officer (**'MD & CEO'**) of the Company for a period of five (5) years commencing from February 21, 2020 upto February 20, 2025, on the terms & conditions as approved and decided by the Board of Directors from time to time, subject to necessary sanctions and approvals from the Members of the Company, as may be applicable. Mr. Balakrishnan took charge as MD & CEO of the Company w.e.f. from February 21, 2020. The Company has received a notice in writing from a Member proposing the candidature of Mr. Balakrishnan as MD & CEO on the Board of the Company. Further, the N&RC and Board of Directors of the Company have also recommended the appointment of Mr. Balakrishnan as MD & CEO, not liable to retire by rotation, to the Members at the ensuing AGM.

Mr. Narotam S. Sekhsaria

Mr. Sekhsaria was appointed as an Independent Director for the period of five (5) years in the EGM held on September 10, 2014 w.e.f. July 24, 2014.

However, w.e.f. August 12, 2016, consequent to the amalgamation of Holcim (India) Pvt. Ltd. and Ambuja Cements Ltd., Mr. Sekhsaria was classified as a Non Independent Director, liable to retire by rotation.

In terms of Section 152 of the Act, Mr. Sekhsaria, Non-Executive Non Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on March 22, 2019.

Mr. Shailesh Haribhakti

Mr. Haribhakti was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for a period of five (5) years, with effect from July 24, 2014 and up till July 23, 2019.

Further, Mr. Haribhakti was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuance to passing of the special resolution in the AGM of the Company held on March 22, 2019 with effect from July 24, 2019 up till July 23, 2024.

Mr. Sushil Kumar Roongta
Mr. Roongta was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for the period of five (5) years, with effect from July 24, 2014 and up till July 23, 2019.

Further, Mr. Roongta was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuance to passing of special resolution in the AGM of the Company held on March 22, 2019, with effect from July 24, 2019 up till July 23, 2024.

Ms. Falguni Nayar
Ms. Nayar was appointed as an Independent Director, not liable to retire by rotation, in the Extraordinary General Meeting of the Company held on September 10, 2014 for the period of five (5) years, with effect from April 24, 2014 and up till April 23, 2019.

Besides, Ms. Nayar was re-appointed as an Independent Director, not liable to retire by rotation, for the second (2nd) term of five (5) years in pursuant to passing of special resolution in the AGM of the Company held on March 22, 2019 with effect from April 24, 2019 up till April 23, 2024.

Mr. D. Sundaram
Mr. Sundaram was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Vinayak Chatterjee
Mr. Chatterjee was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Sunil Mehta
Mr. Mehta was appointed as an Independent Director, not liable to retire by rotation, in the AGM of the Company held on March 22, 2019 for the period of five (5) years, with effect from March 22, 2019 up till March 21, 2024.

Mr. Martin Kriegner
Mr. Kriegner was appointed as Non-Executive, Non Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on April 13, 2016.

In terms of Section 152 of the Act, Mr. Kriegner, Non-Executive, Non Independent Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Mr. Vijay Kumar Sharma
Mr. Sharma was appointed as Non-Executive, Non Independent Director, being liable to retire by rotation, on the Board of Directors of the Company by the Members at the AGM held on April 9, 2014.

In terms of Section 152 of the Act, Mr. Sharma, Non-Executive, Non Independent Director, being liable to retire by rotation, shall retire at the ensuing AGM and being eligible for re-appointment, offers himself for re-appointment.

Note: The relevant details including profiles of Mr. Kriegner, Mr. Sharma, Mr. Akhoury and Mr. Balakrishnan are included separately in the Notice of AGM and Report on Corporate Governance of the Company forming part of the Annual Report.

B. Retirements/Cessations

Mr. Ashwin Dani, Mr. Farrokh Kavarana and Mr. Arunkumar Gandhi have resigned from the office of the Director, with effect from March 22, 2019, on attaining the age of seventy-five years (75 years) in line with the Company's Succession Policy and the same has been reported by the Company in the previous year's Annual Report.

Mr. Christof Hassig was appointed as Non Independent, Non-Executive Director, being liable to retire by rotation, in the AGM of the Company held on April 13, 2016. In terms of Section 152 of the Act, Mr. Hassig, Non-Executive, Non Independent Director, being liable to retire by rotation, was re-appointed by the Members at the AGM held on March 22, 2019.

Mr. Hassig has resigned from the office of the Director, with effect from February 20, 2020 on account of his pre-occupation in LH Group and also due to his other personal commitments. Mr. Hassig has confirmed that there is no other material reason other than those provided herein above.

The Board has placed on record its warm appreciation of the contribution made by the aforestated Directors during their tenure as Director(s) on the Board of the Company.

16.2 Key Managerial Personnel

In terms of the provisions of Section 203 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, Mr. Sridhar Balakrishnan, MD & CEO *(with effect from February 21, 2020)*, Ms. Rajani Kesari, Chief Financial Officer (**'CFO'**) and *(with effect from August 1, 2019)* and Mr. Rajiv Choubey, Chief Legal Officer & Company Secretary *(with effect from September 26, 2019)* are the Key Managerial Personnel of the Company.

Mr. Neeraj Akhoury, demitted office as MD & CEO and Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act w.e.f. close of business hours on February 20, 2020.

Mr. Balakrishnan took charge as MD & CEO and Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act for a period of five (5) years, w.e.f. February 21, 2020 upto February 20, 2025.

Ms. Kesari was appointed as the CFO and Key Managerial Personnel in terms of the provisions of Section 203 of the Act with effect from August 1, 2019 upon Mr. Sunil Nayak demitting office as CFO from the said date.

Mr. Choubey was appointed as the Chief Legal Officer & Company Secretary and Key Managerial Personnel in terms of the provisions of Section 203 of the Act with effect from September 26, 2019 upon Mr. Ramaswami Kalidas demitting office as Company Secretary & Head Compliance from the said date.

16.3 Independent Directors

The Company's Independent Directors have submitted requisite declarations confirming that they continue to meet the criteria of independence as prescribed under Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations. The Independent Directors have also confirmed that they have complied with Schedule IV of the Act and the Company's Code of Conduct.

The Board is of the opinion that the Independent Directors of the Company possess requisite qualifications, experience and expertise in the fields of finance, people management, strategy, auditing, tax and risk advisory services, infrastructure, banking, insurance, financial services, investments, mining & mineral industries and E-marketing; and they hold highest standards of integrity.

Regarding proficiency, the Company has adopted requisite steps towards the inclusion of the names of all Independent Directors in the data bank maintained with the Indian Institute of Corporate Affairs, Manesar (**'IICA'**). Accordingly, the Independent Directors of the Company have registered themselves with the IICA for the said purpose. In terms of Section 150 of the Act read with Rule 6(4) of the Companies (Appointment & Qualification of Directors) Rules, 2014, the Independent Directors are required to undertake online proficiency self-assessment test conducted by the IICA within a period of one (1) year from the date of inclusion of their names in the data bank. The IICA is yet to commence the online proficiency self-assessment test and hence, the said online proficiency self-assessment test will be undertaken by the Independent Directors of the Company as and when such test will be made available.

16.4 Board effectiveness

a. Familiarisation programme for Independent Directors

Over the years, the Company has developed a robust familiarisation process for the newly appointed Directors with respect to their roles and responsibilities, way ahead of the prescription of the regulatory provisions. The process has been aligned with the requirements under the Act, and other related regulations. This process *inter alia* includes providing an overview of the cement industry, the Company's business model, the risks and opportunities etc.

Details of the familiarisation programme are explained in the Report on Corporate Governance and are also available on the Company's website and can be accessed at www.acclimited.com/sh/FPID.pdf

b. Formal annual evaluation

The Board carries out its annual performance evaluation of its own performance, the Directors individually, as well as the evaluation of the working of its Audit, Nomination & Remuneration, Risk Management and Compliance Committees as mandated under the Act and Listing Regulations, as amended from time to time. The criteria applied in the evaluation process are explained in the Report on Corporate Governance, which forms part of the Annual Report.

16.5 Remuneration policy and criteria for selection of candidates for appointment as Directors, Key Managerial Personnel and Senior Leadership positions

The Company has in place a policy for remuneration of Directors, Key Managerial Personnel and Members of the Executive Committee (**'ExCo'**) as well as a well-defined criterion for the selection of candidates for appointment to the said positions, which has been approved by the Board. The Policy broadly lays down the guiding principles, philosophy and the basis for payment of remuneration to the Executive and Non-Executive Directors (by way of sitting fees and commission), Key Managerial Personnel and ExCo.

The criteria for the selection of candidates for the above positions cover various factors and attributes, which are considered by the Nomination & Remuneration Committee and the Board of Directors while selecting candidates. The policy on remuneration of Directors, Key Managerial Personnel and Members of the ExCo is given in **Annexure B** to this Report and is also available at the website of the Company and can be accessed at www.acclimited.com/assets/new/pdf/CG/Policy_remuneration_selection_for_appointment.pdf

The Board of Directors of the Company also formulated and adopted the policy on the 'Diversity of the Board' and 'Succession Policy for Directors'. The details of the same are available at the website of the Company and can be accessed at www.acclimited.com/assets/new/new_pdf/Policyondiversityoftheboard.pdf www.acclimited.com/assets/new/pdf/CG/succession_policy_for_directors.pdf

17. NUMBER OF MEETINGS OF THE BOARD & ITS COMMITTEES

Regular Meetings of the Board and its Committees are held to discuss and decide on various business policies, strategies, financial matters and other businesses. The schedule of the Board/Committee Meetings to be held in the forthcoming financial year is circulated to the Directors in advance to enable them to plan their schedule for effective participation in the Meetings. Due to business exigencies, the Board has also been approving several proposals by circulation from time to time.

During the year under review, five (5) Board Meetings were convened and held, the details of which are given in the Report on Corporate Governance, which forms part of the Annual Report.

The Company has the following six (6) Board level Committees, which have been established in compliance with the requirements of the business and relevant provisions of applicable laws and statutes:

1. Audit Committee
2. Risk Management Committee
3. Corporate Social Responsibility & Sustainability Committee
4. Nomination and Remuneration Committee
5. Stakeholders' Relationship Committee
6. Compliance Committee.

Several Committee Meetings were held during the year, including Audit Committee and Stakeholders Relationship Committee Meetings, which met five (5) and three (3) times, respectively during the year. The details with respect to the composition, terms of reference, number of meetings held, etc. of these Committees are included in the Report on Corporate Governance, which forms part of the Annual Report.

18. AUDIT COMMITTEE

The Audit Committee comprises five (5) Members. The Committee is chaired by Mr. Sundaram (Independent Director). The other Members of the Committee are Mr. Kriegner (Non-Executive Director), Mr. Chatterjee (Independent Director), Mr. Mehta (Independent Director) and Mr. Roongta (Independent Director). The Committee comprises majority of Independent Directors.

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 Report on Corporate Governance, which forms part of the Annual Report.

During the year under review, all recommendations made by the Audit Committee were accepted by the Board.

19. CORPORATE SOCIAL RESPONSIBILITY ('CSR') & SUSTAINABILITY COMMITTEE

The CSR & Sustainability Committee comprises five (5) Members of which two (2) are Independent Directors. The Committee is chaired by Mr. Haribhakti (Independent Director). During the year under review, the other Members of the Committee were Ms. Nayar (Independent Director), Mr. Hassig (Non-Executive Director), Mr. Sharma (Non-Executive Director) and Mr. Akhoury (MD & CEO till close of business hours of February 20, 2020). With effect from February 21, 2020, Mr. Balakrishnan, MD & CEO was inducted as one of the Member of the CSR & Sustainability Committee in place of Mr. Akhoury. The Committee met twice (2) during the reporting period. Details of the role and functioning of the Committee are given in the Report on Corporate Governance, which forms part of the Annual Report.

In compliance with Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Company has set up CSR & Sustainability Committee and statutory disclosures with respect to the CSR & Sustainability Committee & an Annual Report on CSR Activities forms part of this Report as **Annexure C**.

The CSR Policy as recommended by the CSR and Sustainability Committee and as approved by the Board is available on the website of the Company and can be accessed at https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf

20. RISK MANAGEMENT FRAMEWORK

The Company's governance structure has well-defined roles and responsibilities, which enable and empower the Management to identify, assess and leverage business opportunities and manage risks effectively. There is also a comprehensive framework for strategic planning, implementation and performance monitoring of the business plan, which *inter alia* includes a well-structured Business Risk Management (BRM) process. To systematically identify risks and opportunities and monitor their movement, a heat map has been designed comprising two (2) parameters: a) likelihood of the event and b) the impact it is expected to have on the Company's operations and performance.

The risks that fall under the purview of high likelihood and high impact are identified as key risks. This structured process in identifying risks supports the ExCo 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 the effectiveness of the mitigation plan.

The detailed section on key business risks and their mitigation plans forms part of Report on Corporate Governance, which forms part of annual report.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has developed a Related Party Transactions (**'RPT'**) Manual and Standard Operating Procedures to identify and monitor RPTs.

All transactions with related parties are placed before the Audit Committee as well as the Board for approval. Prior omnibus approval of the Audit Committee and the Board is obtained for the RPTs, which are foreseeable and repetitive. The RPTs are entered with prior approval of the Audit Committee and the same are subject to Audit. A statement giving details of all RPTs are placed before the Audit Committee and the Board of Directors on a quarterly basis. The statement is supported by a certificate from the MD & CEO and the CFO.

The policy on RPTs as approved by the Board of Directors has been uploaded on the Company's website and can be accessed at www.acclimited.com/assets/new/pdf/CG/Related-party-transactions-policy.pdf

All transactions with related parties during the year were on an arm's length basis and were in the ordinary course of business. The details of the material RPTs entered into during the year as per the policy on RPTs approved by the Board have been reported in Form AOC-2, which is attached herewith as **Annexure D**.

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

22. TRANSFER OF EQUITY SHARES UNPAID/UNCLAIMED DIVIDEND 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 (**'IEPF'**) set up by the Government of India, equity shares in respect of which dividend had remained unpaid/unclaimed for a period of seven (7) consecutive years within the time lines laid down by the Ministry of Corporate Affairs. Unpaid/unclaimed dividend for seven (7) years or more has also been transferred to the IEPF pursuant to the requirements under the Act.

23. SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

Complaint filed under the Competition Act, 2002 by the Builders Association of India against cement manufacturers - Appeal before the Supreme Court of India

As reported in detail in reports of earlier years, a penalty of ₹1,147.59 Crore was levied on the Company by the Competition Commission of India (**'CCI'**) based on a complaint filed by the Builders' Association of India for alleged violation of the provisions of the Competition Act, 2002.

The National Company Law Appellate Tribunal (**'NCLAT'**) dismissed the appeal of the Company (dated July 25, 2018) upholding the levy of penalty of ₹1,147.59 Crore as imposed by the CCI through its order (on August 31, 2016). The NCLAT (on November 7, 2016) initially stayed the operation of the CCI's order subject to deposit of 10% of the penalty amount.

The Company preferred an appeal before the Hon'ble Supreme Court against the above order of NCLAT. The Hon'ble Supreme Court (on October 5, 2018) has admitted the Company's civil appeal and ordered for continuance of the interim orders passed by NCLAT towards stay on the demand subject to deposit of 10% of the penalty amount. The matter is still subjudice. As on December 31, 2019, the penalty amount of ₹1,147.59 Crore and interest thereon has been disclosed as a contingent liability in the Notes to Financial Statements *[Refer Note –39(A)(a)]*.

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, 2002. In January 2017, the 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 (3) years from financial year 2012-13 to financial year 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 CCI. As on December 31, 2019, the penalty amount of ₹35.32 Crore is disclosed as a contingent liability in the Notes to Financial Statement *(Refer Note 39(A)(b))*. There are no further developments during the year under review in respect of the above cases.

Reference is drawn to the 'Emphasis of Matter' by the Auditors in their reports on the above matters.

24. RISK ARISING OUT OF LITIGATION, CLAIMS AND UNCERTAIN TAX POSITIONS

The Company is exposed to a variety of different laws, regulations, positions and interpretations thereof which encompasses direct taxation, indirect taxation and legal matters.

In the normal course of business, provisions and contingencies may arise due to uncertain tax positions and legal matters.

Based on the nature of matters the management applies significant judgment when considering evaluation of risk, including how much to provide for the potential exposure of each of the matters.

These estimates could change substantially over time as new facts emerge as each matter progresses, hence these are reviewed regularly. For matters where expert opinion is required the Company involves the best legal counsel.

Reference is drawn to the 'Key audit matters' by the Auditors in their reports on the above matters.

25. AUDITORS

25.1 Statutory Auditor

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm Registration Number 117366W/W-100018) were appointed as Statutory Auditors of the Company at the 81st AGM held on March 29, 2017 to hold office from the conclusion of the said meeting till the conclusion of the 86th AGM to be held in 2022 subject to ratification of their appointment by the Members at every intervening AGM held thereafter. The requirement of seeking ratification of the Members for continuance of their appointment has been withdrawn consequent upon the changes made by the Companies (Amendment) Act, 2017 with effect from May 7, 2018. Hence, the resolution seeking ratification of the Members for their appointment is not being placed at the ensuing AGM.

25.2 Cost Auditor

The cost accounts and records are required to be maintained under Section 148(1) of the Act. They are duly made and maintained by the Company. In terms of the provisions of Section 148 of the Act read with the Companies (Cost Records and Audit) Rules, 2014. The Board of Directors of the Company has on the recommendation of the Audit Committee appointed M/s. D. C. Dave & Co., Cost Accountants, Mumbai (Firm Registration No. 30611), to conduct the cost audit of the Company for the financial year ending December 31, 2020, at a remuneration as mentioned in the Notice convening the AGM.

As required under the Act read with the Companies (Cost Records and Audit) Rules, 2014, the remuneration payable to cost auditors must be placed before the Members at a general meeting for ratification. Hence, a resolution for the same forms part of the Notice of the ensuing AGM.

M/s. D. C. Dave & Co. has confirmed the cost records for the financial year ended March 31, 2018 are free from any disqualifications as specified under Section 141 (3) and proviso to Section 148(3) read with Section 141(4) of the Act. They have further confirmed their independent status.

25.3 Secretarial Auditors and Secretarial Audit Report

In terms of the provisions of Section 204 of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board has appointed M/s. Pramod S. Shah & Associates, Company Secretaries in Practice, Mumbai as Secretarial Auditors for conducting Secretarial Audit of the Company for the financial year ended December 31, 2019.

The report of the Secretarial Auditor is attached as **Annexure E**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India.

26. MATERIAL CHANGES AND COMMITMENT AFFECTING FINANCIAL POSITION OF THE COMPANY

There are no material changes and commitments, affecting the financial position of the Company, which has occurred between the end of the financial year for the Company, i.e. December 31, 2019 and the date of this Report, i.e. February 20, 2020.

27. AWARDS AND RECOGNITIONS

During the year under review, the Company received numerous awards and accolades conferred by reputable organisations and distinguished bodies for achievements in diverse fields such as health and safety, manufacturing and environment management, corporate governance and others.

January 2019:
Awarded with a 'Certificate of Recognition' for corporate governance by the Institute of Company Secretaries of India (ICSI) at the 18th ICSI National Award for Excellence in Corporate Governance

February 2019:
Awarded for CSR Excellence in disease prevention and treatment at the Rotary Karnataka CSR Awards 2019 for efforts in providing awareness and treatment of HIV/AIDS through Antiretroviral Therapy (ART) and Integrated Counselling and Testing Centre (ICTC) at ACC Wadi

March 2019:
Named as runner-up in the Torch Bearers of Safety Award category at the Mahindra Transport Excellence Award 2018

May 2019:
(i) Recognised at the 15th Green Cementech 2019 event with the Gold Category award under GreenCo Rating system by Confederation of Indian Industry (CII) – Sohrabji Godrej Green Building Centre and Cement Manufacturers' Association for ACC Bargarh's sustainability efforts

(ii) Conferred with the Sarvashreshtha Suraksha Puraskar Golden trophy under the Micro, Small and Medium Enterprises (MSME) sector by the National Safety Council of India (NSCI) for ACC RMX Poonamallee — RMX's Chennai unit for the assessment period 2016-17

July 2019:
(i) Won the first prize for 'Excellence in Promotion of Environment Conservation and Sustainable Development' at the Himachal Pradesh Environment Leadership Award in the Large-Scale Industry sector for ACC Gagal

(ii) Declared the winner in the Large Enterprises category at the first FICCI Indian Circular Economy Awards 2019

(iii) Adjudged the second-runner up for ACC DRONA, an initiative by ACC TRUST, under the Sports category at the third edition of the CSR Journal Excellence Awards

(iv) Received the 2Good rating at the Economic Times 2Good4Good CSR ratings scheme for 2019

September 2019:
(i) ACC Jamul bagged award in the 'Excellent Energy Efficient Unit' category and ACC Bargarh and ACC Kymore bagged the 'Energy Efficient Unit' category by Confederation of Indian Industries (CII) at the 20th National Award for Excellence in Energy Management 2019

(ii) Received the Gold CSR Excellence for the Best Education/Scholarship Programme by ACC TRUST in the 8th edition of ACEF Asian Leaders Forum and Awards for efforts undertaken in its 'ACC Gyan Setu' programme to promote quality education

(iii) Named the Most Preferred Brand in Cement at the National Real Estate Leadership Congress and Awards

October 2019:
Won the Climate Action Programme (CAP) 2.0 Resilient Award in the Energy, Mining & Heavy Manufacturing Sector by the CII

November 2019:
(i) Declared winner in the GHG Mitigation in Large Enterprises category by the JSW Foundation and The Times of India at the 9th Earth Care Awards

(ii) Conferred GreenPro certification by the CII at the Green Building Conference 2019 for ACC Concrete

December 2019:
(i) Named the first runner-up (second place) in the manufacturing sector for Annual Report 2018 in the best-presented annual report category at the South Asian Federation of Accountants (SAFA) Best Published Accounts Awards

(ii) CII-ITC Sustainability Awards 2019: ACC was declared as winner of highest recognition in sustainability, i.e. "Outstanding Accomplishment" in Corporate Excellence in sustainability from CII

28. ENHANCING SHAREHOLDER VALUE

ACC is committed to creating and returning value to shareholders. Accordingly, the Company is dedicated to achieving high levels of operating performance, cost competitiveness, enhancing the productive asset and resource base and striving for excellence in all areas of operations.

The Company firmly believes that its success in the marketplace and good reputation are among the primary determinants of shareholder value. Its close relationship with customers and a deep understanding of their challenges and expectations drive the development of new products and services. With decades of expertise and know-how, ACC offers its customers solutions that enhance their projects and builds trust.

Anticipating customer requirements early and being able to address them effectively requires a strong commercial backbone. ACC continues to develop this strength by institutionalising sound commercial processes and building world-class commercial capabilities across its marketing and sales teams.

The Company uses an innovative approach in the development of its products and services, as well as execution of growth opportunities. The Company is also committed to creating value for all its stakeholders by ensuring that its corporate actions positively impact the economic, societal and environmental dimensions of the triple bottom line.

29. CORPORATE GOVERNANCE

The Board of Directors reaffirm their continued commitment to good corporate governance practices. During the year under review, the Company complied with the provisions relating to corporate governance as provided under the Listing Regulations. The compliance report together with a certificate from the Company's auditors confirming the compliance is provided in the Report on Corporate Governance, which forms part of the Annual Report.

30. BUSINESS RESPONSIBILITY REPORTING

A separate section on Business Responsibility Reporting forms part of this Annual Report as required under Regulation 34(2)(f) of the Listing Regulations.

31. PARTICULARS OF EMPLOYEES

Disclosures pertaining to remuneration and other details as required under Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are attached as **Annexure F**.

In accordance with the provisions of Section 197(12) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, forms part of this Report. However, in line with the provisions of Section 136(1) of the Act, the Report and Accounts as set out therein, are being sent to all Members of the Company, excluding the aforesaid information. Any Member, who is interested in obtaining these, may write to the Chief Legal Officer & Company Secretary at the Registered Office of the Company. The same is also open for inspection during working hours at the Registered Office of the Company.

32. REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditors have reported to the Audit Committee of the Board, under Section 143(12) of the Act, any instances of fraud committed against the Company by its officers or employees, the details of which would need to be mentioned in this Report.

33. ANNUAL RETURN

Pursuant to the provisions of Section 134(3)(a) and Section 92(3) of the Act read with Rule 12 of the Companies (Management and Administration) Rules, 2014, the Annual Return of the Company for the financial year December 31, 2019 is uploaded on the website of the Company and can be accessed at https://www.acclimited.com/newsite/annualreport2019/Form_MGT_7.pdf

34. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards (SS) 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.

35. STATUTORY DISCLOSURES

The disclosures required to be made under Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on the Conservation of Energy, Technology Absorption and Foreign Exchange Earnings and Outgo are given as under:

A. Conservation of energy

A1. Power cost optimisation

During the year, the Company reduced the increasing electrical energy cost by partly replacing grid power through the consumption of Open Access (**'OA'**) power from comparatively cheaper sources.

Enhanced intake of solar power through Power Purchase Agreements (PPA) at Thondebhavi improved the OA consumption to 90.1% from 81.3%. At Kudithini, the OA power usage grew to 91.3% from 83.5%. At Gagal, the OA quantum rose to 14% from 6.44%. At

Wadi, OA quantum increased to 46%. Madukkarai plant sourced almost all the additional power required over and above Captive Power Plant (**'CPP'**) and own wind generation through OA. Overall purchase of power from OA has resulted in a savings of ~₹56 Million.

A2. Renewable power obligation

The Company is focusing on reducing the cash outflow for the purchase of Renewable Energy Certificate (RECs) against Renewable Power Obligation (**'RPO'**).

The captive wind power generation sources contributed considerably on this front and has resulted in savings of ₹35 Million on account of RPO cash outgo. Besides, the Company sourced 51.5 Million units of solar power collectively at Thondebhavi, Kudithini and Wadi to fulfil the solar RPO and the excess units were used to fulfil partly non-solar RPO resulting in total savings of ~₹200 Million.

A3. Conservation of energy

During the year under review was crucial in terms of energy conservation as it was the assessment year for the second cycle of Perform, Achieve and Trade (**'PAT'**) scheme of the Ministry of Power. The PAT scheme is designed to enhance efficiency in specific energy consumption throughout major industries.

ACC excelled in PAT performance. The Company reduced total specific energy consumption, surpassing the target set by the Government of India by ~37% during the second PAT cycle.

The Company is likely to have a net surplus of ~37,500 Energy Saving Certificates (**'ESCerts'**), tradable at market, from the Government of India for over-achieving the set targets. The estimated number of ESCerts are based on recommendations provided by third party external monitoring and verification team to Bureau of Energy Efficiency (**'BEE'**) for issuance of ESCerts. It may change marginally, before the final recommendation for issuance of certificates is given by BEE to the Government of India.

The Company undertook several energy conservation and efficiency initiatives in cement manufacturing and CPPs, through operational and capex measures. Some of them are as follows:

- Focus on Productivity Rate Index (**'PRI'**) improvement through Computational Fluid Dynamics (**'CFD'**) studies
- Implementation of projects identified as part of mandatory energy audits of all integrated plants
- Installation of high-level controllers for kiln and cement mill
- Installation of medium voltage drives for process fans
- Replacement of conventional lights with LED across the plants

Jamul plant was adjudged as Excellent Energy Efficient by CII during the year. ACC Jamul was also named as 'Leader in Energy Efficiency in Cement Industry', for winning the CII award thrice in a row. Kymore and Bargarh units of ACC were also among the shortlisted cement plants and won the award for 'Energy Efficient Unit'.

Plant-wise energy efficiency activities

- **Jamul:** Installed high-level controller process optimisation in cement mill; optimised compressed air usage, resulting in decreased use of one compressor; modified preheater duct based on CFD study to reduce pressure drop; improved condenser vacuum in 25 MW unit by installing online condenser cleaning system; upgraded raw water pump with high efficiency water pump at mines
- **Gagal:** Installed high-level controller for kiln at Gagal-2 and two (2) cement mills for process

optimisation; installed high efficiency pumps; conducted CFD study and implemented measures to reduce pressure drop across separator bag filter of raw mill-1 and 2, separator vent bag filter of cement mills 1-4; reduced cooler fan inlet suction pressure through bell mouth design based on CFD study; designed and implemented 'Meal Curtain' through CFD study for improvement of PRI, as well as coating reduction at kiln inlet; modified ILC in kiln-2 calciner to increase residence time, and thereby kiln PRI; modified preheater cyclone in stage-2 to reduce pressure drop

- **Chanda:** Installed high-level controller for three (3) cement mills for process optimisation; reduced dam ring height in cement mill-3; replaced ash handling reciprocating compressor with a new and efficient screw compressor
- **Wadi:** Avoid damper loss with slip power recovery system for two preheater fans at Wadi-1; modified Mitsubishi Fluidised Calciner to reduce pressure drop in Wadi-1; altered raw mill-1 cyclone through CFD study to reduce pressure drop at Wadi-2; reduced raw mill-2 mill inlet pressure drop by increasing mill inlet area; upgraded cooler—modified Air Blast Controlled (ABC) to reduce clinker temperature; resized calciner string fan motor from 2000 KW used along with Grid Rotor Resistance (GRR) and Slip Power Recovery System (SPRS) to 1350 with Medium Voltage Variable Frequency Drive (MV VFD); connected crusher 3 to crusher 2 for flexibility to operate crusher as per requirement
- **Kymore:** Installed high-level controller for three (3) cement mills for process optimisation; fitted energy efficient screw compressor with VFD in K1, cement mill-8 and 9; installed solar photovoltaic power plants of 250 kWp at Mehgaon mines and 120 kWp at Bamangaon mines
- **Bargarh:** Replaced old clinker cooler with new cooler; conducted CFD study and implemented for the following areas – 'Meal Curtain' for improvement of PRI; modified kiln inlet trough to reduce dust recirculation; altered feed box at preheater to improve flow distribution; modified stage 3 and 4 cyclone-; replaced preheater fan, baghouse fan and cooler Electro Static Precipitator (ESP) fan with new energy efficient fans; installed rotary ash cooler and replaced APH tube at CPP
- **Tikaria:** Replaced two (2) compressors for NTPC Unchahar fly ash loading system and old pump with new 3000 m3/hr energy efficient pump
- **Lakheri:** Replaced reciprocating compressor for fly ash unloading with energy efficient compressor
- **Kudithini:** Installed high-level controller for cement mill
- **Chaibasa:** Modified cooler horse shoe to improve cooling efficiency; installed 9 MVA transformer at CPP
- **Sindri:** Installed high-level controller for one cement mill; installed 3000 kVA automatic power factor controller panel
- **Damodar:** Installed VFD for cement mill-3 Induced Draft (ID) fan; reduced idle running of cement mill auxiliary circuit
- **Thondebhavi:** Installed high-level controller for cement mill

Green power

- ACC's Renewable Energy (**'RE'**) portfolio consists of 19 MW in the form of wind farms across three states and generated ~35.21 Million Units (Rajasthan: 12.53 Million

Units, Tamil Nadu: 18.86 Million Units, Maharashtra: 3.82 Million Units) of green power

- These units helped ACC meet the Renewable Purchase Obligation (non-solar) for Madukkarai Plant (Tamil Nadu) and Lakheri Plant (Rajasthan) fully, besides getting power at economical rates
- In Maharashtra, ACC Thane complex and Bulk Cement Corporation of India, Kalamboli are operating mainly on renewable energy with negligible cost through the ACC wind turbines at Satara, Maharashtra. This has resulted in power cost avoidance of ₹34.84 Million
- The Renewable Power Obligations of other plants are met by purchasing Renewable Energy Certificates (solar and non-solar)

Additional proposals being implemented for further conservation of energy

- Vertical Roller Mill duct modification based on CFD study to reduce pressure drop at Bargarh and Chanda
- Top-stage cyclone modification through CFD study at Kiln-2 of Kymore
- Installation of AFR feeding system at Chanda
- Installation of efficient roller press separator fan at Bargarh
- Conversion of double chamber to mono-chamber with new liner in cement mill-3 at Bargarh
- Install MV VFD in major for process fans (preheater, kiln bag house, raw mill and slag VRM) for Bargarh and bag house fan for Wadi
- Installation of dynamic reactive power compensation system to improve the power factor at Kymore and Wadi
- Replacement of low-efficiency fans with high-efficiency fans at Wadi
- Installation of high-level controller is planned across ACC plants for kiln control (six kilns) and mill control (~ten mills)

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 ACC plants.

The capital investment on energy conservation equipment

The Company invested ~₹560 Million on productivity/ efficiency improvement, besides implementation of low-cost measures to reduce energy consumption.

The steps taken by the Company for utilising alternate sources of energy

Besides, the use of RE (solar and non-solar), the Company utilised 2,72,365 tonnes of alternative fuels and 1,79,044 tonnes of alternative raw materials during cement manufacture.

B. Technology absorption

Research and Development (R&D)

1. **Specific areas in which R&D is carried out by the Company**
   a. Conservation of resources through maximisation of the use of low-grade limestone for cement manufacturing, improvement in the quality of blended cement through innovative process utilising industrial by-products for improved quality and performance of ACC plants
   b. Characterisation of industrial wastes and looking into possibilities of environment-friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources

c. Recycling of wastes and research for efficient use of scarce materials

d. Development of new products and developing new methods of evaluation and characterisation

e. Development and use of cement grinding aid and accelerators for PPC, PSC and composite cement for improved performance in concrete and achieving higher percentage of fly ash in PPC, higher percentage of slag in PSC and higher percentage of fly ash and slag in composite cement

f. Productivity research for increased efficiency in the use of resources development of application-oriented cements with decreased CO_2 emissions

g. Development of cements tailored for specific market clusters and application segments

h. Development of one-of-its-kind cement in India for reducing water seepage

i. Development of the waterproofing chemicals

j. Development of cement-based niche products such as waterproof and self-curing plaster, file adhesives, thin-bed jointing mortar, grouts and others

k. Quality benchmarking exercise for different market clusters of ACC products

l. The cement performance in concrete is monitored through application-oriented testing

2. Benefits derived as result of above R&D

a. Effective use of marginal quality raw materials and fuels with improved clinker quality

b. Maintain a lead position in all the market clusters of the country

c. Launch of special high-performance products like F2R, Concrete+, ACC Gold for specific market segments/market climatic conditions

d. Launch of LeakBlock–an internal waterproofing compound/dry-mix mortars for plasters, tile fixing, thin-bed jointing for blocks

e. Increased absorption of blending materials like fly ash and slags in blended cements

f. 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

g. Fuel efficiency

h. Reduction in special power consumption for grinding

3. 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. Development of cement-based niche products

c. Exploratory research works on the above specified areas

d. Use of waste/by-products in cement manufacturing as alternative materials

e. Improve product quality particularly with respect to long-term durability and reduction in cost of manufacture

4. Expenditure on R&Ds

		₹ Crore
a.	Capital	Nil
b.	Recurring (Gross)	1.06
c.	Total	1.06
d.	Total R&D expenditure as percentage of total turnover	0.01%

C. Foreign Exchange Earnings and Outgo

	₹ Crore
Foreign Exchange earned	-
Foreign exchanged used	165.38

36. OTHER DISCLOSURES

36.1 There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

36.2 The Company has not issued any shares with differential voting rights/sweat equity shares.

36.3 There was no revision in the Financial Statements.

36.4 There has been no change in the nature of business of the Company as on the date of this report.

36.5 Prevention of Sexual Harassment of Women at the Workplace

ACC is an equal employment opportunity company and is committed to creating a healthy working environment that enables employees to work without fear of prejudice and gender bias. As an organisation, the Company is committed to ensure that every employee is treated with dignity and respect and works in a conducive work environment, which promotes professional growth of employee and encourages equality of opportunity. The Company has zero tolerance towards any act on the part of any executive, which may fall under the ambit of 'sexual harassment' at workplace, and is fully committed to uphold and maintain the dignity of every women executive working in the Company.

Further, to provide an empowering and enabling atmosphere to women employees the Company has continuously endeavoured to build the work culture, which promotes the respect and dignity of all women employees across the organisation. The Company has formulated a comprehensive policy on prevention, prohibition and redressal against sexual harassment of women at workplace, which is also in accordance with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 (**'POSH'**). The said policy has been made available on the internal portal of the Company as well as the website of the Company.

The Company has constituted an Internal Complaints Committee (**'ICC'**) under the POSH. The ICC has been set up comprising four (4) female employees of whom one (1) female employee is the Chairperson of the ICC and two (2) male employees of whom one (1) is the secretary of the ICC. There are two (2) external Members on the ICC who are specialists in dealing with such matters. The employees are sensitised from time to time in respect of matters connected with prevention of sexual harassment. Awareness programmes are conducted at unit levels to sensitise the employees to uphold the dignity of their female colleagues at workplace. The Company also conducted an E-learning programme for employees to cover various aspects of the subject matter. Number of cases filed and their disposal under Section 22 of the POSH is as follows:

Particulars	Numbers
Number of complaints pending as on the beginning of the financial year	0
Number of complaints filed during the financial year	4
Number of complaints pending as on the end of the financial year	4*

*These 4 cases were resolved as on the date of this report.

37. 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 Act:

a) that in the preparation of the annual Financial Statements for the year ended December 31, 2019, 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 Accounts 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, 2019, 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 Act 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

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

38. INTEGRATED REPORTING

For the second year, the Company has drawn up an Integrated Report, which encompasses both financial and non-financial information to enable Members to have a more holistic understanding of the Company's long-term perspective. This year, the Integrated Reporting is more robust than before and details such as the organisation's strategy, governance framework, performance and prospects of value creation based on the six forms of capital viz. financial capital, manufactured capital, intellectual capital, human capital, social & relationship capital and natural capital have been added. The Integrated Report for the year 2019 is presented in a separate section, forming part of the Annual Report and also hosted on the Company's website at www.acclimited.com.

The Annual Report also carries a detailed section containing the 'Business Responsibility Report'. Since 2007, the Company has been publishing an annual Corporate Sustainable Development Report (**'SD Report'**) conforming to the guidelines of the Global Reporting Initiative. from the year 2016, these reports are based on the GRI standards in accordance with the 'Comprehensive' option and have been externally assured. This year SD Report has been combined with the Integrated Report.

39. The Board in its Meeting held on February 7, 2020 has approved the Board's Report for the financial year 2019. The said Board's Report for the financial year 2019 has undergone a change only to the extent of change in directorships on the Board of the Company in the Board Meeting held on February 20, 2020.

40. ACKNOWLEDGEMENTS

The Directors express their deep sense of gratitude to the Central and State Government Ministries and departments, shareholders, customers, business associates, bankers, employees, trade unions and all other stakeholders for their support and look forward to their continued assistance in future.

41. CAUTIONARY STATEMENT

Statements in the Boards' Report and the Management Discussion and Analysis describing the Company's objectives, projections, estimates, expectations or predictions may be 'forward looking statements' within the meaning of applicable securities laws and regulations. Actual results could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feed stock availability and prices, cyclical demand and pricing in the Company's principal markets, changes in government regulations, tax regimes, economic developments within India and the countries within which the Company conducts business and other factors such as litigation and labour negotiations. The Company is not obliged to publicly amend, modify or revise any forward-looking statement, on the basis of any subsequent development, information or events or otherwise.

For and on behalf of the Board of Directors

N. S. Sekhsaria
Chairman

Mumbai
February 20, 2020

Annexure 'A' to the 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 ₹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 utilised 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 at www.acclimited.com and will also be disclosed in the Company's Annual Report.

Annexure ‘B’ to the 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 recognising 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 & Sustainability Committee has decided not to accept any sitting fees and pursuant thereto, no sitting fees are paid to the Members of the CSR & Sustainability Committee for attending CSR & Sustainability 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.

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-á-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 organisational 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 organisational culture and ethos.

Annexure 'C' to the 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 programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes.**

   CSR Policy is stated herein below:
   https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf

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

   - Mr. Shailesh Haribhakti, Chairman
     (Independent Director)
   - Ms. Falguni Nayar, Member
     (Independent Director)
   - Mr. Christof Hassig, Member
     (Non Independent Non-Executive Director)
     (appointed as member of the Committee w.e.f. March 27, 2019)
     (ceased to a Director w.e.f. February 20, 2020)
   - Mr. Vijay Kumar Sharma, Member
     (Non Independent Non-Executive Director)
     (appointed as member of the Committee w.e.f. March 27, 2019)
   - Mr. Neeraj Akhoury, Member
     (Executive Director, MD & CEO up till February 20, 2020)
     (appointed as an Additional Director w.e.f. February 21, 2020)
   - Mr. Sridhar Balakrishnan, Member
     (Executive Director)
     (appointed as MD & CEO w.e.f. February 21, 2020)

3. **Average net profit of the Company for last three (3) financial years:**

   ₹1,194.91 Crore

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

   ₹23.90 Crore

5. **Details of CSR spent for the financial year:**

   a) Total amount to be spent for the financial year:
      ₹23.90 Crore
      (However, in the financial year 2019, the Company's total spending on CSR amounts to ₹25.07 Crore which is 2.10% of the average net profit after taxes in the previous three (3) financial years)

   b) Amount unspent, if any:
      Not Applicable

c) Manner in which the amount spent during the financial year is detailed below:

Sr. No.	CSR Projects/ Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Programme -wise (₹ Crore)	Amount Spent on the project or programmes (₹ Crore) Sub-Heads: 1. Direct Expenditure on Projects or programmes 2. Overheads	Cumulative Expenditure upto reporting period (₹ Crore)	Amount Spent: Direct or through implementation agency (₹ Crore)
1.	ACC DISHA	Youth Employability (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation 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), Palghar (Maharashtra), Bellary (Karnataka), Chikkaballarpur (Karnataka), Gulbarga (Karnataka), Coimbatore (Tamil Nadu), Erode (Tamil Nadu) and Kerala	4.50	4.50	4.50	4.50
2.	ACC- LEISA	Sustainable Agriculture (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation 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), Chikkaballarpur (Karnataka) and Coimbatore (Tamil Nadu)	4.02	4.02	4.02	4.02
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), Chikkaballarpur (Karnataka), and Coimbatore (Tamil Nadu), Bengaluru (Karnataka)	1.81	1.81	1.81	1.81

Sr. No.	CSR Projects/ Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Programme -wise (₹ Crore)	Amount Spent on the project or programmes (₹ Crore) Sub-Heads: 1. Direct Expenditure on Projects or programmes 2. Overheads	Cumulative Expenditure upto reporting period (₹ Crore)	Amount Spent: Direct or through implementation agency (₹ Crore)
4.	ACC Vidya Utkarsh	Quality Education (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation 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), Chikkaballarpur (Karnataka), Shrawasti (Uttar Pradesh), Shahazanhapur (Uttar Pradesh), Jaunpur (Uttar Pradesh), Mirzapur (Uttar Pradesh), Mewat (Haryana), Sirmaur (Himachal Pradesh), Sheopur (Madhya Pradesh), Rudraprayag (Uttarakhand), Alwar (Rajasthan), Coimbatore (Tamil Nadu), Thane (Maharashtra), Mohali (Punjab), Kolkata (West Bengal), Bhubaneshwar (Odisha), Bengaluru (Karnataka), Raigad (Maharashtra)	5.09	5.09	5.09	5.09
5.	ACC Vidya Saarathi	Scholarship and support (Schedule VII – (ii) Promotion of education including special education and employment enhancing vocation 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), Chikkaballarpur (Karnataka), and Coimbatore (Tamil Nadu)	0.68	0.68	0.68	0.68

Sr. No.	CSR Projects/ Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Programme -wise (₹ Crore)	Amount Spent on the project or programmes (₹ Crore) Sub-Heads: 1. Direct Expenditure on Projects or programmes 2. Overheads	Cumulative Expenditure upto reporting period (₹ Crore)	Amount Spent: Direct or through implementation agency (₹ 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), Nagpur (Maharashtra), Gulbarga (Karnataka), Bellary (Karnataka), Chikkaballarpur (Karnataka), and Coimbatore (Tamil Nadu)	2.73	2.73	2.73	2.73
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), Chikkaballarpur (Karnataka), Coimbatore (Tamil Nadu)	2.71	2.71	2.71	2.71
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), Chikkaballarpur (Karnataka), Coimbatore (Tamil Nadu) Aurangabad (Maharashtra) and Beed (Maharashtra), Jalandhar (Punjab)	1.57	1.57	1.57	1.57

Sr. No.	CSR Projects/ Activities	Sector	Locations - Districts (States)	Amount Outlay (Budget) Project or Programme -wise (₹ Crore)	Amount Spent on the project or programmes (₹ Crore) Sub-Heads: 1. Direct Expenditure on Projects or programmes 2. Overheads	Cumulative Expenditure upto reporting period (₹ Crore)	Amount Spent: Direct or through implementation agency (₹ Crore)
9.	ACC -Drona	Promoting Local, Arts and Culture (Schedule VII – (vii) Training to promote rural sports, nationally recognised 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), Chikkaballarpur (Karnataka), and Coimbatore (Tamil Nadu)	0.76	0.76	0.76	0.76
10.	Overheads			1.20	1.20	1.20	1.20
	TOTAL			**25.07**	**25.07**	**25.07**	**25.07**

Details of some of the implementing agencies –

1. ACC Trust, 2. Manav Vikas Sansthan, 3. Hand in Hand Inclusive Development Services, 4. Amhi Amchya Arogyasathi, 5. SHARE, 6. Head Held High, Bengaluru, 7. ACC MAVIM Loksanchalit Sadhan Kendra - CMRC- Ghugus, 8. ASSEFA, 9. American India Foundation, New Delhi 10. Dehat (Developmental Association for Human Advancement) Bahraich, 11. Dilasa Janvikas Pratishthan, Aurangabad, 12. Forum for Rural Development (FORD), 13. Creative India 14. HARITIKA, 15. Gugga Mela Utsav Samiti, 16. Ranthambhor Seva Sansthan, Jaipur 17. IIMPACT, New Delhi, 18. PHIA Foundation, Ranchi, Jharkhand 19. Jan Sevak Samiti, Bhilai, 20. Imayam Social Welfare Association, 21. Mahashakti Foundation, 22. Shanti Ashram, 23. Naad Gunjan Kala Parishad, 24. Centre for Total Development, 25. Netaji Youth Brigade, 26. SANSKAR, 27. Sarva Seva Samiti Sanstha, Bargarh 28. GPR Strategy and Solution, 29. Loka Kalyan Parishad, 30. UDYOGINI, 31. AHEAD Trust

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 with statutory requirements.

Sd/
Neeraj Akhoury
MD & CEO

Sd/
Shailesh V. Haribhakti
Chairman, CSR & Sustainability Committee

Annexure 'D' to the Board's report

FORM NO. AOC-2

January to December - 2019

Particulars of contracts contracts/arrangements made with related parties

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This Form pertains to the disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto.

Details of contracts or arrangements or transactions not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended December 31, 2019, which are not at arm's length basis.

Details of material contracts or arrangement or transactions at arm's length basis

The details of material contracts or arrangements or transactions at arm's length basis for the year ended December 31, 2019 are as follows;

Name of the related party	Nature of Relationship	Duration of Contract	Sailent Terms	Amount (₹ Crore)
Nature of Contract				
Purchase of goods				
Ambuja Cements Limited	Holding Company	January 1, 2019 - December 31, 2019[1]	Based on Transfer Pricing Guidelines	95.4
				95.4
Sale of Goods				
Ambuja Cements Limited	Holding Company	January 1, 2019 - December 31, 2019[1]	Based on Transfer Pricing Guidelines	104.5
				104.5
Use of Technology and Knowhow				
Holcim Technology Limited	Fellow Subsidiary	January 1, 2019 - December 31, 2019[2]	Based on Transfer Pricing Guidelines	152.3
				152.3

Notes:

1. On April 16, 2018, the Shareholders approved the Master Supply Agreement between the Company and Ambuja Cements Limited for sale of purchase of cement, clinker, raw materials and spare parts.
2. On June 13, 2018, the Shareholders approved the execution of the Technical Know How Agreement with Holcim Technology Ltd for 3 years from January 1, 2018.

Annexure 'E' to the Board's report

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2019
[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

Dear Sir/Madam,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good Corporate Governance practice by ACC Limited (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis fore valuating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of Company's Books, Papers, Minute Books, Forms and Returns filed with regulatory authorities and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended December 31, 2019, 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 December 31, 2019 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 thereunder;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**):
   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended from time to time;
   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015, as amended from time to time;

We have also examined compliance with the applicable clauses of the following:

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

We further report that
The Board of Directors of the Company is duly constituted with proper balance of Executive Director, Non-Executive Directors and Independent Directors. 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 directors to schedule the Board/Committee 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.

It is noted that majority decisions are carried through and proper systems are in place which facilitates/ensures to capture and record, the dissenting member's views, if any, as part of the minutes. During the period, all the decisions in the Board Meetings were carried unanimously.

We have relied on the representation made by the Company, its Officers and Reports of the Statutory Auditor 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 which are commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines and during the audit period there were no specific events/actions which have a major bearing on the Company's affairs.

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

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah – Partner
M/s. Pramod S. Shah & Associates
Membership No.: FCS 334
C.P No.: 3804
UDIN:F000334B000102997

Place: Mumbai
Date: January 28, 2020

Annexure 'F' to the Board's report

INFORMATION PURSUANT TO SECTION 197 OF THE COMPANIES ACT, 2013 READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT & REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

The ratio of the remuneration of each director to the median employee's remuneration and other details in terms of sub-section 12 of Section 197 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Requirements	Disclosure
1.	(i) The percentage increase in remuneration of CFO and CS in the financial year and (ii) Ratio of Remuneration of each KMP to the median remuneration of all the employees of the Company for the year 2019	Figures are not comparable as employee worked only part of the year as detailed below: **Notes:** 1. Mr. Sunil Nayak demitted the office as Chief Financial Officer w.e.f. August 1, 2019 2. Mr. Kalidas Ramaswami demitted office as Company Secretary & Head Compliance w.e.f. September 26, 2019 3. Ms. Rajani Kesari took charge as Chief Financial Officer w.e.f. August 1, 2019 4. Mr. Rajiv Choubey Chief Legal Officer and Company Secretary was appointed w.e.f. September 26, 2019
2.	The percentage increase in the median remuneration of employees in the financial year	15%
3.	The number of permanent employees on the rolls of the Company	6643
4.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	The average percentile increase in the salaries of the employees other than Managerial Personnel *(i.e. MD & CEO)* is 7.5%. The average increase in remuneration of employees other than the Managerial Personnel is in line with the industry practice and is within normal range.
5.	Affirmation that the remuneration is as per the remuneration policy of the Company	Yes, it is confirmed
6.	Median Remuneration of all the employees of the Company (₹ Lakh)	₹5.63 Lakh

7. Ratio of Remuneration of each Director to the median remuneration of all the employees of the Company for the year 2019

Name of Director and KMP	Remuneration (₹ Lakh)		% Increase in remuneration in financial year 2019	Ratio to median Remuneration of all employees
	2019	2018		
Non-Executive Directors				
Mr. N. S. Sekhsaria, Chairman	53.70	54.10	(1)	10
Mr. Jan Jenisch, Deputy Chairman	21.00	21.00	--	4
Mr. Martin Kriegner*	--	4.30	--	--
Mr. Christof Hassig	22.30	23.00	(3)	4
Mr. Vijay Kumar Sharma	23.10	20.50	13	4
Independent Directors				
Mr. Shailesh Haribhakti	42.50	42.70	--	8
Mr. Sushil Kumar Roongta	45.00	44.90	--	8
Mr. Ashwin Dani (up to March 22, 2019)	9.29	42.10	--	2
Mr. Farrokh K Kavarana (up to March 22, 2019)	9.89	42.90	--	2
Mr. Arunkumar Gandhi (up to March 22, 2019)	11.29	53.30	--	2
Ms. Falguni Nayar	22.60	23.10	(2)	4
Mr. Sunil Mehta (appointed w.e.f. March 22, 2019)	32.01	--	--	6
Mr. D. Sundaram (appointed w.e.f. March 22, 2019)	40.34	--	--	7
Mr. Vinayak Chatterjee (appointed w.e.f. March 22, 2019)	32.81	--	--	6
EXECUTIVE DIRECTOR				
Mr. Neeraj Akhoury MD & CEO (appointed as MD & CEO w.e.f. february 07, 2017) (ceased to be MD & CEO w.e.f. February 20, 2020) (appointed as an Additional Director w.e.f. February 21, 2020)	889.78@	713.10	25	158

Notes:

The details given herein above are on accrual basis.

The % increase of remuneration is provided for only those directors and KMPs who have drawn remuneration from the Company for full financial year 2019. The ratios of remuneration to median remuneration of all the employees is provided only for those Directors & KMPs who have drawn remuneration for full financial year 2019.

*Mr. Martin Kriegner has waived his right to receive Directors' commission and sitting fees for the year 2019.

@The remuneration of Mr. Akhoury includes the Performance Linked Incentive of ₹227.57 Lakh for the year 2018.

Report on Corporate Governance

The Board of Directors present the Company's Report on Corporate Governance pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) (**'SEBI Listing Regulations'**) as amended, for the year ended December 31, 2019.

COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

As one of India's leading manufacturers of Cement and Ready-Mixed Concrete (RMX), ACC has always been at the vanguard of setting industry benchmarks. It has a rich legacy of putting in place a formalised mechanism of corporate governance, long before it became a statutory requirement. The Company's governance framework enshrines the highest standards of ethical and responsible conduct of business to create enduring value for all stakeholders.

The Company's governance framework and philosophy are based on the bedrock of ethics, values and trust. These principles have been integrated into the organisation's DNA in over eight (8) decades of its existence. As part of its growth strategy, ACC emulates the 'best practices' that are followed in the domain of corporate governance globally.

The Company emphasises on the need for complete transparency and accountability in all its dealings to protect stakeholder interests. The governance framework encourages the efficient utilisation of resources and accountability for stewardship. The Board considers itself as the custodian of trust and acknowledges its responsibilities towards stakeholders for wealth creation sustainably and responsibly.

Integrity, transparency, fairness, accountability and adherence with the law are inextricably embedded in the Company's business practices. These principles have evolved, over the years, from the Company's dynamic culture, innovative thought trajectories and past experiences; and have helped inculcate stakeholder trust and confidence, attracting and retaining financial and human capital, and in meeting societal aspirations.

The Company has rigorously stood by the core principles of corporate governance, which have been the edifice of its two-fold governance model, with the Board of Directors and the Committees of the Board at the apex, and the management structure at the operational level. The Board and its Committees guide, support and complement the management team's ideas and initiatives, which in turn assumes accountability, strives 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 (**'Board'**). Its Board is a combination of Independent and Non Independent Directors, including an Independent Woman Director in line with the provisions of the Companies Act, 2013 (**'the Act'**) and the (**'SEBI Listing Regulations'**) as amended from time to time. The Company's Managing Director and Chief Executive Officer is the only Executive Director on the Board.

The Board of Directors comprises of highly experienced and persons of repute & eminence, who ensure that the time-honoured culture of maintaining sound standards of corporate governance is further nurtured. 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 to ensure that the aspirations of stakeholders are fulfilled. It also sets out standards of corporate behaviour and ensures compliance with laws and regulations impacting the Company's business.

Committee of Directors

Having regard to the significant contributions that committees make in assisting the Board of Directors in discharging its duties and responsibilities, the Board through its following Committees closely monitor various areas of business. These committees comprises the i) Audit Committee, ii) Stakeholders' Relationship Committee, iii) Nomination & Remuneration Committee, iv) Risk Management Committee, v) Corporate Social Responsibility & Sustainability (**'CSR & Sustainability'**) Committee and vi) Compliance Committee.

During the year, the purview of the CSR Committee has been widened to cover sustainability and with effect from October 15, 2019, the Committee has been renamed as the 'CSR and Sustainability Committee'. These Committee are mandated under law and operate within the terms of reference laid down by the Board as also under the SEBI Listing Regulations.

Besides, the Board has voluntarily set up the Compliance Committee, which oversees the legal compliance process and the status of litigations both by and against the Company.

Managing Director & Chief Executive Officer (MD & CEO)

The MD & CEO is at the helm of operations and responsible for the Company's day-to-day operations. MD & CEO functions according to the guidance and direction provided by the Board and provides strategic directions, lays down policy guidelines and ensures the implementation of the decisions of the Board and its various Committees.

Executive Committee (ExCo)

The ExCo comprises of persons belonging to the senior management cadre who are drawn from a cross-section of functions and responsibilities. The Committee supports the MD & CEO and operates within the framework of the policies laid down by the Board; and is responsible and accountable for overall business deliverables.

The ExCo meets regularly to review and monitor the performance *vis-à-vis* the annual plans and budgets, discusses cross-functional operational matters and addresses business challenges and issues.

Organisational structure, roles and responsibilities

ACC operates its business with a functional organisational structure. It provides the expertise to face operational challenges with agility and efficiency; and is led by the ExCo team and other functional heads.

Led by the MD & CEO, it comprises verticals for the functions of Sales & Marketing, Manufacturing, Human Resources, Finance, Procurement, Supply Chain, Legal functions & RMX functions. The business operates through three (3) regional manufacturing clusters (North, East and South-West) and four (4) regional Sales & Marketing Offices (North, East, South and West).

The Regional Heads for Sales, Logistics, Finance and Human Resources have a direct reporting line to the respective vertical heads. The heads of plants reports to the respective manufacturing cluster head in the region. The procurement activities are managed by the India Procurement Organisation executed from five (5) procurement cluster offices. The Finance, Human Resources, Procurement, Supply Chain, Sales & Marketing, Legal, Secretarial & Compliance, Health & Safety functions report to the MD & CEO.

BOARD OF DIRECTORS

Key Board qualifications, expertise and attributes

The ACC Board comprises people of eminence and repute who bring the required skills, competence and expertise that allow them to make effective contribution to the Board and its Committees.

The Board takes care of the business and stakeholders' interest. The Non-Executive Directors, including the Independent Directors are well qualified, experienced and renowned persons from the fields of manufacturing, finance, banking, infrastructure, taxation, governance, knowledge in mines and metallurgy, mergers and acquisitions and technology, amongst others. The Board Members take an active part at the Board and Committee Meetings and provide valuable guidance to the Management on various aspects of business, governance, and compliance, amongst others. The Board's guidance provides foresight, enhances transparency and adds value in decision-making.

None of the Directors have attained the age of Seventy five (75) years.

Composition of the Board as on December 31, 2019

Category	Number 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 professionals of eminence and stature drawn from diverse fields. They collectively bring to the fore a wide repertoire of skills and experience, which elevates the quality of the Board's decision-making.

Mr. N. S. Sekhsaria (DIN:00276351)

(Non-Executive and Non Independent Director)

Mr. Sekhsaria is a doyen of India's cement industry and is one of the most respected business personalities in the country. He introduced new standards in Management, Marketing, Efficiency and Corporate Social Responsibility to the cement industry, which 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 the current Chairman of Ambuja Cements Limited (**'Ambuja Cements'**). 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 the Board's Chairman.

Mr. Sekhsaria built Ambuja Cements, setting benchmarks for the country's cement sector. His acumen as an entrepreneur and technocrat turned Ambuja Cements 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. He also championed community development by establishing the Ambuja Cement Foundation and nurturing it into an epitome of excellence in social responsibility.

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

Mr. Sekhsaria is a Member of the Board's Nomination and Remuneration Committee.

Mr. Sekhsaria is a Non-Executive Director and is not in any way related to the MD & CEO.

Expertise in specific functional areas	Doyen of the cement industry, he has been responsible for transforming the cement industry by setting benchmarks in the areas of Management, Marketing & Logistics and Manufacturing Efficiencies and Sustainable Development
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, Non-Executive Chairman; JM Financial Asset Reconstruction Company Limited, Non-Executive Director; Everest Industries Limited, Non-Executive Director

Mr. Jan Jenisch (DIN:07957196)

(Non-Executive and Non Independent Director)

Mr. Jenisch was inducted on the Board with effect from October 17, 2017 upon his appointment as the Chief Executive Officer (**'CEO'**) of LafargeHolcim Ltd. (**'LH'**), the Ultimate Parent Company.

Mr. Jenisch is a German national and has joined LH as its CEO on September 1, 2017. Prior to his joining LafargeHolcim, he has served with Sika AG since 1996 in various management functions and countries.

He was appointed to the Management Board of Sika AG 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 and under his leadership, it expanded into unexplored markets and set new performance standards in sales and profitability.

Mr. Jenisch graduated from the University of Fribourg, Switzerland and holds an MBA degree.

Expertise in specific functional areas	Business Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, Non-Executive, Vice Chairman

Mr. Neeraj Akhoury (DIN:07419090)

[MD & CEO – up to February 20, 2020 and appointed as an Additional Director (Non-Executive and Non Independent Director) with effect from February 21, 2020]

Mr. Akhoury brings with him 25+ years of rich experience in the steel and cement industries. He has worked in leadership roles in India and other emerging markets. He began his career with Tata Steel in 1993 and joined the LH 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 as Strategy & Business Development Director for the Middle East & Africa at the Lafarge headquarters in Paris. He was also the CEO of Lafarge Surma Cement Limited and country representative of LH, Bangladesh.

Mr. Akhoury has a degree in Economics and an MBA from the University of Liverpool. He has also studied one-year General Management at XLRI, Jamshedpur. He is an alumnus of the Harvard Business School (GMP).

Mr. Akhoury was the MD & CEO up till February 20, 2020, held Membership on the Compliance Committee, Risk Management Committee, Stakeholders' Relationship Committee and CSR & Sustainability Committee of the Board. Mr. Akhoury continues to be a Member of CSR & Sustainability Committee after his appointment as Additional Director on the Board of the Company w.e.f. February 21, 2020.

Mr. Akhoury is not related to the Chairman or any other Member of the Board.

Expertise in specific functional areas	Corporate Strategy, Sales & Distribution Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, MD & CEO, (w.e.f. February 21, 2020); Bulk Cement Corporation (India) Limited, Non-Executive Director; Holcim Services (South Asia) Limited, Non-Executive Director

Mr. Martin Kriegner
(DIN:00077715)
(Non-Executive and Non Independent Director)
Mr. Kriegner is an Austrian national and has been a Member of the Executive Committee of LH since August 2016 and is the Region Head of Asia Pacific. He is a graduate of Vienna University with a Doctorate in Law and has an MBA from the University of Economics in Vienna.

Mr. Kriegner joined the Group in 1990 and became the CEO of Perlmooser AG, Austria in 1998. He moved to India as the CEO of the Lafarge operations in 2002 and later served as Regional President Cement for Asia, based in Kuala Lumpur.

In 2012, he was appointed the CEO of Lafarge India for Cement, RMX and Aggregates. In July 2015, he became the Area Manager Central Europe for LH operations. He is also globally in-charge for cement manufacturing, logistics, commercial and geocycle.

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

Expertise in specific functional areas	Operations, Finance & General Management
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, Non-Executive Director

Mr. Shailesh Haribhakti
(DIN:00007347)
(Non-Executive and Independent Director)
Mr. Haribhakti is a Chartered & Cost Accountant, A Certified Internal Auditor, Financial Planner and Fraud Examiner. His career spans over four (4) decades. He is currently the Chairman of M/s. Shailesh Haribhakti & Associates, Chartered Accountants.

Mr. Haribhakti has in the past worked as the Chairman of United Way of India (2018-2019), NPS Trust (2015-2017) constituted by the Pension Fund Regulatory & Development Authority, Western India Regional Council (WIRC), Institute of Chartered Accountants of India (ICAI) and Financial Planning and Standards Board.

He was also the President of Indian Merchants Chamber, Rotary Club of Bombay (July 2014-June 2015), Institute of Internal Auditors (IIA), Bombay Chapter and Bombay Management Association (BMA). He was a member of Securities and Exchange Board of India (SEBI), Committee on Disclosures and Accounting Standards and member of Takeover Panel and International Accounting Standards Board (IASB) and Standards Advisory Council.

Mr. Haribhakti is the Chairman of the Nomination & Remuneration Committee and CSR & Sustainability Committee and Member of the Stakeholders' Relationship Committee, Risk Management Committee and Compliance Committee of the Board.

Expertise in specific functional areas	Auditing, Tax and Risk Advisory Services
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, Independent Director; Torrent Pharmaceuticals Limited, Independent Director; Blue Star Limited, Non-Executive Chairman & Independent Director; NSDL E-Governance Infrastructure Limited, Non-Executive Chairman & Independent Director; Bajaj Electricals Limited, Additional Non-Executive Independent Director; Bennett Coleman & Company Limited, Independent Director; Future Lifestyle Fashions Limited, Non-Executive Chairman & Independent Director; L&T Finance Holdings Limited, Independent Director; L&T Mutual Fund Trustee Limited, Non-Executive Director & Chairman

Mr. Sushil Kumar Roongta
(DIN:00309302)
(Non-Executive and Independent Director)
Mr. Roongta holds a degree in Bachelor of Engineering from the 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).

He has a wide and varied experience in public sector undertakings. During his tenure as SAIL's Chairman from August 2006 to May 2010, the ranking of SAIL among 'World Class Steel Makers' moved up to the second (2nd) position from the Seventeenth (17th) 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 a policy document on corporate governance.

He is associated with several academic institutions, and has been the Chairman, Board of Governors, IIT Bhubaneswar (2012-2015) and is a Member of Board of Management, J.K. Lakshmipat University. He is also associated with apex chambers, being a Member of National Executive Committee of Federation of Indian Chambers of Commerce and Industry (FICCI). He also chairs National Expert Committee on Minerals & Metals of Indian Chambers of Commerce (ICC) and Member of NEC of PHD Chamber of Commerce and Industry.

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 the Chairman of the Compliance Committee and a Member on the Audit Committee, and the Risk Management Committee of the Board.

Expertise in specific functional areas	General Management and expert knowledge in Mines and Metallurgy Industries
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Jubilant Agri and Consumer Products Limited, Independent Director; Hero Steels Limited, Independent Director; Talwandi Sabo Power Limited, Non-Executive Director; Jubilant Industries Limited, Independent Director; Jubilant Life Sciences Limited; Independent Director; Bharat Aluminium Co. Limited, Non-Executive Chairman; Great Eastern Energy Corporation Limited, Independent Director; JK Paper Limited, Non-Executive Director

Mr. Vijay Kumar Sharma (DIN:02449088)

(Non-Executive and Non Independent Director)

Mr. Sharma was the Chairman of Life Insurance Corporation of India (**'LIC'**) until he attained superannuation from the corporation with effect from January 1, 2019. LIC has confirmed that Mr. Sharma continues to be their representative on the Company's Board after his superannuation.

Prior to his taking over as LIC's Chairman on December 16, 2016, he served as Chairman (in-charge) from September 16, 2016 and Managing Director, LIC from November 1, 2013. From December 2010 to November 2013, he served as Managing Director & Chief Executive Officer, LIC Housing Finance Limited (**'LICHFL'**), a Premier Housing Finance Company in the country.

Mr. Sharma is a post-graduate from the Patna University. He joined LIC as Direct Recruit Officer in 1981 and grew up with the corporation since then. He held various challenging assignments in different parts of India and in all operational streams, including overall responsibility at different levels.

He held various challenging assignments pan India, which has significantly enriched his experience and honed his insight in India's demographics, socio-economic needs of different regions and multi-cultural challenges in the implementation of the Company's objectives.

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

An inspirational leader who utilises negotiation skills gained over 37 years of extensive experience in insurance and financial sectors and strongly connects to the grassroots, believes in bottom-up approach and has the ability to see the big picture and translate it to reality.

He is known as growth leader, paving the way for the organisation to surge ahead in all segments of performance. Mr. Sharma was Chairman, Board of Directors of LICHFL, LIC (International) Bahrain B.S. C (C), Life Insurance Corporation Singapore Pte. Ltd. and other companies. He was also the Director on Board of Kenindia Assurance Co. Ltd.

Mr. Sharma is a Member on the Risk Management Committee and CSR & Sustainability Committee of the Board.

Expertise in specific functional areas	Business Strategy, Product Development & Branding, Risk Mitigation and Compliance
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Tata Steel Limited, Non-Executive Director; Mahindra & Mahindra Limited, Non-Executive Director

Ms. Falguni Nayar
(DIN:00003633)
(Non-Executive and Independent Director)

Ms. Nayar is a graduate from the Sydenham College of Commerce & Economics and a post-graduate from the Indian Institute of Management, Ahmedabad.

She has a rich experience of over three (3) decades. Ms. Nayar commenced 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 MD & CEO of Kotak Investment Bank from 2006 to 2012. She is the Founder and CEO of Nykaa, a beauty retail platform, which she launched in 2012.

Ms. Nayar has been part of the Top Woman in Business by Business Today, Top 50 Most Powerful Women by Fortune India and Asia's Power Businesswomen by Forbes Asia lists. She has been awarded the 'Beauty Gamechanger' title by Vogue India, the 'Woman Ahead' award at The Economic Times Start-Up Awards and the 'Businesswoman of the Year' at the ET Corporate Excellence Awards. Recently, Ms. Nayar, as the founder CEO of Nykaa E-retail won the 'EY start-up of the year award'.

Ms. Nayar is the Chairperson of the Risk Management Committee and a Member of the CSR & Sustainability Committee of the Board.

Expertise in specific functional areas	Financial Services and E-marketing
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Dabur India Limited, Independent Director; Tata Technologies Limited, Independent Director; Kotak Securities Limited, Independent Director; Endurance Technologies Limited, Independent Director

Mr. Christof Hassig
(DIN:01680305)
(Non-Executive and Non Independent Director up to February 20, 2020)

Mr. Hassig heads the Corporate Strategy and Mergers & Acquisitions function in LH, reporting directly to the CEO.

Before joining Holcim Limited (now LafargeHolcim) in 1999, Mr. Hassig worked for 25 years at UBS in different functions, including as Global Relationship Manager and Investment Banker for multinational corporations in Switzerland and other countries.

In his earlier role at Holcim, he was reporting directly to the Chief Financial Officer with many direct links to all other Executive Directors including CEO. For the last fifteen (15) years, he has built and led the department of Corporate Finance and Treasury. This function spans across all geographic regions and includes a matrix organisation with the finance department of the operating companies in various countries.

In December 2012, he took over additional responsibilities as head of the newly created Mergers & Acquisitions function on Group level.

He started his career with a three-year apprenticeship in banking followed by a Master's degree in Banking and Advanced Management Programme at Harvard Business School in 2006.

Mr. Hassig in his role as Director of the Company, up till February 20, 2020, held Membership in the Stakeholders' Relationship Committee and CSR & Sustainability Committee of the Board.

Expertise in specific functional areas	Corporate Finance & Treasury, Mergers and Acquisitions
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Ambuja Cements Limited, Non-Executive Director

Mr. D. Sundaram
(DIN:00016304)
(Non-Executive and Independent Director)

Mr. Sundaram's experience spans corporate finance, business performance, monitoring operations, governance, mergers & acquisitions, talent/people management and strategy.

Mr. Sundaram joined Hindustan Unilever Limited (HUL), the Indian listed subsidiary of Unilever PLC, as a Management Trainee in June 1975 and served in various capacities including six years in Unilever, London as Commercial Officer: Africa and the Middle East (1990-1993) and as Sr. V. P. for South Asia and Middle East (1996-1999). He was the Chief Finance Officer of HUL from April 1999 to March 2008 and as the Vice Chairman and CFO from April 2008 to July 2009.

He is a two-time winner of the prestigious 'CFO of the Year for FMCG Sector' award by CNBC TV18 (2006 and 2008).

Mr. Sundaram is now the Vice Chairman and Managing Director of TVS Capital Funds Pvt. Ltd. in managing a growth capital Private Equity Fund (TVS Shriram Growth Fund). He is a post-graduate in Management Studies (MMS) from Chennai, Fellow of the Institute of Cost Accountants, and has done the Harvard Business School's Advanced Management Program (AMP).

Mr. Sundaram is the Chairman of the Audit Committee and a Member on the Compliance Committee of the Board.

Expertise in specific functional areas	Corporate Finance, Business Performance, Mergers & Acquisitions, Talent/People Management and Strategy
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Infosys Limited, Independent Director; GlaxoSmith Kline Pharmaceuticals Limited, Independent Director; Crompton Greaves Consumer Electricals Limited, Independent Director; TVS Electronics Limited, Non-Executive Director; SBI General insurance Company Limited, Independent Director

Mr. Vinayak Chatterjee (DIN:00008933)

(Non-Executive and Independent Director)

Mr. Chatterjee co-founded Feedback Infra—India's leading provider of professional and technical services in the infrastructure sector in 1990.

Mr. Chatterjee has often been called upon to play a strategic advisory role to leading domestic and international corporates, the Government of India, various Ministries dealing with infrastructure, as well as multilateral and bilateral institutions in the areas of infrastructure planning and implementation. He is one of the leading proponents of the Public-Private Partnership (PPP) model for developing India's infrastructure.

He is currently the Chairman of the Confederation of Indian Industry's (CII) Infrastructure Council, and has chaired various Infrastructure and related Committees at the national level of CII since 2001.

In 1998, the World Economic Forum at Davos selected Mr. Chatterjee as one of the 100 Global Leaders of Tomorrow and in 2011, the Indian Institute of Management, Ahmedabad conferred on him the 'Distinguished Alumnus Award'.

He is a well-read columnist and writes a monthly column on infrastructure for Business Standard called 'INFRATALK'. He has authored a book titled Getting it Right – India's Unfolding Infrastructure Agenda published in 2011.

Mr. Chatterjee is a B.A. (Honors), St. Stephens College, Delhi University and an alumni of Indian Institute of Management, Ahmedabad.

Mr. Chatterjee is a Member of the Audit Committee and Nomination & Remuneration Committee of the Board.

Expertise in specific functional areas	Infrastructure Planning and Implementation. One of the leading proponents of public-private partnership model for developing India's infrastructure
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Feedback Energy Distribution Company Limited, Chairman; Apollo Hospitals and Enterprises Limited, Independent Director; Indraprastha Medical Corporation Limited, Independent Director

Mr. Sunil Mehta (DIN:00065343)

(Non-Executive and Independent Director)

Mr. Mehta has over three-and-a-half decades of proven leadership experience in banking, financial services, insurance and investments with Citibank and AIG. In 2013, he left AIG, where he was the Country Head & CEO for AIG India since 2000. Subsequently, he started SPM Capital Advisers Pvt. Ltd. Mr. Mehta is the Chairman and Managing Director of SPM Capital Advisers Pvt. Ltd., a leading business advisory and consulting firm in India.

As Country Head & CEO for AIG in India, Mr. Mehta was responsible for all AIG businesses in India covering Insurance, Financial Services, Real Estate and Investments among other businesses. He set up AIG's Insurance JVs with Tatas and was also responsible for expanding AIG's presence across ten businesses in India, which included Life & Non-life Insurance, Private Equity, Asset Management, Real Estate, Home Finance, Consumer Finance, Software Development, Mortgage Guaranty and Aircraft Leasing. He was on the Board of all AIG Companies in India and on the Board of IDFC Ltd. for several years.

Prior to joining AIG, Mr. Mehta worked with Citibank for over 18 years where he held various senior positions covering operations, sales & risk process re-engineering, risk management, public sector business and corporate banking. His last assignment was Corporate Bank Head for Citibank, India and Senior Credit Officer.

Mr. Mehta was an Independent Director on the Board of State Bank of India till March 2017. He was closely involved with the start-up of a digital non-life insurance company-ACKO General Insurance Ltd. and on its Board till October 2018. In addition, he is a Senior Advisor to notable international/domestic firms.

Mr. Mehta was recently asked to Chair the Committee of Resolution of Stressed Assets by the Honorable Finance Minister of India. The Committee presented the Sashakt Report to the Finance Minister on July 2, 2018 which is currently under implementation and has made significant progress. Mr. Mehta is actively engaged in setting up Sashakt India Asset Management Limited-an Asset Manager for Distressed Assets.

He is closely engaged with various think tanks and Chambers of Commerce. He is the founding Board Member of the Asia Society India Centre and a past Chairman of American Chamber of Commerce (AMCHAM India). He is currently on the India Advisory Board of the US India Strategic Partnership Forum (USISPF).

Mr. Mehta has strong interests in building sustainable communities and is the immediate Past Chairman of Action for Ability Development and Inclusion (formerly The Spastics Society of North India). He is actively engaged with The United Way and on the Boards of United Way India and Mumbai. He was also the Chairman of both these organisations and also member of the Global Transition Board of United Way Worldwide.

He is a graduate from Shri Ram College of Commerce, Delhi University. He is a Fellow Member of the Institute of Chartered Accountants of India and Alumni of the Wharton School of Management, University of Pennsylvania, USA.

Mr. Mehta is a Chairman of the Stakeholders' Relationship Committee and a Member of the Audit Committee of the Board.

Expertise in specific functional areas	Rich and varied experience of over three decades in banking, financial services, insurance and investments
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	Punjab National Bank, Non-Executive Chairman; IL&FS Investment Managers Limited, Independent Director; Sashakt India Asset Management Limited, Non-Executive Director

Mr. Sridhar Balakrishnan (DIN:08699523)

[Appointed as an Additional Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020 (Executive Director)]

Mr. Balakrishnan is a Member of Company's senior leadership group and has a consistent track record of outstanding accomplishments in situations representing increasing level of challenges, complexities and uncertainties through innovative solutions and his result-oriented approach.

Mr. Balakrishnan has a diverse experience of working across the construction products industry, media and FMCG at the leadership level, viz. ACC, STAR & Marico. Mr. Balakrishnan has spent majority of his career in the FMCG industry in different roles handling sales, business finance and supply chain for India to managing P&L across international geographies. Mr. Balakrishnan in his previous roles had an opportunity to drive innovation led growth, turnaround unprofitable units and has built new engines of growth across multiple geographies.

During his tenure as Chief Commercial Officer of the Company, he has been instrumental in the Company's expansion, distribution growth, market share amongst other aspects. Mr. Balakrishnan in his current role was responsible for driving revenue growth and profitability for the organisation. His key deliverables included developing the commercial strategy, ensuring an optimum and profitable product portfolio and building the right sales organisation to drive business.

Mr. Balakrishnan has more than two (2) decades of experience in consumer business that has benefited the Company, as the Company is transforming from a cement manufacturing business to a total building materials company with innovative technology - technology based products and solutions. Mr. Balakrishnan's extensive leadership experience and expertise across markets make him a strong asset to the future growth strategy of the Company.

Mr. Balakrishnan is an Engineering graduate with B. Tech (Electronics) degree from the Institute of Technology (Banaras Hindu University), Varanasi, and has a post graduate diploma in Business Management from XLRI, Jamshedpur.

Mr. Balakrishnan is not in any way related to the Chairman or any other Member of the Board.

Mr. Balakrishnan is a Member of the Stakeholders' Relationship Committee, Risk Management Committee, CSR & Sustainability Committee and Compliance Committee of the Board w.e.f. February 21, 2020.

Expertise in specific functional areas	Sales, Business Finance and supply chain for India to managing P&L across international geographies
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	NIL

The Board believes that the above-mentioned skills/competencies/expertise are required for the business of the Company and Directors of the Company possess these skills/competencies/expertise, which helps the Company to function effectively.

Directorships and Memberships of Committees

The total number of Directorship(s) held by the Directors and the status of Memberships/Chairmanships on Committees held by them is given below. All the Directors are compliant with the provisions of the Act and SEBI Listing Regulations. None of the Directors are interested inter-se.

Name of the Director	Category	Date of Appointment	*Number of Directorship(s) held in Indian public listed 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)	Executive (resigned as MD & CEO w.e.f. February 20, 2020)	16.12.2016	1	1	0
	Non-Executive/Non Independent (appointed as an Additional Director w.e.f. February 21, 2020)	21.02.2020	2	1***	0
Mr. Martin Kriegner	Non-Executive/Non Independent	11.02.2016	2	2	0
Mr. Shailesh Haribhakti	Non-Executive/Independent	17.02.2006	7	9	4
Mr. Sushil Kumar Roongta	Non-Executive/Independent	03.02.2011	5	6	2
Mr. Vijay Kumar Sharma	Non-Executive/Non Independent	06.02.2014	3	1	1
Ms. Falguni Nayar	Non-Executive/Independent	24.04.2014	3	2	1
Mr. Christof Hassig	Non-Executive/Non Independent (resigned w.e.f. February 20, 2020)	09.12.2015	2	1	0
Mr. D. Sundaram	Non-Executive/Independent	22.03.2019	5	8	5
Mr. Vinayak Chatterjee	Non-Executive/Independent	22.03.2019	3	1	0
Mr. Sunil Mehta	Non-Executive/Independent	22.03.2019	3	2	1
Mr. Sridhar Balakrishnan (MD & CEO)	Additional Director	20.02.2020	0	0	0
	MD & CEO/Executive	21.02.2020	1	1	0

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

**Committees considered are Audit committee & Stakeholders' Relationship Committee

None of the Directors hold Chairmanship/Committee memberships across companies with which they are associated as Directors beyond the threshold stipulated in the Listing Regulations.

*** Mr. Akhoury has been appointed as a Member of Stakeholders' Relationship Committee w.e.f. February 21, 2020

Board Diversity

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

Pursuant to the SEBI Listing Regulations, the Nomination & Remuneration Committee of the Board has formalised a policy on Board Diversity to ensure diversity of the Board in terms of experience, knowledge, perspective, background, gender, age and culture. The Policy on Diversity is posted on the Company's website and can be accessed on web link at www.acclimited.com/assets/new/new_pdf/Policyondiversityoftheboard.pdf

D&O Insurance for Directors

In line with the requirements of Regulation 24(10) of the SEBI Listing Regulations, the Company has taken Directors and Officers Insurance (D&O) for all its Directors and Members of the Senior Management for such quantum and for such risks as determined by the Board.

Independent Directors

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied experience & expertise, they enrich the Board's decision-making and prevent possible conflicts of interest that may emerge in such decision-making.

The appointment of Independent Directors is carried out in a structured manner in accordance with the provisions of the Act and the SEBI Listing Regulations. The Nomination & Remuneration Committee of the Board identifies candidates based on certain laid down criteria and takes into consideration the need for diversity of the Board and accordingly makes its recommendations to the Board.

Mr. Haribhakti and Mr. Roongta were re-appointed by the Members for a second term of five (5) years with effect from July 24, 2019 whilst Ms. Nayar has been re-appointed for a second term with effect from April 24, 2019 for a period of five (5) consecutive years.

Mr. D. Sundaram, Mr. Vinayak Chatterjee and Mr. Sunil Mehta were appointed by the Members as Independent Directors for the first term at the Annual General Meeting held on March 22, 2019 for a period of five (5) consecutive years.

None of the Independent Directors serve as Independent Directors in more than seven (7) listed companies in line with the requirements of the SEBI Listing Regulations. The said Independent Directors have also confirmed that they meet the criteria of independence as laid down under the Act and the SEBI Listing Regulations, as amended.

Confirmation as regards independence of Independent Directors have been duly obtained from them and taken on record.

In the opinion of the Board, all the Independent Directors fulfil the criteria relating to their independence as specified in the SEBI Listing Regulations and the Act and are independent of the Management.

Meeting of Independent Directors

During the year under review, the Independent Directors met on December 9, 2019, *inter alia* to discuss:

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

The Independent Directors have expressed satisfaction at the robustness of the evaluation process, the Board's freedom to express its views on matters transacted at the Meetings and the openness and transparency with which the Management discusses various subject matters specified on the agenda of Meetings. The consolidated evaluation report of the Board, based on inputs received from the Directors was discussed at the Meeting of the Board held on December 10, 2019 and the action areas identified in the process are being implemented to ensure a better interface at the Board/Management level.

All the Independent Directors except Ms. Falguni Nayar were present at the meeting of Independent Directors.

Induction programme for new Directors and on-going familiarisation programme for existing Independent and Non Independent Directors

A formal induction programme for new Directors and an on-going familiarisation process with respect to the business/working of the Company, the Company's business model for all Directors is a major contributor to familiarise the Directors with the dynamics of the cement industry to facilitate their engagement in meaningful deliberations and in taking informed decisions.

While inducting a Director on the Board, a formal letter of appointment is issued to such Director which, *inter alia*, explains the role, functions, duties and responsibilities of the Director and the Board's expectations from him/her. The requirement of obtaining declarations from a Director – under the Act, SEBI Listing Regulations and other relevant regulations are also explained in detail to the Directors and necessary affirmations received from them in respect thereto.

By way of an introduction to the Company, the Director are presented with a book on the rich legacy of the Company, which traces its history of over eight decades of its existence, past Annual Reports, the Sustainable Development Reports, brochures on the CSR activities pursued by the Company which, *inter alia*, discusses topics on various types of cement and their applications and ACC Parivar, the Company's house magazine.

A presentation is also shared with the newly appointed Director, which provides an overarching perspective of the cement industry, organisational set up of the Company and governance model, 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/her to effectively fulfill his role. In addition, Board Members are regularly informed about significant developments in the cement industry, regulatory changes and other developments, which impact the Company.

Directors are also encouraged to visit the Company's plants to have a better insight of the manufacturing processes, facilities and the social environment in which the Company functions. Further, as an on-going process, the Board 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 with its peers in the industry based on the information as available in the 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, mitigation plans and so on. The Company also organised the CSR & Sustainability Committee Meetings at plant locations to provide a first hand insight on the CSR & Sustainability activities being carried out by the Company.

To familiarise the Directors with the best practices in the cement industry, the Company had in May 2019, arranged a visit for the Directors to LafargeHolcim's Siggenthal's Plant in Zug, Switzerland. LafargeHolcim, the Ultimate Holding Company of ACC is by a distance, the leading international player in the business of cement, aggregates and construction materials and the visit of our Directors was very insightful particularly with respect to the initiatives taken by LafargeHolcim in areas of health & safety, geocycle, RMX, sustainability and so on.

The Directors also had interactions with the Directors of the Ultimate Holding Company to understand the Group's vision and the Strategy 2022-Building for Growth, with a view to align local operations in India to the Group's vision.

The Director's Conclave is an initiative ACC rolled out in 2018, basis the recommendation of the Company's Independent Directors and under the aegis of its Chairman. This initiative includes inviting eminent personalities from various disciplines to share insights with the Board and the Management. It started with Dr. Nandan Nilekani (Non-executive Chairman, Infosys) sharing his thoughts on digital technology impact, in 2018. In 2019, Mr. Navroz Dubash, a well-renowned Environmentalist, was invited, who gave his valuable and relevant perspective on the influence of climate change and global warming to the Company's leadership.

Details of the programme for familiarisation of Independent Directors with the working of the Company are available on the website of the Company and can be accessed through the weblink at 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 and Remuneration, Compliance and Risk Management Committees. A structured questionnaire was prepared after taking into consideration, inputs received from the Directors, which covered 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 interacted with all the Directors individually to get an overview of the functioning of the Board/Committees, *inter alia*, on the following broad criteria i.e. attendance and level of participation at meetings of the Board/committees, independence of judgment exercised by Independent Directors, interpersonal relationship and so on.

Based on the inputs received from the Directors, an action plan is being drawn up in consultation with the Directors to encourage their greater engagement with the Company.

Remuneration of Directors

The policy for payment of remuneration to Directors, Key Managerial Personnel and Members of the Management Executive Committee is set out on the website of the Company at www.acclimited.com/assets/new/pdf/CG/Policy_remuneration_selection_for_appointment.pdf

Terms of remuneration of Mr. Neeraj Akhoury, MD & CEO

The terms and conditions of appointment and the remuneration payable to 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 weblink at www.acclimited.com/sh/NT.pdf

Terms & Remuneration of Mr. Sridhar Balakrishnan, Managing Director & Chief Executive Officer (MD & CEO)
(Appointed as an Additional Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020)

Mr. Balakrishnan was appointed by the Board as MD & CEO w.e.f. February 21, 2020 for a period of five (5) years on the following terms and conditions and with an annual increment of upto maximum of 20% for every year thereafter during the currency of term of five (5) years of MD & CEO and the same is subject to the approval of Members in the Annual General Meeting of the Company:

1. Remuneration:

a) Basic Salary
₹1,01,19,561 per annum in grade of ₹1,00,00,000 - ₹2,12,00,000.

Annual increment will be effective from April 1 each year and will be decided by the Board each year on the basis of recommendation of Nomination & Remuneration Committee of the Board. The increment as and when approved by the Board, shall be merit based and will take into account the performance of MD & CEO as well as that of the Company. The first such annual increment will be granted on April 1, 2021 on the remuneration i.e. Basic Salary and Allowances as mentioned below.

Allowances & Perquisites
Allowances & Perquisites of ₹1,51,79,341 per annum in range of ₹1,50,00,000 - ₹3,77,00,000.

The Company follows the flexible allowance structure for all its employees that enables its employees to decide on the salary components other than the basic salary within the remuneration of the employee concerned.

In line with this structure, Mr. Balakrishnan will be entitled to ₹15,179,341 of allowance per annum which can be distributed in House Rent Allowance (HRA), Leave Travel Allowance (LTA), Medical, Special Allowance etc. at his discretion, as per the flexi pay policy of the company. Mr. Balakrishnan can opt for contribution to Superannuation or NPS scheme up to the limit as prescribed by such contribution, if any, shall be deducted by the company from the allowances stated above.

In addition to the above, Mr. Balakrishnan would be paid/entitled for the following perquisites:

i) Club Membership
Membership of one club, the admission and annual membership fee whereof shall be borne by the Company.

ii) Personal Accident Insurance
Group Personal Accident Insurance Policy, as per the rules of the Company.

iii) Leave
The MD & CEO shall be entitled for leave with full pay or encashment thereof, as per the rules of the Company.

iv) Provident Fund
Company's contribution to provident fund not exceeding 12% (twelve percent) of the basic salary, as per the rules of the Company.

v) Gratuity
Gratuity at the rate of half month's basic salary for each year of completed service, as per the rules of the Company. The service tenure of Mr. Balakrishnan with the Company as Chief Commercial Officer shall be recognized and considered for the purpose of gratuity as payable under the Payment of Gratuity Act, 1972.

vi) Other Perquisites
As may be decided by the Board of Directors on the recommendation of the Nomination

& Remuneration Committee, subject to the overall ceiling on managerial remuneration.

Explanation:
Perquisites shall be evaluated as per Income Tax Rules, wherever applicable and in absence of any such rule, perquisites shall be evaluated at actual cost.

b) Performance Incentive
Such remuneration by way of performance incentive payment up to an amount equivalent to a maximum of 100% (one hundred percent) of the basic salary and allowances stated above, in a particular financial year based on the performance of the MD & CEO against set goals and the Company meeting the target performance for the financial year. The performance incentive will be determined by the Board of Directors of the Company at the end of each financial year on the recommendation of the Nomination & Remuneration Committee, subject to the overall ceilings stipulated under Section 197, 198 and other applicable provisions of the Act read with Rules thereunder and Schedule V to the said Act or any modifications or re-enactment thereto for the time being in force.

c) Long Term Incentive Plan
The MD & CEO is eligible to participate in the Long Term Incentive Plan of LafargeHolcim Limited (LH), the ultimate holding Company of ACC, pursuant to which the MD & CEO will be granted such number of shares of LH (Performance Shares) from time to time as per the said incentive plan. The cost of such shares shall be borne by LafargeHolcim Ltd.

d) Amenities

i) Conveyance facilities
The Company shall provide a suitable car for the MD & CEO for official and personal use. Repairs, maintenance and running expenses including driver's salary shall be borne/ reimbursed by the Company.

ii) Telephone and other communication facilities
The Company shall provide a mobile phone to the MD & CEO and shall also provide telephone, and other communication facilities at his residence. All the expenses incurred thereof shall be paid or reimbursed by the Company, as per the rules of the Company.

2. Overall Remuneration

The aggregate of salary, allowances, perquisites and performance incentive in any one financial year shall not exceed the limits prescribed under Section 197, 198 and other applicable provisions of the Act read with rules thereunder and Schedule V to the said Act or any modifications or re-enactment for the time being in force.

3. Minimum Remuneration

In the event of loss or inadequacy of profits in any financial year during the currency of the tenure of service of the MD & CEO, the payment of salary, performance incentives, perquisites and other allowances shall be governed by the limits prescribed under Section II of Part II of Schedule V of the Act as may be for the time being in force.

4. Income Tax

Income tax in respect of the above remuneration will be deducted at source as per applicable laws/rules.

5. Sitting Fees/Commission

MD & CEO shall not be paid any sitting fees and/ or commission for attending the meetings of the Board or committees thereof.

6. Out of Pocket Expenses in connection with Company's work

MD & CEO shall be entitled to be paid/reimbursed by the Company all costs, charges and expenses including entertainment expenses as may be reasonably incurred by him on behalf of the Company, subject to such ceiling as may be decided by the Board on the recommendation of the Nomination & Remuneration Committee.

Remuneration of Directors

The remuneration drawn by the Directors during the year is set out below. The remuneration paid to the Directors is in accordance with the provisions of the Act and has been duly approved by Members of the Company. None of the Directors of the Company have any pecuniary relationship with the Company. The remuneration paid to the Non-Executive Directors does not exceed the threshold specified in Regulation 17(6)(ca) of the SEBI Listing Regulations and no approval of the shareholders by Special Resolution was called for.

₹ Lakh

Name of the Director	Salary	Commission	Sitting Fees	Total
Mr. N. S. Sekhsaria, Chairman	-	50.00	3.70	53.70
Mr. Jan Jenisch, Deputy Chairman	-	20.00	1.00	21.00
Mr. Neeraj Akhoury, MD & CEO (ceased to be a MD & CEO w.e.f. February 20, 2020. Appointed as an Additional Director w.e.f. February 21, 2020)	@889.78	-	-	889.78
*Mr. Martin Kriegner	-	-	-	-
Mr. Shailesh Haribhakti	-	36.00	6.50	42.50
Mr. Sushil Kumar Roongta	-	36.00	9.00	45.00
Mr. Vijay Kumar Sharma	-	20.00	3.10	23.10
Ms. Falguni Nayar	-	20.00	2.60	22.60
Mr. Christof Hassig	-	20.00	2.30	22.30
Mr. Damodarannair Sundaram (appointed with effect from March 22, 2019)	-	35.14	5.20	40.34
Mr. Vinayak Chatterjee (appointed with effect from March 22, 2019)	-	28.11	4.70	32.81
Mr. Sunil Mehta (appointed with effect from March 22, 2019)	-	28.11	3.90	32.01
Mr. Arunkumar Gandhi (ceased to be a Director with effect from March 22, 2019)	-	9.99	1.30	11.29
Mr. Ashwin Dani (ceased to be a Director with effect from March 22, 2019)	-	7.99	1.30	9.29
Mr. Farrokh Kavarana (ceased to be a Director with effect from March 22, 2019)	-	7.99	1.90	9.89
Mr. Sridhar Balakrishnan (appointed as an Additional Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020)**	-	-	-	-

*Mr. Martin Kriegner has waived his right to receive Directors' commission and sitting fees.

@The remuneration of Mr. Akhoury includes the Performance Linked Incentive of ₹227.57 Lakh for the year 2018 and grant of 1,800 shares under employee performance share plan, valuing ₹11.55 Lakh, by the Ultimate Parent Company "LafargeHolcim Ltd." in 2019.

** No remuneration paid to Mr. Sridhar Balakrishnan in the capacity of MD & CEO up to the date of this report.

Meetings

Board meetings held during the year

Dates on which the Board meetings were held	Total strength of the Board	Number of Directors present
February 5, 2019	12	10
April 23, 2019	12	11
July 18, 2019	12	09
October 15, 2019	12	12
December 10, 2019	12	11

The gap between any two (2) Board meetings did not exceed one hundred and twenty (120) 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
	05.02.2019	23.04.2019	18.07.2019	15.10.2019	10.12.2019	22.03.2019
Mr. N. S. Sekhsaria						Leave of Absence
Mr. Jan Jenisch	Leave of Absence	Leave of Absence	Leave of Absence			Leave of Absence
Mr. Neeraj Akhoury						
Mr. Martin Kriegner						Leave of Absence
Mr. S. V. Haribhakti	Leave of Absence					
Mr. S. K. Roongta						
Mr. V. K. Sharma						
Ms. Falguni Nayar					Leave of Absence	
Mr. Christof Hassig			Leave of Absence			Leave of Absence
Mr. D. Sundaram (appointed with effect from March 22, 2019)	Not Applicable					Not Applicable
Mr. V. Chatterjee (appointed with effect from March 22, 2019)	Not Applicable					Not Applicable
Mr. S. Mehta (appointed with effect from March 22, 2019)	Not Applicable		Leave of Absence			Not Applicable
Mr. Arunkumar Gandhi (ceased to be a Director with effect from March 22, 2019)		Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Mr. Farrokh Kavarana (ceased to be a Director with effect from March 22, 2019)		Not Applicable	Not Applicable	Not Applicable	Not Applicable	
Mr. Ashwin Dani (ceased to be a Director with effect from March 22, 2019)		Not Applicable	Not Applicable	Not Applicable	Not Applicable	

As Mr. Sundaram, Mr. Chatterjee and Mr. Mehta were appointed as Independent Directors at the AGM, they were not present at the AGM.

The Act facilitates the participation of a Director in Board/Committee Meetings through video conference or other audio-visual modes. Accordingly, the option to participate at the Meetings through video conference is made available for the Directors except in respect of such items, which are not permitted to be transacted under the statute through the use of such facility unless the quorum through the physical presence of Directors is available at the Meetings at which such items are transacted.

Duties and Functions of the Board

The Board of Directors' primary responsibility is to foster the Company's short and long-term success through sustainable continuance and progress of its business, and thereby create value for its stakeholders. To this end, the Board sets out the corporate culture, lays down high ethical standards of corporate behaviour and ensures transparency in its dealings.

The Board has the responsibility to oversee the conduct of the Company's business and to supervise and support the Management, which is responsible for the day-to-day operations. It does this by providing strategic guidance, monitoring operational performance and ensures that robust policies and procedures are in place. The Board through its various committees, also reviews the identified risks and the mitigation measures undertaken/to be undertaken in respect thereof, to ensuring 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 (both consolidated and standalone), corporate strategies, business plans, annual budgets, sets corporate objectives and monitors their implementation and oversees major capital expenditure. It monitors overall operating performance, Health & Safety (H&S) performance and reviews such other items which require the Board's attention. It directs and guides the activities of the Management towards achieving set goals and seeks accountability. The agenda for the Board meetings covers items as set out 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 Secretarial Standard-1 relating to the meetings of the Board and its committees.

All the recommendations of the various committees of the Board have been accepted by the Board of Directors and none of the Directors are influenced by the Management.

COMMITTEES OF THE BOARD

The Company has over the years maintained the highest standards of corporate governance processes and has had the foresight to set up corporate governance practices much before their implementation was mandated through the introduction of regulatory requirements. For instance, the Board of Directors had constituted the Audit Committee in 1986. A Share Committee was constituted in 1962 to evaluate share-related matters of the Company and investor relations, which has transformed into the Stakeholders' Relationship Committee. Likewise, a Compensation Committee was constituted in 1992. The Committee has subsequently been re-constituted 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 hereunder. Each committee demonstrates the highest levels of governance standards and has the requisite expertise to handle issues relevant to their fields. These committees spend considerable time and provide focused attention to various issues placed before them and the guidance provided by these committees lend immense value and support, enhancing the qualitativeness of the 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 Chairpersons, who also apprise the Board about the summary of discussions held at their meetings. The minutes of the committee meetings are sent to all Directors individually for their approval/comments as per the prescribed Secretarial Standards-1 and after the minutes are duly approved, these are circulated to the Board of Directors and tabled at the Board meetings.

Audit 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 and governance; and reviews the Company's statutory and internal audit processes. More than two-thirds of the members of 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. All the members of the committee have the ability to read and understand the financial statements. The Chairman of the committee possesses professional qualifications in the field of Finance and Accounting.

The functions of the committee *inter alia* include:

Financial Reporting and Related Processes

- 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 (standalone and consolidated) and Auditors' Report 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 the exercise of judgement by the Management.
- Review the Management Discussion & Analysis of the financial condition and results of the Company's operations.
- Review of management internal control systems, Improvements and weaknesses if any, as observed by the Statutory Auditors.
- Review of the adequacy of the internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the person heading the Department, reporting structure, coverage and frequency of internal audit.
- Reviewing the findings of any internal investigations by the Internal Auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- Review with the Management, performance of Statutory and Internal Auditors, adequacy of the internal control.
- Discuss with 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 to its subsidiary companies.

Internal Financial Controls and Governance Processes

- Review the adequacy and effectiveness of the Company's Accounting system and internal financial controls.
- Review and discussion with the Management on 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 (Whistle Blower Policy) implemented in the Company as EthicalView Reporting Policy (EVR Policy) and to review the findings of investigations into cases of material nature, if any, and the actions taken in respect thereof. The scope of the vigil mechanism enables employees, Directors and other stakeholders to report on any cases of leakage of unpublished price sensitive information and consequent non-compliance with SEBI (Prohibition of Insider Trading Regulations) Regulations, 2015 (**'Prohibition of Insider Trading Regulations'**).
- To make the employees aware of the vigil mechanism to enable employees to report instances of leak of unpublished price sensitive information.
- Management letters/letters of internal control weaknesses, if any, issued by the Statutory Auditors.

Audit

- Review the scope of the Statutory Audit, the annual audit plan and the Internal Audit Plan with a view to ensure adequate coverage.
- Review and monitor the auditors' independence and performance and effectiveness of the audit process.
- Discuss with Statutory Auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern.
- Review and discuss the significant audit findings from the statutory and internal audits carried out, the recommendations and Management's responses thereto.
- Review and recommend to the Board the appointment/re-appointment of the Statutory Auditors and Cost Auditors, remuneration payable to them, 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 those enumerated in Section 144 of the Act, and payment for such services.
- Discussions with the Chief Internal Auditor on significant findings and follow-up thereon.
- Reviewing the Cost Audit Report submitted by the Cost Auditors.

Other functions

- To review the appointment, removal and terms of remuneration of the Chief Internal Auditor
- To approve the appointment of the Chief Financial Officer after assessing the qualifications, experience, background and other such factors of the candidates.
- To grant prior approval to all related party transactions including any subsequent modifications thereto, 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.
- To review compliance with the provisions of the Prohibition of Insider Trading Regulations as amended from time to time and to verify that the systems for internal control for prohibition of Insider Trading are adequate and are operating effectively.
- The scope and terms of reference of the committee have been widened in line with the amendments made to SEBI Listing Regulations.

The composition of the Audit Committee as at December 31, 2019 and details of the Member's participation at the Meetings of the Committee are as under:

Name of the Director	Category	Attendance at the Audit Committee meeting held on				
		04.02.2019	23.04.2019	18.07.2019	15.10.2019	28.11.2019
Mr. D. Sundaram (appointed as Chairman with effect from March 27, 2019)	Non-Executive/ Independent	Not Applicable	✓	✓	✓	✓
Mr. Martin Kriegner	Non-Executive/ Non Independent	✓	✓	✓	✓	✓
Mr. S. K. Roongta	Non-Executive/ Independent	✓	✓	✓	✓	✓
Mr. Chatterjee (appointed with effect from March 27, 2019)	Non-Executive/ Independent	Not Applicable	✓	✓	✓	Leave of Absence
Mr. Mehta (appointed with effect from March 27, 2019)	Non-Executive/ Independent	Not Applicable	✓	Leave of Absence	✓	✓
Mr. A. K. Gandhi (ceased to be Chairman with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. A. Dani (ceased to be a Member with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable
Mr. F. K. Kavarana (ceased to be a Member with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Mr. A. K. Gandhi, then Chairman of the Committee, was present as the Annual General Meeting held on March 22, 2019.

All the Members on the Audit Committee are financially literate and possess sound knowledge in finance and accounting practices. The representatives of the Statutory Auditors are permanent invitees to the Audit Committee Meetings. They have attended all Audit Committee Meetings held during the year at 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 MD & CEO, the Chief Financial Officer (**'CFO'**), the Chief Internal Auditor and the Chief Manufacturing Officer attend the Meetings of the Committee. The Chief Legal Officer & Company Secretary is the Secretary of the Committee.

During the year under review, the Audit Committee also held a separate one-to-one meeting with the Statutory Auditors and the Chief Internal Auditor to obtain their inputs on significant matters relating to their respective areas of audit without the presence of the MD & CEO, CFO and others representing the Management.

Performance Review of the Audit Committee

The performance of the Audit Committee is assessed annually by the Board of Directors through a structured questionnaire which broadly covers composition of the Committee, frequency of meetings; engagement of the Members; the quality of discussions; overview of the financial reporting process; adequacy of internal control systems and overview of internal and external audits. The results of the assessment are presented to the Committee along with the action plan in the areas requiring improvement, if any, which are suitably addressed.

Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises four Members out of which half of the 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 certificate/ certificates relating to other securities;
- to issue and allot right shares/bonus shares pursuant to a out rights issue/bonus issue, subject to such approvals as may be required;
- to oversee approve and monitor dematerilisation of shares/debentures the implementation of ESOS scheme, if any, as and when implemented by the Company;
- to issue and allot debentures, bonds and other securities as approved by the Board of Directors and subject to such other approvals of the Regulators as may be required;
- to approve and monitor requests relating to dematerilisation of shares/debentures/ other securities and all matters incidental or related thereto;
- to authorise the Chief Legal Officer & Company Secretary/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, renewal, split or consolidation of share certificates;
  - non-receipt of annual reports, notices, non-receipt of declared dividend, change of address for correspondence and other such issues, and to monitor action taken thereon;
- 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 and all other matters incidental or related to issue of shares, debentures and other securities, if any, 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;
- review of measures taken for effective exercise of voting rights by shareholders;
- reviewing the various measures and initiatives taken to reduce the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/ annual reports/statutory notices by the shareholders of the Company;
- review of adherence to the service standards adopted in respect of various services being rendered by the Registrar and Share Transfer Agent.
- review of transfer of unpaid/unclaimed dividend/ shares to the Investor Protection Fund of the Government of India in line with the relevant Rules thereunder;
- any other matters as may be assigned to the Committee by the Board of Directors from time to time.

Effective from September 16, 2019, the functions relating to Registrar and Transfer Agent have been transferred to KFIN Technologies Private Limited. The in-house facility stands withdrawn effective from the above date.

The composition of the Stakeholders' Relationship Committee as on December 31, 2019 and details of the Members participation at the meetings of the Committee are as under:

Name of the Director	Category	Attendance at the Stakeholders' Relationship Committee meeting held on			
		04.02.2019	22.04.2019	17.07.2019	14.10.2019
Mr. Sunil Mehta (appointed as Chairman with effect from March 3, 2019)	Non-Executive/ Independent	Not Applicable	✓	Leave of Absence	✓
Mr. S. V. Haribhakti	Non-Executive/ Independent	✓	✓	✓	✓
Mr. Christof Hassig (appointed as Member with effect from March 27, 2019 and ceased to be a Member w.e.f. February 20, 2020)	Non-Executive/ Non Independent	Not Applicable	Leave of Absence	Leave of Absence	✓
Mr. Neeraj Akhoury (ceased to be a Member w.e.f. February 21, 2020)	Executive/ Non Independent	✓	✓	✓	✓
Mr. F. K. Kavarana (ceased to be Chairman with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable
Mr. A. K. Gandhi (ceased to be a Member with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable
Mr. Sridhar Balakrishnan (appointed as Member w.e.f. February 21, 2020)	Executive/ Non Independent	Not Applicable	Not Applicable	Not Applicable	Not Applicable

Mr. F. K. Kavarana, then Chairman of the Committee, was present at the Annual General Meeting held on March 22, 2019.

Mr. Rajiv Choubey, Chief Legal Officer and Company Secretary functions as the Compliance Officer. He has also been appointed as the nodal officer in line with statutory requirements.

During the year, Thirty Seven (37) 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 thirty (30) days from the date of receipt by the Company, except for one (1) complaint as on December 31, 2019 which stands resolved as on the date of this Report.

All share transfer documents which were lodged with the Company up to March 31, 2019 found to be duly completed in all respects were processed within the statutory period. Transfer of shares held in physical form is not permitted after March 31, 2019 through statutory notifications.

Nomination & Remuneration Committee (N&RC)

The N&RC is governed by a Charter in line with the Act and the SEBI Listing Regulations. The Chairman of the Committee is an Independent Director and half of 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 Senior Management Personnel;
- Identifying and selecting candidates who are qualified for appointment as Directors/Independent Directors based on certain laid down criteria;
- Identifying potential candidates for appointment as Key Managerial Personnel and to recommend to the Board of Directors their appointment and removal;
- Devising a policy on diversity of Board of Directors;
- Review the performance of the Board of Directors and Key Managerial Personnel based on certain criteria as approved by the Board. In reviewing the overall remuneration of the Board of Directors, Key Managerial Personnel, 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. Accordingly, the Committee recommends to

the Board, the remuneration in whatever form payable to the Senior Management including Key Managerial Personnel;

- 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 functions of the Committee have been widened in line with the amendments made to SEBI Listing Regulations.

The composition of the N&RC as on December 31, 2019 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Director	Category	Attendance at the N&R Committee meetings held on			
		04.02.2019	10.04.2019	18.07.2019	09.12.2019
Mr. S. V. Haribhakti (appointed as Chairman with effect from March 27, 2019)	Non-Executive/ Independent	✓	✓	✓	✓
Mr. N. S. Sekhsaria	Non-Executive/ Non Independent	✓	✓	✓	✓
Mr. Martin Kriegner	Non-Executive/ Non Independent	✓	✓	✓	✓
Mr. Vinayak Chatterjee (appointed with effect from March 27, 2019)	Non-Executive/ Independent	Not Applicable	✓	✓	✓
Mr. Ashwin Dani (ceased to be Chairman with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable
Mr. F. K. Kavarana (ceased with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable

Mr. Ashwin Dani, then Chairman of the Committee, was present at the Annual General Meeting held on March 22, 2019.

Corporate Social Responsibility (CSR) & Sustainability Committee

The scope of the functioning of the Committee has been widened to cover sustainability and the Committee has been renamed as CSR & Sustainability Committee with effect from October 15, 2019.

The Company has always been conscious of its obligations *vis-à-vis* the communities it impacts and has been pursuing various CSR activities long before these were mandated by law. A 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 CSR & Sustainability Committee broadly includes:

- to review CSR projects with a view to ensure that they are in line with the CSR objectives and the CSR & Sustainability Policy of the Company and are aligned with Schedule VII of the Act;
- to have oversight for ensuring that CSR projects are designed, implemented and periodically monitored based on need assessment of the communities;
- to review the annual CSR budget and recommend the same to the Board of Directors for approval;
- to approve the amount of expenditure to be incurred on the various CSR initiatives;
- providing guidance in the manner in which the CSR projects undertaken by the Company could make an impactful intervention across the communities in which the Company operates;
- to oversee and review the impact of CSR projects undertaken by the Company *vis-à-vis* sustainability.
- review and recommend to the Board for its approval the annual Sustainability Report;
- receive updates form the management regarding the Company's Environment, Social and Governance (**'ESG'**) activities;
- provide oversight and guidance on ESG matters & opportunities, social responsibilities and impacts.

The composition of the CSR & Sustainability Committee as on December 31, 2019 and details of the Members' participation at the Meetings of the Committee are as under:

Name of the Director	Category	Attendance at the CSR & Sustainability Committee meetings held on	
		22.04.2019	12.09.2019
Mr. S. V. Haribhakti (appointed Chairman with effect from March 27, 2019)	Non-Executive/ Independent	✓	✓
Ms. Falguni Nayar	Non-Executive/ Independent	✓	✓
Mr. Christof Hassig (appointed with effect from March 27, 2019 & ceased to be Member w.e.f. February 20, 2020)	Non-Executive/ Non Independent	Leave of Absence	Leave of Absence
Mr. Vijay Kumar Sharma (appointed with effect from March 27, 2019)	Non-Executive/ Non Independent	✓	✓
Mr. Neeraj Akhoury (ceased to be a Member w.e.f. February 20, 2020)	Executive/ Non Independent	✓	✓
Mr. Neeraj Akhoury (appointed as Member w.e.f. February 21, 2020)	Non-Executive/ Non Independent	Not Applicable	Not Applicable
Mr. F. K. Kavarana (ceased to be Chairman with effect from March 22, 2019)	Non-Executive/ Independent	Not Applicable	Not Applicable
Mr. Sridhar Balakrishnan (appointed as Member w.e.f. February 21, 2020)	Executive/ Non Independent	Not Applicable	Not Applicable

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 Policy can be accessed at the Company's website at https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf and the CSR Report forms an integral part of the Board's Report.

Risk Management Committee

The Company has constituted the above Committee in line with the SEBI Listing Regulations as it is in the list of top 500 listed companies in the country based on its market capitalisation for the immediately preceding financial year.

Business Risk Evaluation and Management is an on-going process within the Company. The Company has a dynamic risk management framework to identify, monitor, mitigate and minimise risks as also to identify business opportunities.

The Risk Management Committee was constituted by the Board of Directors in the year 2014. The Members of the Committee are drawn from the Members of the Board. No Senior Executive of the Company is a Member of the Committee. The majority of the Committee Members include Independent Directors.

The Committee is governed by a charter and its objectives and scope broadly comprises:

- reviewing the Business Risk Management (BRM) Policy and framework in line with local legal requirements and the SEBI Listing Regulations;
- review risks trends, exposure, their potential impact analysis and mitigation plans;
- defining framework for identification, assessment, monitoring, mitigation and reporting of risks;
- reviewing risks including cyber security and evaluating the treatment including initiating mitigation actions and ownership as a pre-defined cycle;
- reviewing the robustness of the risk management processes followed by the Management.

The composition of the Risk Management Committee as on December 31, 2019 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Director	Category	Attendance at the Risk Management Committee meetings held on	
		22.04.2019	14.10.2019
Ms. Falguni Nayar (appointed as Chairperson with effect from March 27, 2019)	Non-Executive/ Independent	✓	✓
Mr. S. V. Haribhakti	Non-Executive/ Independent	✓	✓
Mr. S. K. Roongta	Non-Executive/ Independent	✓	✓
Mr. V. K. Sharma (appointed with effect from March 27, 2019)	Non-Executive/ Non Independent	✓	✓
Mr. Neeraj Akhoury (ceased to be a Member w.e.f. February 20, 2020)	Executive/ Non Independent	✓	✓
Mr. Sridhar Balakrishnan (appointed as Member w.e.f. February 21, 2020)	Executive/ Non Independent	Not Applicable	Not Applicable

Compliance Committee

Recognising the importance of the Company to be compliant with various laws and regulations which impacts its business, the Board of Directors constituted the 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 a robust governance mechanism.

The terms of reference of the Committee broadly comprises:

- 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 compliance 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, ExCo Members and the Chief Legal Officer and Company Secretary and to recommend corrective actions, if any, where required;
- reviewing significant legal cases filed by and against the Company to determine, *inter alia*, the probability of liabilities arising therefrom which are of a contingent nature.

The composition of the Compliance Committee as on December 31, 2019 and details of the Members participation at the Meetings of the Committee are as under:

Name of the Director	Category	Attendance at the Compliance Committee meetings held on			
		04.02.2019	22.04.2019	17.07.2019	14.10.2019
Mr. S. K. Roongta (appointed as Chairman with effect from March 27, 2019)	Non-Executive/ Independent	✓	✓	✓	✓
Mr. S. V. Haribhakti	Non-Executive/ Independent	✓	✓	✓	✓
Mr. D. Sundaram (appointed with effect from March 27, 2019)	Non-Executive/ Independent	Not Applicable	✓	✓	✓
Mr. Neeraj Akhoury (ceased to be a Member w.e.f. February 20, 2020)	Executive/ Non Independent	✓	✓	✓	✓
Mr. F. K. Kavarana (ceased to be Chairman with effect from March 22, 2019)	Non-Executive/ Independent	✓	Not Applicable	Not Applicable	Not Applicable
Mr. Sridhar Balakrishnan (appointed as Member w.e.f. February 21, 2020)	Executive/ Non Independent	Not Applicable	Not Applicable	Not Applicable	Not Applicable

SUBSIDIARY COMPANIES

The Company does not have any 'material subsidiary' as defined in the SEBI Listing Regulations.

Accordingly, the requirement of appointing an Independent Director of the Company on the Board of Directors of the material unlisted subsidiary company as Regulation 24 of the SEBI Listing Regulations does not apply.

Although the Company does not have a material subsidiary, pursuant to the requirements of Section 204 of the Act, its subsidiary ACC Mineral Resources Limited is subjected to a Secretarial Audit, which was also conducted for the year ended December 31, 2019. No adverse remarks have been made the Secretarial Auditors in their Report.

The reporting is being made pursuant to the requirements of Regulation 24A of the SEBI Listing Regulations.

The Company's policy on 'Material Subsidiary' is placed on the Company's website and can be assessed through the weblink at www.acclimited.com/sh/DMS.pdf.

The Audited Annual Financial Statements and the Unaudited Quarterly Financial Results along with the Auditors Limited Review thereon of Subsidiary Companies are tabled at the Meetings of the Audit Committee and Board of Directors of the Company for an overview prior to their consolidation with the Parent Company.

Copies of the minutes of the Board, constituted Committees of Subsidiary Companies are tabled at the Board Meetings of the Parent Company.

DISCLOSURES

Regulations 17 to 27 & Regulation 46 of SEBI Listing Regulations

The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under Regulation 17 to 27 and sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

INDIAN ACCOUNTING STANDARDS (IND AS)

The Company has followed the relevant Accounting Standards notified by the Companies (Indian Accounting Standards) Rules, 2015 while preparing its Standalone and Consolidated Financial Statements.

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 arm's length pricing basis. These transactions are also subject to review by an external independent agency. The policy on related-party transactions has been placed on the Company's website and can be accessed at www.acclimited.com/sh/RPT.pdf. In line with the amended the SEBI Listing Regulations, the policy has been amended suitably.

Where any material related-party transaction is proposed, approval of the Members is obtained. No related party whether or not it is a party to the particular transaction or not is allowed to vote to approve the transaction in line with the SEBI Listing Regulations.

CREDIT RATING

The Company has not issued any debt instruments which necessitates any credit rating. However, CRISIL has rated the Company as CRISIL AAA/Stable for Fund-based Working Capital Facilities and CRISIL A1+ for Non-fund based Working Capital Facilities. The same can be accessed at www.acclimited.com/investor-relations/credit-rating.

FEES PAID TO STATUTORY AUDITORS

During the year ended December 31, 2019, the Company and its subsidiaries have paid a consolidated sum of ₹3.46 Crore to the statutory auditor and all its entities.

LEGAL COMPLIANCE MANAGEMENT TOOL

The Company has in place an on-line legal compliance management tool, which has been devised to ensure compliance with all applicable laws that impact the Company's business. The tool is intended to provide an assurance to the Board on legal compliances as ensured by the Company. The application of the tool has been extended to cover all plant locations, RMX facilities, sales and Corporate Office.

The Compliance Committee is informed about the progress and the status of legal compliances through this tool.

CONFIRMATION BY THE BOARD OF DIRECTORS' ACCEPTANCE OF RECOMMENDATION OF MANDATORY/NON-MANDATORY COMMITTEES

The Board of Directors have confirmed that during the year, it has accepted the recommendations received from its mandatory/non-mandatory committees. None of the recommendations made by any of the Committees has been rejected by the Board.

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 or by any statutory authority on any matters related to capital markets during the last three (3) 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 in 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 at www.acclimited.com/assets/new/pdf/ACC-Code-of-Conduct-Final-signed-18-04-2017.pdf.

The Code lays down the standard of conduct which is expected to be followed by the Board and by the Employees in their business dealings and in particular on matters relating to integrity of the workplace, 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 are required to complete an E-learning module on the above subject, in addition to the undergoing training conducted by the compliance team of 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 2008 and the Company has been carrying out training sessions for creating awareness among relevant employees on fair competitive practices.

Under these programmes, training sessions are conducted on an annual basis for the concerned employees of the Company, particularly those in sales and purchase functions, on various aspects of competition law and on behavioural aspects for ensuring fair competition in the marketplace. E-learning training is imparted to all such employees in addition to face-to-face training and includes a specific module on 'Do's and Don'ts' in a tender bidding process.

In addition to the above, the processes of the Company are subject to periodic reviews and where required, are being 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 ensures that no discrimination is meted out to 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 organisation. The Ethics

Helpline can be contacted to report on any suspected or confirmed incident of fraud/misconduct on:

- E-Mail: acc@ethicalview.com
- Online reporting on https://integrity.lafargeholcim.com/
- National Toll-free Number: 18002092008
- Fax Number: +91(22) 66459575
- Address: P.O. Box No. 137, Pune 411 001

A Committee consisting of Senior Employees headed by Chief Legal Officer & Company Secretary, has been constituted, which investigates the complaints raised and recommends appropriate action where necessary. The Committee reports to the Audit Committee of the Board which in turn apprises the Board on such matters as necessary.

The scope of vigil mechanism has been extended during the year to enable reporting if any, on leakage of Unpublished Price Sensitive Information relating to the Company.

PREVENTION OF INSIDER TRADING

Pursuant to SEBI Listing Regulations, 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 the 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 codes have been revised in line with the amendments to the Prohibition of Insider Trading Regulations, as amended from time to time.

Pursuant to the above, the Company has put in place adequate and effective system of internal controls to ensure compliance with the requirements of the Prohibition of Insider Trading Regulations.

A structured digital database is being maintained by the Company's RTAs, which contains the names and other particulars as prescribed of the persons covered under the Codes drawn up pursuant to the Prohibition of Insider Trading Regulations.

The Board have also formulated a Policy for determination of 'legitimate purposes' as a part of the Code of Fair Disclosure and Conduct as per the requirements of the Prohibition of Insider Trading Regulations.

The Chief Legal Officer & Company Secretary has been appointed as the Compliance Officer for ensuring implementation of the codes for fair disclosure and conduct.

The Board, designated persons and other connected persons have affirmed compliance with the ACC Code.

The Company's Whistle Blower Policy (Vigil Mechanism) has also been amended to make employees aware of the existence of policies and procedures for inquiry in case of leakage of Unpublished Price Sensitive Information to enable them to report on leakages, if any, of such information.

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 through dissemination of information on the on-line portal of the Stock Exchanges, Press Releases, the Annual Reports and by placing relevant information on its website.

The unaudited quarterly results (both standalone and consolidated) are announced within forty-five (45) days of the close of the quarter. The audited annual results are announced within sixty (60) days from the close of the financial year, as required under the SEBI Listing Regulations. The aforesaid financial results are disseminated to the Stock Exchanges within thirty (30) minutes from the close of the Board meetings at which these are considered and approved. The results are published in leading English daily newspapers having nation-wide 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 in advance of the Annual General Meeting.

The Annual Report of the Company, the quarterly/half-yearly and the annual audited financial statements and the press releases of the Company are also placed on the Company's website at 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 Bombay Stock Exchange's (BSE's) on-line portal, BSE Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the on-line portal of National Stock Exchange of India Limited (NSE).

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 the MD & CEO, the CFO and the Chief Legal Officer & Company Secretary has been constituted and empowered to decide on the materiality of information for the purpose of making disclosures to the stock exchanges.

The Policy on the above has been suitably modified and amended in line with the SEBI Listing Regulations effective from April 1, 2019.

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 at www.acclimited.com/an.

Facility has been provided by SEBI for investors to place their complaints/grievances on a centralised web-based complaints redress system viz. SEBI Complaints Redress System (SCORES). The salient features of this system are: centralised database of all complaints, on-line upload of Action Taken Reports (ATRs) by the concerned companies and on-line 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 and details of shares transferred to Investor Education & Protection Fund Authority-Ministry of Corporate Affairs.

Quarterly Compliance Reports and other relevant information of interest to the Investors are also placed under the Corporate Governance Section on the Company's website.

The Company also uploads on the BSE Listing Centre and on NSE's NEAPS portal, details of analysts and institutional investor meetings, which are either held by the Company or in which the Company participates.

Reminders to shareholders are sent for enabling them to claim returned undelivered share certificates, unclaimed dividend, among others.

CERTIFICATION FROM COMPANY SECRETARY IN PRACTICE

Mr. Pramod Shah of M/s. Pramod Shah & Associates, Practicing Company Secretary, has issued a certificate as required under the SEBI Listing Regulations, confirming that none of the Directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as Director of companies by the SEBI/Ministry of Corporate Affairs or any such statutory Authority. The certificate is enclosed with this section as **Annexure 1**.

Compliance with non-mandatory provisions

The Company has been complying with the discretionary requirements as stipulated in Part E of Schedule II of the SEBI Listing Regulations which are as follows:

- The position of Chairman of the Board of Directors and that of MD & CEO are separate (this requirement has been deleted w.e.f. April 1, 2020 from Part E of Schedule II of the SEBI Listing Regulations).
- The Chairman's office is separate from that of the MD & CEO and that Company has not reimbursed the expenses incurred by him in performance of his duties.
- The audit report of the Company's Financial Statements for the year ended December 31, 2019 were unmodified.
- The Chief Internal Auditor of the Company 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	:	Monday, April 6, 2020
Time	:	3.00 P.M.
Venue	:	Pama Thadani Auditorium, Jai Hind College, A Road, Churchgate, Mumbai 400 020
Financial Year	:	January-December 2019
Dividend Payment Date	:	Thursday, April 9, 2020

Investor services

With effect from September 16, 2019, with the approval of the Board of Directors, KFIN Technologies Private Limited have been appointed as the Registrar and Share Transfer Agents (**'RTA'** or **'Kfintech'**). Advance intimation to this effect was provided to the stock exchanges as also to the investors through notices issued in leading newspapers.

In consequence of the above, the Company's In-house Share Department has been dismantled with effect from the above date. All share related services to the Company's investors with effect from September 16, 2019 are being provided by Kfintech.

Shareholders holding shares in physical form may please note that instructions regarding change of address, bank details, email ids, nomination and power of attorney should be given to the Kfintech.

Address for correspondence with the Company

KFIN Technologies Private Limited, Karvy Selenium, Plot Nos 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad 500032, Telangana.

Communication to Members

Members who hold shares in dematerialised 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, non-receipt of annual reports or on matters relating to the working of the Company should be addressed to the Company's RTA viz. Kfintech.

Members who hold shares in physical form should address their requests to the Company's RTA for change of address, change in bank details, processing of unclaimed dividend, sub division 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 proof of identity and/or address as considered appropriate in addition to the requirement of certified copies of PAN cards.

Members are requested to state their DPID & Client ID/Ledger Folio number in their correspondence with the Company and provide their email address and telephone number to facilitate prompt response from the Company.

Members may please note that with effect from April 1, 2019, shares held in physical form cannot be transferred. Members in their own interest are requested to have their physical holdings dematerialised through a Depository Participant by opening a demat account.

Plant locations

The locations of the Company's plants are given on the inside cover page of the Annual Report. The details of the plants, along with their addresses and telephone numbers are also available on the Company's website at www.acclimited.com.

Market information

Listing on Stock Exchanges

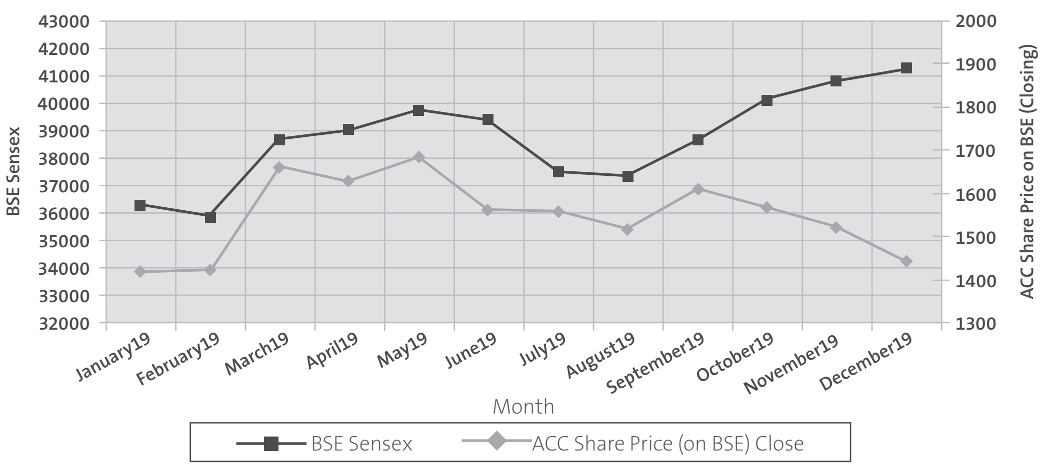
The Company's shares are listed on the following Stock Exchanges and the listing fees have been duly paid to the exchanges:

Name & Address of stock exchanges	Stock Code/ Scrip Code	ISIN Number for NSDL/CDSL (Dematerialised shares)
BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai 400 001	500410	INE012A01025
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051	ACC	

ACC Share Price on BSE *vis-à-vis* BSE Sensex January-December 2019

Month	BSE Sensex Close	ACC Share Price			Number of shares traded during the month	Turnover (₹) Crore
		High (₹)	Low (₹)	Close (₹)		
January-19	36,256.69	1,519.00	1,339.00	1,420.40	907,022	130.47
February-19	35,867.44	1,457.25	1,325.00	1,421.70	926,178	129.12
March-19	38,672.91	1,675.00	1,418.00	1,661.00	1,212,131	188.85
April-19	39,031.55	1,721.10	1,570.85	1,629.40	934,870	153.95
May-19	39,714.20	1,768.40	1,540.85	1,684.95	914,111	149.9
June-19	39,394.64	1,736.75	1,470.00	1,561.65	943,414	149.24
July-19	37,481.12	1,647.30	1,481.45	1,559.65	1,209,652	190.7
August-19	37,332.79	1,616.20	1,442.00	1,518.90	717,298	109.74
September-19	38,667.33	1,707.70	1,423.05	1,610.30	896,155	138.63
October-19	40,129.05	1,625.85	1,417.00	1,568.80	739,190	111.74
November-19	40,793.81	1,590.00	1,462.75	1,521.70	1,123,070	169.31
December-19	41,253.74	1,547.45	1,401.85	1,444.65	954,658	139.38

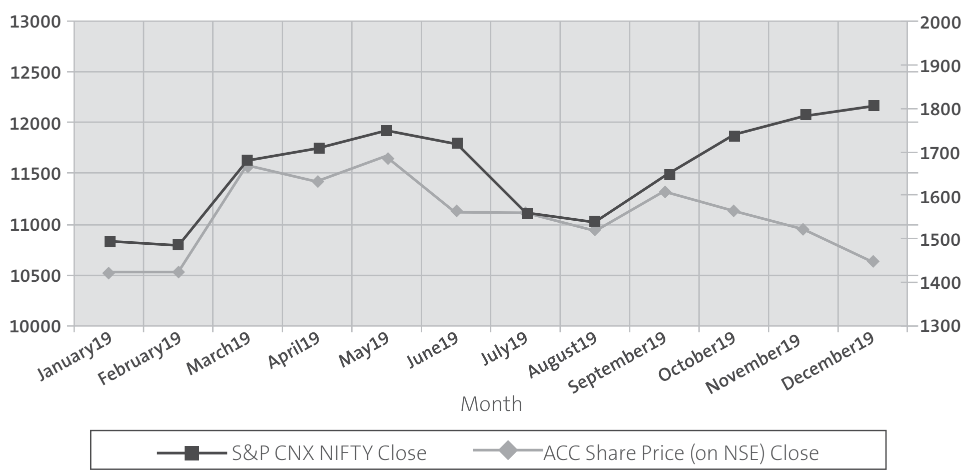
ACC Share Price on BSE & BSE Sensex



ACC Share Price on NSE *vis-à-vis* S&P CNX Nifty January-December 2019

Month	S&P CNX Nifty (Close)	ACC Share Price			Number of shares traded during the month	Turnover (₹) Crore
		High (₹)	Low (₹)	Close (₹)		
January-19	10,830.95	1,516.90	1,339.40	1,423.35	10,485,774	1,514.40
February-19	10,792.50	1,457.30	1,326.00	1,422.30	16,857,574	2,345.57
March-19	11,623.90	1,679.85	1,420.30	1,666.30	18,956,439	2,967.54
April-19	11,748.15	1,723.40	1,570.00	1,632.05	20,442,720	3,352.44
May-19	11,922.80	1,769.05	1,541.00	1,686.00	14,111,220	2,314.14
June-19	11,788.85	1,735.85	1,470.10	1,562.15	11,627,435	1,842.79
July-19	11,118.00	1,647.55	1,480.65	1,560.40	22,933,279	3,616.91
August-19	11,023.25	1,617.00	1,441.60	1,519.85	14,842,785	2,266.30
September-19	11,474.45	1,709.00	1,423.85	1,608.15	15,027,045	2,308.89
October-19	11,877.45	1,627.40	1,416.45	1,568.05	18,563,193	2,805.48
November-19	12,056.05	1,590.50	1,462.20	1,522.15	14,820,351	2,239.90
December-19	12,168.45	1,546.80	1,401.15	1,445.65	10,662,151	1,561.27

ACC Share Price on NSE & S&P CNX NIFTY



SHARE TRANSFER SYSTEM/DIVIDEND AND OTHER RELATED MATTERS

Nomination facility for shareholding

In terms of the provisions of Section 72 of the Act, facility for making nomination is available for the Members in respect of shares held by them. Members holding shares in physical form may obtain a nomination form (Form SH-13), from the Company's RTA or download the same from the Company's website. Members holding shares in dematerialised form should contact their Depository Participants (DP) in this regard.

Permanent Account Number

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.

Subdivision of shares

The Company had subdivided the face value of its equity shares from ₹100 to ₹10 in 1999. Shares having the face value of ₹100 are no longer traded on the stock exchanges. Members still holding share certificates of ₹100 are requested to send the certificates to the Registrar and Share Transfer Agent of the Company for exchange with shares of the face value of ₹10 each.

Dividend

Payment of dividend through Automated Clearing House (ACH)

The Company provides the facility for direct credit of the dividend to the Members' Bank Account. the 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' ACH mode.

Members who hold shares in demat mode should inform their depository participant, whereas Members holding shares in physical form Should inform Kfintech of the core banking account details allotted to them by their bankers. In cases where the core banking account details are not available, the Company will issue the demand drafts mentioning the existing bank details available with the Company.

Unclaimed dividends

The Company is required to transfer dividends, which have remained unpaid/unclaimed for a period of seven (7) years from the date, the dividend is due for payment to the Investor Education & Protection Fund (**'IEPF'**) established by the Government. Accordingly, during the financial year 2020, unclaimed dividends pertaining to the following periods will be transferred to IEPF:

- 75th final dividend for the year ended December 31, 2012.
- 76th interim dividend for the year ended December 31, 2013.

Before transferring the unclaimed dividends to IEPF, individual letters are sent to those Members whose unclaimed dividends are due for transfer to enable them to claim the dividends before the due date for such transfer. The information on unclaimed dividend is also posted on the Company's website at www.acclimited.com.

In terms of SEBI Circular No. SEBI/HO/MIRSD/DOP1/CIR/P/2018/73 dated April 20, 2018, the bankers to the dividend accounts opened by the Company for the earlier years have credited back the amount of dividend lying unpaid beyond the validity period into the relevant bank accounts. The Company is in the process of reconciling the above accounts for necessary action.

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
December 31, 2012 (75th Final)	April 5, 2013	19.00	June 9, 2020
December 31, 2013 (76th Interim)	July 25,2013	11.00	September 28, 2020
December 31, 2013 (76th Final)	April 9, 2014	19.00	June 13, 2021
December 31, 2014 (77th Interim)	July 24, 2014	15.00	September 27, 2021
December 31, 2014 (77th Final)	March 20, 2015	19.00	May 24, 2022
December 31, 2015 (78th Interim)	July 17, 2015	11.00	September 20, 2022
December 31, 2015 (78th Final)	April 13, 2016	06.00	June 17, 2023
December 31, 2016 (79th Interim)	July 26, 2016	11.00	September 29, 2023
December 31, 2016 (79th Final)	March 29, 2017	06.00	June 2, 2024
December 31, 2017 (80th Interim)	July 17, 2017	11.00	September 21, 2024
December 31, 2017 (80th Final)	June 13, 2018	15.00	August 18, 2025
December 31, 2018 (81st Final)	March 22, 2019	14.00	May 27, 2026

Transfer of the 'shares' into Investor Education and Protection Fund (IEPF) (in cases where dividend has not been paid or claimed for seven (7) consecutive years or more)

In terms of Section 124(6) of the Act read with Investor Education & Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 as amended, and 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 transferred the required number of shares to the IEPF.

Guidelines for investors to file claim in respect of the unclaimed dividend or shares transferred to the IEPF

Investors/depositors whose unpaid dividends, matured deposits or debentures etc. have been transferred to IEPF under the erstwhile 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 as follows:

i. Download the Form IEPF-5 from the website of IEPF (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.

ii. 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, and acknowledgment will be generated indicating the SRN. Please note down the SRN details for future tracking of the form.

iii. Take a print out of the duly filled Form No. IEPF-5 and the acknowledgment issued after uploading the form.

iv. Submit an indemnity bond in original, copy of the acknowledgment and self-attested copy of e-form, along with other documents as mentioned in the Form No.IEPF-5 to the Nodal Officer 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. Rajiv Choubey, Chief Legal Officer & Company Secretary and the Deputy Nodal Officers are Mr. Naresh Motiani and Mr. Nixon Rebello whose e-mail ids are naresh.motiani@acclimited.com and nixon.rebello@acclimited.com, respectively.

Dealing with securities which have remained unclaimed

Regulation 39(4) of the SEBI Listing Regulations read with Schedule VI 'Manner of dealing with Unclaimed Shares', had directed Companies to dematerialise 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. National Securities Depository Limited (NSDL) or Central Depository Services Ltd. (CDSL).

All corporate benefits on such shares viz. bonus, dividend etc. shall be credited to the unclaimed suspense account as applicable for a period of seven (7) 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 Act.

The details of operations of the demat 'Unclaimed Suspense Account' of ACC Limited during the year are as under:

Particulars	Number of shareholders	Number of shares
Aggregate number of shareholders and outstanding shares held in the Unclaimed Suspense Account as on January 1, 2019	610	1,15,934
Number of shareholders/legal heirs to whom the shares were transferred from the Unclaimed Suspense account upon receipt and verification of necessary documents	11	3,160
Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF authority MCA Demat Suspense Account	54	44,369
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account as on December 31, 2019	545	*68,405

*Voting Rights in respect of the aforesaid 68,405 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

During the year under review, 53 claimants have lodged the claims with the Company for transfer of shares from Unclaimed Suspense Account maintained by the Company reclaiming in the aggregate to 14,860 equity shares, out of which request of 42 claimants aggregating to 11,700 equity shares were pending on December 31, 2019 for want of necessary documentation from these claimants.

Pending investors' grievances

Any Member whose grievance has not been resolved satisfactorily by Kfintech, may kindly write to the Chief Legal Officer & Company Secretary at the Registered Office with a copy of the earlier correspondence, if any.

Reconciliation of share capital audit

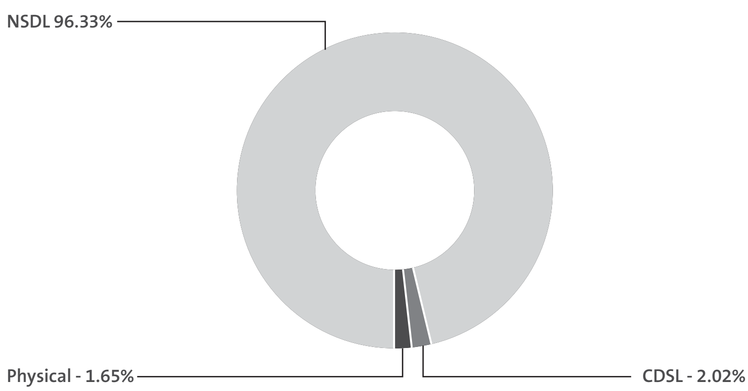
As required by the SEBI, quarterly audit of the Company's share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with NSDL and CDSL and held in physical form, with the issued and listed capital. The Auditor's Certificate in regard to the same is submitted to BSE Limited and the NSE and is also placed before the Stakeholders' Relationship Committee and the Board of Directors.

Distribution of shareholding as on December 31, 2019

Number of shares slab	Number of share holders	(%)	Number of Shares							% of share capital
			Physical	% of share capital	NSDL	% of share capital	CDSL	% of share capital	Total number of shares	
1-50	64,909	62.49	1,39,226	0.07	6,78,925	0.36	3,02,979	0.16	11,21,130	0.60
51-100	13,020	12.53	1,45,374	0.08	6,97,521	0.37	2,27,558	0.12	10,70,453	0.57
101-200	9,382	9.03	2,27,171	0.12	9,24,173	0.49	2,62,387	0.14	14,13,731	0.75
201-500	8,375	8.06	4,31,004	0.23	18,85,629	1.00	4,53,998	0.24	27,70,631	1.48
501-1000	4,004	3.85	3,98,701	0.21	20,63,620	1.10	4,50,940	0.24	29,13,261	1.55
1001-5000	3,418	3.29	8,67,423	0.46	50,64,811	2.70	10,05,561	0.54	69,37,795	3.69
5001-10000	360	0.35	2,44,274	0.13	19,23,285	1.02	3,69,262	0.20	25,36,821	1.35
> 10000	410	0.39	6,38,605	0.34	16,76,64,593	89.28	7,20,243	0.38	16,90,23,441	90.01
Total	**1,03,878**	**100.00**	**30,91,778**	**1.65**	**18,09,02,557**	**96.33**	**37,92,928**	**2.02**	**18,77,87,263**	**100.00**

The Company has entered into agreements with both NSDL and CDSL whereby shareholders have an option to dematerialise their shares with either of the depositories.

Distribution of shareholding as on December 31, 2019

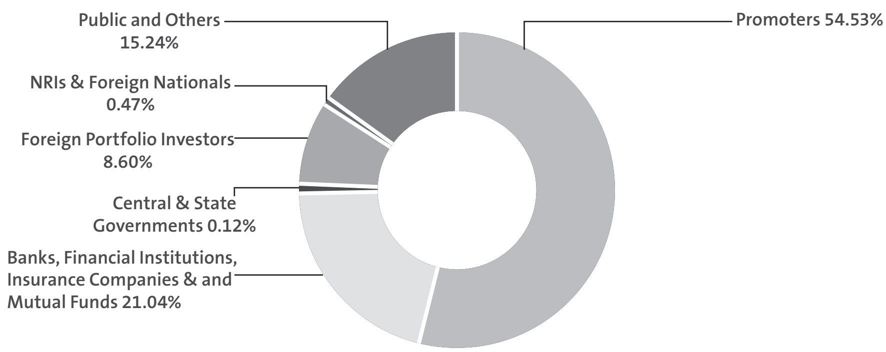


Shareholding pattern as on December 31, 2019

Category	Number of shares held	Percentage	
Promoter:			
Ambuja Cements Limited	9,39,84,210	50.05	54.53
Holderind Investments Limited	84,11,000	4.48	
Banks, Financial Institutions, Insurance Companies & Mutual Funds			
Banks/Financial Institutions	1,27,40,293	6.78	21.04
Insurance Companies	19,84,118	1.06	
Mutual Funds	2,47,95,647	13.20	
Central & State Governments	2,31,620	0.12	
Foreign Portfolio Investors	1,61,45,603	8.60	
NRIs/Foreign Nationals	8,79,595	0.47	
Directors	0	0.00	
Public and Others	2,86,15,177	15.24	
Total	**18,77,87,263**	**100.00**	

Pursuant to the amalgamation of Holcim (India) Private Ltd. with Ambuja Cements Limited with effect from August 12, 2016, all the assets of Holcim (India) Private Ltd., including the shares held by them in the Company, are now held by Ambuja Cements Limited.

Distribution of shareholding as on December 31, 2019



Statement showing shareholding of more than 1% of the capital as on December 31, 2019

Sr. No.	Name of the shareholders	Number of shares	Percentage of Share Capital (%)
1	Ambuja Cements Limited (Promoter)	93984210	50.05
	Holderind Investments Limited (Promoter)	8411000	4.48
2	Life Insurance Corporation of India	10679857	5.69
3	Franklin India Bluechip Fund	6150000	3.27
4	Aditya Birla Sun Lite Trustee Limited A/c Aditya Birla Sun Life Resurgent India Fund – Series 4	3569260	1.90
5	ICICI Prudential Equity Arbitrage Fund	2381457	1.27
	Total	**125175784**	**66.66**

Global Depository Receipts (GDR) or any convertible instrument, conversion dates and likely impact on equity: NIL

Commodity price risk or foreign exchange risk and hedging activities

The Company has Fx exposure for both revenue and capex items. However, the Company has in place a Board-approved Fx Hedging Policy to deal with such exposures.

Particulars of past three (3) Annual General Meetings

AGM	Financial Year	Venue	Date	Time	Special Resolutions passed
83rd	Calendar Year 2018	Pama Thadani Auditorium Jai Hind College, "A" Road Churchgate (West) Mumbai 400 020	March 22, 2019	3.00 P.M.	Re-appointment of Independent Directors for a second term of five consecutive years commencing from the dates on which their present appointment with the Company expires
82nd	Calendar Year 2017	Birla Matushri Sabhagar, 19,	June 13, 2018	3.00 P.M.	No Special Resolution was passed
81st	Calendar Year 2016	Sir Vithaldas Thackersey Marg, Mumbai 400 020	March 29, 2017	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: NIL

Financial Calendar 2020

Board meeting for consideration of accounts for the Financial Year ended December 31, 2019 and recommendation of dividend	February 7, 2020
Posting of Annual Reports	On or before March 11, 2020
Record Date	March 30, 2020
Last date for receipt of Proxy Forms	April 4, 2020 before 3.00 P.M.
Date, Time and Venue of the 84th Annual General Meeting	Monday, April 6, 2020 at 3.00 P.M. Pama Thadani Auditorium, Jai Hind College, A Road, Churchgate, Mumbai 400 020
Dividend Payment Date	April 9, 2020
Probable date of dispatch of warrants	On or before April 8, 2020
Board meeting for consideration of unaudited quarterly results for the financial year ended December 31, 2020	Within forty five (45) days from the end of the quarter, as stipulated under the SEBI Listing Regulations
Audited Results for the current financial year ending December 31, 2020	Within sixty (60) days from the end of the last quarter, as stipulated under the SEBI Listing Regulations

The Board in its Meeting held on February 7, 2020 has approved the Report on Corporate Governance for the financial year 2019. The said Report on Corporate Governance for the financial year 2019 has undergone a change only to the extent of change in directorships on the Board of the Company in the Board Meeting held on February 20, 2020.

For and on behalf of the Board

N. S. Sekhsaria
Chairman

Mumbai
February 20, 2020

Compliance with Code of Conduct

As provided under the 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, 2019.

For ACC Limited

Neeraj Akhoury
Managing Director & Chief Executive Officer

Mumbai
February 07, 2020

Managing Director & Chief Executive Officer (MD & CEO) and Chief Financial Officer (CFO) Certification

We the undersigned, in our respective capacities as Managing Director and Chief Executive Officer 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, 2019 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 Conduct.

c. We hereby declare that all the members of the Board of Directors and ExCo have confirmed compliance with the Code of Conduct as adopted by the Company.

d. 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 the 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.

e. We have indicated, based in our most recent evaluation, 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 significant role in the Company's internal control system over the financial reporting.

Yours faithfully

Neeraj Akhoury
Managing Director & Chief Executive Officer

Rajani Kesari
Chief Financial Officer

Mumbai
February 07, 2020

ANNEXURE 1

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Part C clause (10)(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
ACC Limited
Cement House,
121, M. K. Road,
Mumbai – 400 020

I have examined the relevant registers, records, forms, returns and disclosures received from the Directors of ACC Limited having CIN L26940MH1936PLC002515 and having registered office at 121, Cement House, M. K. Road, Mumbai – 400 020, Maharashtra (hereinafter referred to as 'the Company'), produced before me by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In my opinion and to the best of my information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to me by the Company & its officers, I hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ending on December 31, 2019, have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs, or any such other Statutory Authority.

Sr. No.	Name of the Directors	Director Identification Number	Date of appointment in the Company
1.	Mr. Narotam Satyanarayan Sekhsaria	00276351	27/12/1999
2.	Mr. Jan Jenisch	07957196	17/10/2017
3.	Mr. Neeraj Akhoury	07419090	16/12/2016
4.	Mr. Martin Kriegner	00077715	11/02/2016
5.	Mr. Shailesh Vishnubhai Haribhakti	00007347	17/02/2006
6.	Mr. Sushil Kumar Roongta	00309302	03/02/2011
7.	Mr. Vijay Kumar Sharma	02449088	06/02/2014
8.	Ms. Falguni Sanjay Nayar	00003633	24/04/2014
9.	Mr. Christof Werner Hassig	01680305	09/12/2015
10.	Mr. Damodarannair Sundaram	00016304	22/03/2019
11.	Mr. Vinayak Chatterjee	00008933	22/03/2019
12.	Mr. Sunil Mehta	00065343	22/03/2019

Ensuring the eligibility for the appointment/continuity of every Director on the Board is the responsibility of the management of the Company. My responsibility is to express an opinion on these, based on my verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Pramod S. Shah & Associates
(Practicing Company Secretaries)

Pramod S. Shah - Partner
Membership No.: FCS 334
C.P No.: 3804
UDIN:F000334B000119651

Place: Mumbai
Date: February 4, 2020

Independent AUDITOR'S Certificate ON CORPORATE GOVERNANCE

To,
The Members of
ACC LIMITED

1. This Certificate supersedes the earlier issued certificate dated February 7, 2020. The Board in their Meeting held on February 20, 2020 has adopted a revised Report on Corporate Governance to incorporate the changes in directorship of the **ACC LIMITED** (**"the Company"**) and accordingly the revised certificate has been issued.
2. This Certificate is issued in accordance with the terms of our engagement letter reference no. SN/2019-20/07A dated April 01, 2019.
3. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of the Company, have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2019, 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, as amended (**"the Listing Regulations"**).

Management's Responsibility

4. 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

5. 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.
6. 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.
7. 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 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.
8. We have complied with the relevant applicable requirements of the Standard on Quality Control, Quality Control (SQC) – 1 for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

9. 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, 2019.
10. 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)

Saira Nainar
Partner
(Membership No. 040081)

Place: Mumbai
Date: February 20, 2020

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** : January 1, 2019 to December 31, 2019
7. **Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Class	Sub-class	Description
239	2394	23941	Manufacture of Clinker & Cement

8. **List three key product/services that the Company manufactures/provides (as in balance sheet):**

   The Company manufactures different varieties of cement viz. Ordinary Portland Cement (OPC), Portland Pozollana Cement (PPC), Portland Slag Cement (PSC) and Composite Cement and Ready Mix 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, 90 Ready Mixed concrete Plants and 26 offices including Registered Office, Regional Offices and Sales Offices
10. **Markets served by the Company** : Pan India across all markets in India.

SECTION B: (STANDALONE) FINANCIAL DETAILS OF THE COMPANY

1. **Paid up capital (₹)** : ₹187.79 Crore
2. **Total turnover (₹)** : ₹15,343.11 Crore
3. **Total profit after taxes (₹)** : ₹1,358.91 Crore
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):**

   The Company's total spending on CSR is 2.10% of the average profit after taxes in the previous three (3) 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 Vidya Utkarsh (Quality of Education in Government Schools)

e) ACC Vidya Sarthi (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 five (5) subsidiaries, viz.:

- ACC Mineral Resources Limited
- Bulk Cement Corporation (India) Limited
- Lucky Minmat Limited
- National Limestone Company Private Limited
- 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. While Singhania Minerals Private Ltd. is operational, the remaining three 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 Vidya Utkarsh project is a flagship education initiative of ACC's CSR in the Northern region of India. Wherein partnering with an NGO, this initiative has been undertaken to establish learning centres for girl in the age group of 6-14 years. About 1380 girl children, especially those out of school and belonging to marginalised and deprived sections of the society are enrolled in these schools and are given quality primary education. The aim is to mainstream these girls, and preparing them to take the class V exam of the State level.

The project implementation started in October 2013 with the support from dealers in North Region. So far 50 learning centres have been set up in different blocks of Uttar Pradesh, Himachal Pradesh, Madhya Pradesh, Punjab, Rajasthan, Haryana, Uttarakhand and Bihar. Educating girls at these centres are in progress since its inception.

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:

Name: Mr. Neeraj Akhoury

Director Identification Number (DIN): 07419090

Designation: Managing Director and Chief Executive Officer
(ceased to be MD & CEO w.e.f. February 20, 2020)

Name: Mr. Sridhar Balakrishnan

Director Identification Number (DIN): 08699523

Designation: Managing Director and Chief Executive Officer
(appointed as MD & CEO w.e.f. February 21, 2020)

Details of the BR head:

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Mr. Rajiv Choubey
3	Designation	Chief Legal Officer & Company Secretary
4	Telephone Number	(022) 4159 3222
5	E-mail Id	brr.info@acclimited.com

Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N):

The National Voluntary Guidelines 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 marginalised.

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	Well-being 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 safe and sustainable products	Y	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 Guidelines of 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 guidelines of 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	-
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	-

Sr. No.	Questions	Business Ethics	Product Responsibility	Well-being of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
5	Does the Company have a specified committee of the Board/ Director/Officialtooversee 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?	*	-	-	***	-	Y**	-	***	-
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	-
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	-

* http://www.acclimited.com
# http://www.acclimited.com
** https://www.acclimited.com/assets/new/pdf/Policy/ACC-Corporate-Environment-policy-2017.pdf
*** https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf

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, long experience and leadership position which has benefitted the cement industry at large in initiating dialogue with Government. However, no need for a formal policy has been felt.	--	The Company has a systematic process of assessing customer needs 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 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, ACC Limited has been publishing its Sustainability Report annually since 2007 (https://www.acclimited.com/sustainable). This year onwards the sustainability disclosures will be a part of the Integrated Annual report.

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 has been approved by the Board of Directors. These are applicable to all Directors 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 Company as part of JV compliance framework of the LH Group, has encouraged JV partners to adopt the best practices with respect to Ethics, Transparency and Governance. The Code is available on the Company's website at this web address: http://www.acclimited.com/assets/new/pdf/ACC-Code-of-Conduct-Final-signed-18-04-2017.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 117 complaints under the EthicalView Reporting Policy, out of which (60%) were resolved and the balance 46 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.**

   a. **Blended cements:** Blended Cement is produced by blending clinker with solid wastes, fly ash and slag. This results in partial replacement of virgin limestone and reduced CO_2 emissions. ACC manufactures 3 types of blended cements i.e. Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) and Composite cements. In 2019, out of the total cement produced, 89% was blended cements

   b. **Co-processing services:** For more than a decade now the Company is on the forefront of providing waste management solutions to stakeholders, communities and industries. Under a separate division called 'Geocycle', the Company has provided a safe and sustainable solution for usage of 4,51,263 tonnes of waste in 2019, which otherwise would have been disposed on landfills and dumpsites. Through our co-processing technology we provide a "Zero Landfill" solution, that doesn't create any additional emission and in addition avoids the soil contamination, water and air pollution coming from landfill sites.

   Three examples of projects/services rendered to different stakeholders in different regions:

   Gagal/Himachal Pradesh (HP):

   Geocycle has made a collaboration to dispose all segregated combustible fraction (plastics) from 14 Urban Local Bodies (ULBs) in three district (Bilaspur, Mandi & Kullu) until October 2020 and shall be extended if successful, contributing to the Zero Plastic Initiative of HP Government. Since October 2019 we have co-processed 234 tonnes of plastic waste and expect to cross 1,000 tonnes in the year 2020, contributing to a Clean and Green HP.

   Jamul/Chhattisgarh:

   After years of unsuccessful trials by the steel industry, Geocycle came up with an installation to dispose Acid Tar Sludge (ATS), a material that otherwise has to be disposed in ponds which causes great harm to the environment. ATS is extremely difficult to handle in logistics and processing. The Company designed an installation to enable the feed into the kiln in Jamul and this paved the way to start co-processing ATS. The efforts are highly appreciated by the customer and also by the Chhattisgarh Enviornment Conservation Board (CECB), who supported both customer and Geocycle to realise this solution.

   Madukkarai/Tamil Nadu

   ACC Madukkarai signed an agreement with Thuvar Gram Panchayat, Kerala, for the disposal of segregated household waste through co-processing in our cement kiln. This was a stepping stone in gaining the trust of the Kerala Government for the disposal of waste from the state and lead to an MoU being signed between ACC Madukkarai and Clean Kerala Company (Kerala Government appointed and operated organisation for waste management) for waste disposal from various districts in Kerala. ACC

Madukkarai is now the only cement plant who is working with the Kerala Government as a partner to help them achieve their goal of Clean and Green Kerala.

c. **Green Building Centres:** This is an initiative to facilitate low-cost housing development in India, by promoting sustainable building materials, building techniques and locally trained workforce. Local entrepreneurs, set up these centres by entering into a Franchisee arrangement with ACC to make these sustainable products and services. The Green Building Centres 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_2 emission, fertile top soil conservation and utilisation of waste materials. As of end of 2019, ACC has 93 GBCs operational on a pan India basis as of end of Decement 2019.

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 2019)	Previous Year (January – December 2018)
Electrical Energy (kWh/Tonnes of Cement)	79.64	81.10
Thermal Energy (K Cal/kg of Clinker)	748	741
CO_2 Emissions (kg CO_2/Tonnes of Cement)	505.36	504.55

ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

There is broad based positive impact on energy and water in the products manufacturing, construction and use phase of the built environment with all our blended cements, concrete and GBC products. However, as the cement manufacturing process is energy intensive, the Company takes several measures to reduce thermal and electrical energy consumption in its manufacturing process. Our ACC Gold cement with water repellent characteristics requires less water consumption during construction phase. Our concrete products like insulating concrete/thermocrete and fly ash/slag based GBC products will reduce energy intensity in the use phase of the built environment. Some of our concrete products reduces the water consumption in the construction phase of the built environment and some of our concrete products like permicreate will assist in water harvesting.

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.

The Company seeks to engage in long-term relationships with the suppliers committed to their social responsibility, adhere to international standards such as ISO 14001 (Environment Management System) and have systems in place to comply with the local and national laws and regulations. The Company has a procedure in place for sustainable sourcing of energy, water including transportation. Almost all the inputs are sourced on a sustainable basis. The Company is increasing the usage of Alternate Fuel and Raw Materials (AFR) year on year to decrease dependency on traditional fuel i.e. coal.

From the year 2017, Company had engaged Avetta, leading Global Consultant in Supplier Qualification, who helped the Company in qualifying High Risk- High Spend Suppliers and Contractors by screening them on the various counts related to Sustainable Procurement such as H&S, Labour, Environment and Bribery & Corruption. Training was conducted for more than 100 such suppliers. The Company prefers to engage with Avetta certified suppliers for new orders and supplier performance is evaluated based on sustainability criteria. Avetta also covers ACC's primary road transporters operating from plants. Evaluation through Avetta encourages safe transportation, compliance (regarding alcohol, drugs, incident occurrence, first aid policy, etc.), traffic control, vehical conditioning, code of conduct inside plant, use of PPEs, fire protection, roles and responsibility etc.

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?**

ACC is currently working with nearly 2300 SME and MSME vendors across all the locations. The services taken from these vendors are spread over various categories like housekeeping, painting, catering, small repair works, technicians, welders, transportation & stationary, food and vegetable suppliers. ACC has been associated with these vendors for many years. Special consideration is always provided for these vendors in terms of payment for their goods and services made on priority basis.

ACC has taken special consideration for these vendors and have been working on their overall development from the day they were associated with the Company. They are educated on various aspects like safety measures to be taken within the plant and outside of the plant; the employees of the vendors have been subjected to periodic health checks as well, that has led to the overall wellbeing of the people. The Company has always worked on overall development of these vendors and support their employees on all possible fronts viz. education & employment leading to social security. This has led to higher job creation in the local areas around the plant and the local vendors are important partners of the business of ACC. Some of the vendors have actually grown to move to other plants of ACC as well and are now established vendors of large businesses for other companies as well.

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.**

Cement manufacturing process does not generate any process related waste as material collected through Air Pollution Control equipment will be used as an input material for the next process. However ancillary activities like maintenance etc., will generate some waste materials like oil soaked cotton waste, steel scrap, used oil, used filter bags, electrical waste like used bulbs, batteries and some electronic waste. Most of wastes mentioned above will be sold/disposed through authorized recylers as stipulated in the respective regulations and the relevant returns will be filed to the respective regulatory authorities from time to time. However, sometimes at few locations, waste materials like oil soaked cotton, used oil, used filter bags etc. will also be co-processed in Kilns with due permission from regulatory authorities. Apart from this we also co-process waste materials like industrial waste as alternative fuels and raw materials in our kiln and use fly ash a waste from thermal power stations and Slag from Steel Industry as a substitution of Clinker in Cement manufacturing.

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	3844
2.	Shop Floor Associates	2799
	Total	**6643**

2. **Please indicate total number of employees hired on temporary/contractual/casual basis:**

Sr. No.	Category of Employees	No. of Employees
1.	Third Party FTE	7378
2.	Casual Employees	0
	Total	**7378**

3. **Please indicate the number of permanent women employees:**

Number of permanent women employees: 266

4. **Please indicate the number of permanent employees with disabilities.**
   Number of permanent employees with disabilities: 12

5. **Do you have an employee association that is recognised by the Management?**
   Yes, there are recognised trade unions affiliated to various central trade union bodies. Company's Shop Floor Associates are members of their respective unions.

6. **What percentage of permanent employees is members of this recognised employee association?**
   Approximately 42% of permanent employees are members of recognised 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	0	0
2	Sexual Harassment	4	4*
3	Discriminatory employment	0	0

* These 4 cases were resolved as on the date of this report.

8. **What Percentage of under mentioned employees were given safety and skill up-gradation training in the last year?**

   A. Permanent employees : 100%

   B. Permanent women employees : 100%

   C. Casual/Temporary/Contractual employee : 100%

   D. Employees with disabilities : 100%

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised.

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 marginalised stakeholders?**
   Yes, the Company has identified the disadvantaged, vulnerable and marginalised stakeholders with the help of Participatory Rural Appraisal tool based village micro plan 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 marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**
   Yes, all CSR interventions of the Company are purposed to target the disadvantaged, vulnerable and marginalised 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 had been rolled out in 14 districts of Company operations situated in 12 states of India, targeted disadvantaged students who needed financial support to pursue their dreams of higher education.

   The Company continues to run two Anti-Retroviral Therapy (ART) centres to support people affected by HIV/AIDS through medical treatment and counseling. The Company has also supported patients by organising 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 (ODF), Skilling & Water conservation measures.

The Company continues to engage with the vulnerable and marginalised stakeholders for their sustainable livelihood. Skills training to youth, farmers benefitted through Low external Sustainable Agriculture projects, institutionalising women SHG registered federations and facilitate for achieving 31 open defecation free villages are some of the accomplishment during 2019.

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 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, pertaining to Principle 6, 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 Green House Gas (GHG) 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 System (WHRS)
   - Newer technologies and renewable energy through own assets as well as Open Access

   This information is available in our webpage at: http://www.acclimited.com/sustainable/environment-and-energy
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 and Materiality analysis where all business related risks are identified and their mitigation strategies and plans are worked upon. For details, please refer to MDA Report and Integrated report 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:

   - Three wind farms – one each in Maharashtra, Tamil Nadu and Rajasthan with total capacity of 19 MW
   - Solar power procurement through open access
   - Waste Heat Recovery System (WHRS) at Gagal Cement Works
   - Waste Co-processing in cement plants.
   - Solar photovoltaic plant of 5.35 MW at Jamul Cement Works, Chhattisgarh
   - Various energy efficiency improvement initiatives in operations

   Details on the above initiatives can be found in this report at relevant sections.

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 was all within the permissible limits given by CPCB/SPCB with occasional exceedances.

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.**

   Few of our plants received show cause notices from CPCB/SPCB. However all notices were addressed to the satisfaction of respective regulatory authorities and no cases were pending as at the end of FY 2019.

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.**

   Yes, The Company is a Member of:

   1. Cement Manufacturing Association
   2. Confederation of Indian Industries (CII)
   3. Federation of Indian Chambers of Commerce and Industry (FICCI)
   4. Federation of Indian Mineral Industries (FIMI)
   5. National Safety Council (NSC)
   6. Swiss India Chamber of Commerce
   7. Indian Merchants' Chambers
   8. Association of Business Communicators of India
   9. Global Cement and Concrete Association (GCCA) India.

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 actively works with above associations and advocate in the following broad areas which impact the Cement Industry:

1. Sustainable Mining Practices
2. Extended Producers Responsibility and safe management of plastic waste
3. New environmental regulations
4. Co-processing of municipal & industrial hazardous & non-hazardous wastes
5. Use of recycled waste materials (construction & demolition waste) in cement and concrete
6. Manufactured Sand and aggregate from industrial waste
7. RPO-REC regulations for cement and power plants, PAT regulations
8. Green Energy status for Waste Heat Recovery System
9. Development of new product standards for low carbon cement and concrete products
10. Environment Product Declaration and Green pro-label of Products
11. Green Buildings
12. Fly ash based pre-fab building materials
13. 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 programmes/initiatives/projects in pursuance of its CSR policy (Ref. https://www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.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 proiritising women headed, landless and small & marginal land holding families. Special drive for exclusive skilling of women and ensuring half of the scholarship of higher education goes to girls has been ensured. HIV+ and differently able beneficiaries are specially tracked within all social and business measures.

   Implementations of these projects are thereafter monitored by the representatives of the villagers at all locations and course corrections measures are suggested by them if needed. 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 also organised third party social audit committee by taking people from different sector to spear head annual evaluations through rigorous field visit and secondary data analysis. The CSR project participants include the disadvantaged, vulnerable and marginalised sections of the society.

   The Company carried out CSR projects in pursuance of inclusive development, primarily focusing on:

   a) Sustainable Livelihood
   b) Quality of elementary Education
   c) Water, Sanitation and Hygiene (WASH)

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/Government structure/any other organisation?**

   The Company's CSR projects are implemented through in-house CSR Department, ACC Trust, 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 through third party at its 9 plant locations.

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 ₹25.07 Crore on development projects as mentioned below:

Sr. No.	Focus Areas	Expenditure (₹ Crore)
1	ACC DISHA - for Youth Employability	4.50
2	ACC Swawlamban - focusing on women empowerment and livelihood	1.81
3	ACC LEISA - for Farmer's Livelihood (Low External Input Sustainability Agriculture)	4.02
4	ACC Vidya Utkarsh (Quality of Education in Government Schools)	5.09
5	ACC Vidya Sarthi (Scholarship for Students)	0.68
6	ACC Arogyam (Preventive, Promotive and Curative health care)	2.73
7	ACC Sampurna Swachhata (Towards open defecation free villages)	2.71
8	ACC Sanrakshit Paryavaran (Solar, Biodiversity and Soil & Water conservation)	1.57
9	ACC Drona (To promote rural sports and traditional Indian culture)	0.76
10	Overhead	1.20
	Total	**25.07**

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 participatory approach. The portfolio of CSR projects are drawn 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. The community ownership and sustainability are the criteria that are built in CSR initiatives from the start by creating community managed organisations. Community contribution is always a priority as that ensures continuance of the project through self governance model.

Community management principles are inbuilt in all the CSR projects from need assessment stage to project graduation stage. Capacity building and institutional sustainability are integral part of all CSR projects.

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 2019?**
A total of 576 complaints were received from customers in 2019, out of which 14 (accounting for 2.4%) were pending as of December 31, 2019.

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. However we have obtained Environment Product Declaration (EPD) for all our Cement and Concrete Products. Cement EPD can be viewed on https://www.environdec.com/Detail/?Epd=13228 and Concrete EPD can be viewed at https://www.environdec.com/Detail/epd1116. All our Cement Products are CII Greenpro certified. The above certifications are the first of its kind in the Indian Cement Industry.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour 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 Builders Association of India (BAI) had in July 2010 filed a complaint before the Competition Commission of India (CCI) alleging anti competitive practices on the part of major cement manufacturers including the Company, which was investigated. The CCI has thereafter passed an Order against the cement manufacturers and a penalty of ₹1,147.59 Crore was levied on the Company.

This Order was challenged by the Company including other cement companies before the Competition Appellate Tribunal ('COMPAT') [now National Company Law Appellate Tribunal (NCLAT)], which granted the Stay subject to the Company depositing 10% of the penalty. Vide its judgement dated July 25, 2018, the NCLAT has dismissed the appeal of the Company. The Company has preferred an appeal before the Hon'ble Supreme Court against the above Order & Judgment of NCLAT. The Hon'ble Supreme Court vide its Order dated October 5, 2018, has admitted the Company's civil appeal and ordered for continuance of the interim orders passed by NCLAT towards stay on the demand subject to continuance of the deposit of 10% of the penalty amount.

All matters before the COMPAT (including Complaint filed by the Director General {Supply & Distribution}, Department of Civil Supplies, Government of Haryana) have been transferred to the NCLAT and the appeal is pending.

4. **Did your Company carry out any consumer survey/consumer satisfaction trends?**

The Company carries out consumer survey and satisfaction survey from time to time based on commercial needs.

Analysis of Standalone Financial

The following table sets forth the breakup of the Company's expenses as part of the Revenue from operations

Amount in ₹ Crore

	2019	% of Revenue from operations	2018	% of Revenue from operations
Net Sales	15,343.11	98.00	14,477.47	97.81
Other operating revenue	313.54	2.00	323.88	2.19
Revenue from operations	**15,656.65**	**100.00**	**14,801.35**	**100.00**
Other Income	311.21	1.99	138.50	0.94
Total Income	**15,967.86**		**14,939.85**	
Cost of materials consumed	2,258.10	14.42	2,370.23	16.01
Purchase of Stock-in-Trade	361.69	2.31	89.26	0.60
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	100.81	0.64	(124.98)	(0.84)
Employee benefits expense*	863.97	5.52	881.06	5.95
Power and fuel	3,131.34	20.00	2,998.12	20.26
Freight and Forwarding expense	4,050.06	25.87	4,011.41	27.10
Finance costs	86.22	0.55	89.20	0.60
Depreciation and amortisation expense	602.97	3.85	599.64	4.05
Other expenses	2,481.23	15.85	2,531.62	17.11
Total expenses	**13,936.39**	**89.01**	**13,445.56**	**90.84**
Profit before tax	**2,031.47**	**12.98**	**1,494.29**	**10.10**
Tax expenses	672.56	4.30	488.29	3.30
Current tax adjustments for earlier years#	-	-	(500.63)	(3.38)
Profit for the year	**1,358.91**	**8.68**	**1,506.63**	**10.18**
Other Comprehensive Income for the year, net of tax	(48.98)	(0.31)	(4.85)	(0.03)
Total Comprehensive Income for the year	**1,309.93**	**8.37**	**1,501.78**	**10.15**

*Employee benefits expense for the previous year included ₹ 70 Crore on account of charge for Employee Separation Scheme.

#Income tax provision of ₹ 501 Crore related to earlier years was written back in the previous year.

Over the previous year, net sales growth is 6% and operating EBITDA growth is 18%. Expansion in EBITDA has been supported by growth in premium products, higher value added services in our Ready Mix Concrete business and efficiencies in manufacturing, supply chain and support functions.

The analysis on major items of the financial statements is given below:

1. Revenue from operations:

Amount in ₹ Crore

	2019	2018	Change	Change%
Cement*	13,603.43	13,041.09	562.34	4.31
Clinker	266.65	130.00	136.65	105.12
Ready Mix Concrete (RMX)	1,469.13	1,299.10	170.03	13.09
Income from services rendered (RMX)	3.90	7.28	(3.38)	(46.43)
Other operating revenue	313.54	323.88	(10.34)	(3.19)
TOTAL	**15,656.65**	**14,801.35**	**855.30**	**5.78**

*Does not include inter-segment cement sale to Ready Mix Concrete

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 28.89 million tonnes as compared to 28.37 million tonnes during previous year.
- The cement business delivered sales volume growth of 2% as compared to previous year.
- The cement market continued to witness vigorous price competition. Average selling price of cement increased by 2% in 2019 over 2018.
- Continued thrust on promotion of the Company's range of premium products, yielded an increase of about 11% in the sales volume of these products during the year.
- The company's Ready Mix Concrete business continued to register robust growth of 12% in sales volume during the year. Sale of Ready Mixed Concrete has increased from 31.57 Lakh Cubic Metres to 35.32 Lakh Cubic Metres. Value Added Products & Services (VAPS) showed a strong growth @52% year-on-year.

Other operating revenue includes accrual of incentives from State Governments under incentive schemes, write back of provision which is no longer required, scrap sales and other miscellaneous Income. There is no significant variation in other operating revenue.

2. Other Income:

Amount in ₹ Crore

	2019	2018	Change	Change%
Other income	311.21	138.50	172.71	124.70

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 due to following reasons:

- Higher income by ₹ 51 Crore from investment of surplus funds. Cash and cash equivalent has increased by 55% as compared to previous year.
- During the year ended December 31, 2019 receipt of Orders Giving Effect (OGE) to the CIT(A) orders for certain Assessment Years on disposal of certain appeals sanctioning income tax refunds resulted in interest income and reversal of provision for interest on income tax aggregating to ₹ 276 Crore. The Company made a provision of ₹ 177 Crore against this due to uncertainty of its ultimate realisability and the net income of ₹ 99 Crore is included in Other Income for the year ended December 31, 2019.
- Net gain on disposal / retirement of Property, Plant and Equipment in current year is ₹ 24 Crore as compared to ₹ 1 Crore in the previous year. During the year, the Company has sold the certain old and used Property, Plant and Equipments.

3. Cost of materials Consumed:

Amount in ₹ Crore

	2019	2018	Change	Change%
Cost of materials consumed	2,258.10	2,370.23	(112.13)	(4.73)

Cost of materials consumed has decreased due to following reasons:

- Cement production has decreased by 2% from 28.36 million tonnes to 27.87 million tonnes. Cost of material consumed of cement business has decreased from ₹ 624/t to 535/t of cement sold in 2019 (down by 14%).
- Ready Mix Concrete production has increased by 13% from 31.29 Lakh Cubic Metres to 35.24 Lakh Cubic Metres in 2019.
- The landed slag cost is lower by 16% during the year compared to 2018 by improvement in procurement source planning and better supply chain efficiencies. Overall cost of consumption of slag has decreased by ₹ 130 Crore.
- The landed cost of Flyash is reduced by 15% as compared to previous year on account of an increase in the consumption of lower cost wet Flyash and through source-mix optimization. Overall cost of consumption of Flyash has decreased by ₹ 40 Crore.

- Higher usage of low-cost gypsum (phospho and activated) and reduction in the consumption of costlier imported gypsum through raw-mix optimisation resulted in overall reduction in gypsum cost by 3% as compared to previous year.
- Consumption of purchase clinker has decreased by ₹ 47 Crore.

4. Purchase of Stock-in-Trade:

Amount in ₹ Crore

	2019	2018	Change	Change%
Purchase of Stock-in-Trade	361.69	89.26	272.43	305.21

Purchase of Stock-in-Trade has increased primarily on account of new arrangement for sell of clinker and purchase of cement with Kanodia Infratech Limited dated December 05, 2018. Volume under Master Supply Agreement (MSA) with Ambuja Cements Limited has also increased in the current year.

5. Changes in inventories:

Amount in ₹ Crore

	2019	2018	Change	Change%
Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	100.81	(124.98)	225.79	180.66

- Movement of change in inventories is mainly on account of decrease in stock of finished and semi-finished goods as compared to previous year. Inventory reduction remains one of the key targets of the company to reduce working capital and its associated costs which leads to improved cash flow. The Company has achieved inventory reduction by inventory optimisation.
- Value of inventory of finished and semi-finished goods is reduced by 21% as compared to the previous year.

6. Employee benefits expense:

Amount in ₹ Crore

	2019	2018	Change	Change%
Employee benefit expense	**863.97**	881.06	(17.09)	(1.94)

Employee costs has decreased due to following offsetting reasons:

- During the previous year, the Company incurred an amount of ₹ 70 Crore on account of Employee Separation Scheme to improve manpower productivity.
- The employee cost has increased on account of yearly increments in salaries with effect from April 01, 2019 and additional bonus provision in current year.
- The Company has achieved the employee cost optimization by delivering strategic change and putting in place the operational capabilities.

7. Power and Fuel:

Amount in ₹ Crore

	2019	2018	Change	Change%
Power and Fuel	3,131.34	2,998.12	133.22	4.44

Power and fuel cost has increased due to following reasons:

- Clinker production has increased marginally by 1.4%. Power and Fuel cost of cement business has increased from ₹ 1051/t to 1078/t (up by 2.6%) in 2019.
- The thermal power cost was adversely impacted on account of increase in prices of imported and domestic coal as well as domestic petcoke in H1'19 due to limited availability of pet coke, higher prices of domestic linkage coal due to conversion of FSA linkage to auction linkage and increase in rail freight.
- Landed cost of imported coal and overall petcoke has increased in the range of 5% to 7%. Landed cost of domestic coal has also increased by 9%.
- The Company continued fuel mix optimization during the year. Considering the higher domestic coal prices, usage of petcoke has increased to 68% in 2019 as compared to 64% in 2018.
- The cost of generation at our thermal power plants (TPP) has gone up by 8% to ₹ 5.82 per Kwh in 2019 against ₹ 5.39 per Kwh in 2018, mainly due to increase in coal prices.

- The average cost of purchased power during the year is ₹ 6.48 per kwh as compared to ₹ 6.37 per kwh in the previous year.
- The Company is undertaking sustained measures to build a better fuel mix by maximising the use of cheaper fuel, judicious procurement of market coal through e-auctions and imports, higher consumption of alternative fuels and improvement in competencies and efficiencies at plants. These initiatives are leading to the following manufacturing efficiencies:
  - Electrical energy efficiency improved by 1.46 kwh to 79.64 kwh/t of cement during the year as against 81.10 kwh /t cement in 2018.
  - Electrical energy efficiency improved by ~ 0.40 kwh to 68.6 kwh/t of clinker during the year as against 69 kwh /t clinker in 2018 and by 0.80 kwh to 37.7 kwh/t of cement grinding during the year as against 38.5 kwh /t cement grinding in 2018.
  - Power generated by the Company's Waste Heat Recovery Plant of 7.5 MW at Gagal plant delivered savings of ₹ 26 Crore (Previous year - ₹ 22 Crore).
  - Entering into solar power purchase agreements to cut power costs and to meet renewable energy obligations.

8. Freight and Forwarding expense:

Amount in ₹ Crore

	2019	2018	Change	Change %
Freight and Forwarding expense				
Freight on Clinker transfer	495.82	515.82	(20.00)	(3.88)
Freight on Cement and Clinker	2,736.92	2,786.79	(49.87)	(1.79)
Clearing and Forwarding expenses on cement	659.97	573.47	86.50	15.09
Ready Mixed Concrete	157.35	135.33	22.02	16.27
TOTAL	**4,050.06**	**4,011.41**	**38.65**	**0.96**

Freight on Cement has decreased due to following reasons:

- Cement despatches decreased by 2% as compared to previous year. Freight on cement and clinker has decreased from ₹ 982/t to 947/t (down by 3.5%).

Following continuous efforts are made to contain the costs through Logistics strategies for improving efficiency:

- The Company implemented logistics cost and efficiency improvement initiatives such as better evacuation efficiency, warehouse rationalisation, focus on road despatches and renegotiation of contracts with the transporters
- Direct dispatches remained at previous year level
- Focus on Road Dispatches - up by 4%, higher evacuation efficiency from low cost and high contribution plants
- Improvement in operational efficiencies through mode-mix optimisation
- Road freight negotiated on the basis of axle load, truck mix & new transporters

Clearing and Forwarding Expenses on cement has increased due to following reasons:

- Clearing and Forwarding expenses on cement has increased from ₹ 202/t to ₹ 228/t (up by 13%).
- Cost up due to additional warehousing space to meet volume growth and handling of higher premium products.

Freight cost on sale of Ready Mix Concrete has gone up due to increase in volumes.

9. Finance costs:

Amount in ₹ Crore

	2019	2018	Change	Change%
Interest				
- On Income tax	16.90	29.59	(12.69)	(42.89)
- On Defined benefit obligation	7.91	9.31	(1.40)	(15.04)
- Interest on deposits from dealers	33.45	28.89	4.56	15.78

Amount in ₹ Crore

	2019	2018	Change	Change%
Interest on litigation matters	17.73	10.31	7.42	71.97
- Others	8.36	9.17	(0.81)	(8.83)
Unwinding of site restoration provision	1.87	1.93	(0.06)	(3.11)
TOTAL	**86.22**	**89.20**	**(2.98)**	**(3.34)**

Overall Finance cost has decreased due to following reasons:

- Interest on income tax for previous year included interest provision on excise incentive matter. Interest provision in current year is no longer required considering the disposal of certain appeals.
- During the current year, the Company has charged out interest of ₹ 18 Crore relating to entry tax and royalty on limestone matters relating to earlier years (Previous year - ₹ 10 Crore)

10. Depreciation and Amortization expense:

Amount in ₹ Crore

	2019	2018	Change	Change%
Depreciation on Property, Plant and Equipment	599.22	595.07	4.15	0.70
Amortisation of intangible assets	3.75	4.57	(0.82)	(17.94)
Total	**602.97**	**599.64**	**3.33**	**0.56**

There is no significant change in Depreciation and Amortization expense

11. Other Expenses:

Amount in ₹ Crore

	2019	2018	Change	Change%
Consumption of stores and spare parts	325.82	318.72	7.10	2.23
Consumption of packing materials	458.13	502.59	(44.46)	(8.85)
Rent	130.61	137.11	(6.50)	(4.74)
Rates and taxes	139.32	151.48	(12.16)	(8.03)
Repairs	149.06	168.82	(19.76)	(11.70)
Insurance	20.34	21.29	(0.95)	(4.46)
Royalties on minerals	276.83	269.16	7.67	2.85
Advertisement	111.60	72.10	39.50	54.79
Technology and Know-how fees	152.33	144.46	7.87	5.45
Impairment losses on trade receivables (net)	21.51	5.39	16.12	299.07
Corporate Social Responsibility expense	25.07	20.45	4.62	22.59
Miscellaneous expenses	672.93	722.76	(49.83)	(6.89)
Captive Consumption of cement	(2.32)	(2.71)	0.39	(14.39)
TOTAL	**2,481.23**	**2,531.62**	**(50.39)**	**(1.99)**

- Consumption of Stores and spares parts has marginally increased as compared to previous year. The Company has optimized the overall maintenance cost.
- Consumption of packing material cost has decreased mainly due to reduction in packing bag prices. Average price of packing bags decreased by 7% mainly due to reduction in prices of polypropylene granules.
- Rates and taxes were higher in previous year due to provision of ₹ 19 Crore towards royalty on limestone matter relating to earlier years.
- Advertisement expenses increased due to various brand promotional activities. During the year the Company unveiled a new brand campaign “Karein Kuch Kamaal”. Television was the main media for promoting the new TV commercial. ACC also acquired the 4 years Official Partners’ Rights for BCCI domestic cricket matches.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd for technical support received by the Company.
- Impairment loss on trade receivable has increased primarily on account of increase in expected credit loss in Ready Mix Concrete business.
- Miscellaneous expenses include commission on sales paid to third party, information technology services, travelling expenses, other third party services, etc. Effective cost control measures have resulted in curtailment of increase in overall

miscellaneous expenses. Miscellaneous expenses as % of Net sales are reduced to 4.39% as compared to 4.99% in 2018.

12. Tax expenses:

Amount in ₹ Crore

	2019	2018	Change	Change%
Current tax	689.81	457.02	232.79	50.94
Tax adjustments for earlier years	-	(500.63)	500.63	100.00
Deferred tax charge	(17.25)	31.27	(48.52)	(155.16)
TOTAL	**672.56**	**(12.34)**	**684.90**	**5,550.24**

Effective income tax rate for 2019 is 33.11% as compared to 32.68% in previous year.

- Current tax has increased by ₹ 233 Crore mainly due to improvement in overall profitability of the Company.
- Refer Note no. 21 for tax adjustment for earlier years.

13. Property, Plant and Equipment and Capital work-in-progress:

Amount in ₹ Crore

	2019	2018	Change	Change%
Property, Plant and Equipment	6,957.28	7,012.21	(54.93)	(0.78)
Capital work-in-progress	435.34	392.16	43.18	11.01
Other Intangible assets	34.09	37.22	(3.13)	(8.41)
TOTAL	**7,426.71**	**7,441.59**	**(14.88)**	**(0.20)**

Property, Plant and Equipment has decreased due to following offsetting reasons:

- During the year, the Company has capitalised Property, Plant and Equipment of ₹ 564 Crore mainly consisting of routine maintenance and efficiency / productivity improvement capex.
- Depreciation on Property, Plant and Equipment for the year is ₹ 603 Crore.
- Capital work-in-progress includes capital expenditure for increasing the operating capacity, efficiency / productivity improvement and maintaining the operating capacity. Capital work-in-progress as at December 31, 2019 includes ₹ 38 Crore for capacity expansion projects.

14. Investments:

Amount in ₹ Crore

	2019	2018	Change	Change%
Investments in subsidiaries, associates and joint ventures	226.45	226.45	-	-
Other Non-current investments	3.70	3.70	-	-
TOTAL	**230.15**	**230.15**	**-**	**-**

- No movement in investments in the current year

15. Financial Assets - Loans and Advances:

Amount in ₹ Crore

	2019	2018	Change	Change%
Non-current loans	135.92	161.23	(25.31)	(15.70)
Current loans	31.43	78.87	(47.44)	(60.15)
TOTAL	**167.35**	**240.10**	**(72.75)**	**(30.30)**

Loans and advances consist of deposits given for power supply and deposits for supply of raw materials and loan to employee.

- Non-current loans have decreased mainly due to classification of certain deposits as short term.
- Current loans have decreased mainly on account of recovery of security deposit given for supply of raw materials.

16. Other Financial Assets:

Amount in ₹ Crore

	2019	2018	Change	Change%
Other non-current Financial assets	468.23	325.33	142.90	43.92
Other current Financial assets	270.51	231.02	39.49	17.09
	738.74	**556.35**	**182.39**	**32.78**

Other Financial Assets has increased primarily on account of accrual of GST Incentives of ₹ 175 Crore during the year under Government schemes for Sindri and Chanda plants.

17. Other assets:

Amount in ₹ Crore

	2019	2018	Change	Change%
Other non-current assets	540.78	611.77	(70.99)	(11.60)
Other current assets	803.41	713.38	90.03	12.62
TOTAL	**1,344.19**	**1,325.15**	**19.04**	**1.44**

Other non-current assets have gone down due to following reasons:

- Capital Advances has decreased as compared to previous year. Corresponding capital work in progress has increased. Decrease in capital advance is partially offset by capital advance of ₹ 51 Crore given for expansion projects.

Other current assets have gone up due to following offsetting reasons:

- Advance to suppliers for raw material has gone up by ₹ 115 Crore to meet Q1'2020 production requirements.
- Prepaid expenses increased due to advance payment of insurance policy for the year 2020.
- Increase in other current assets is partially offset by lower GST input tax credit receivables of ₹ 46 Crore on account of reduction in procurement of inbound materials.

18. Inventories:

Amount in ₹ Crore

	2019	2018	Change	Change%
Raw Materials	117.44	185.73	(68.29)	(36.77)
Work-in-Progress	177.61	222.89	(45.28)	(20.31)
Finished Goods	230.96	293.41	(62.45)	(21.29)
Stock-in-trade	7.90	0.98	6.92	706.12
Stores and Spare Parts	310.85	393.84	(82.99)	(21.07)
Packing Materials	20.65	21.83	(1.18)	(5.41)
Fuels	275.54	559.88	(284.34)	(50.79)
TOTAL	**1,140.95**	**1,678.56**	**(537.61)**	**(32.03)**

- Average inventory turnover in sales days has decreased from 39 days in 2018 to 34 days in 2019 due to decrease in overall inventory. This shows how well the Company managed its inventory levels during the year. Inventory (days) is calculated as Average Inventory/ Sales multiplied by 365.
- Raw material has decreased mainly due to reduction in Gypsum stock as part of effective inventory management and slag inventory is also reduced combined with reduction in slag prices.
- Inventory of cement and clinker has reduced as compared to previous year.
- Inventory of Stores and Spare Parts has decreased due to strict control on procurement of spare parts.
- Fuel inventory has decreased due to reduction in inventory of pet coke and imported coal as compared to previous year

19. Trade receivables:

Amount in ₹ Crore

	2019	2018	Change	Change%
Trade receivables – Cement	308.42	559.91	(251.49)	(44.92)
Trade receivables - Ready Mixed Concrete	320.01	308.35	11.66	3.78
TOTAL	**628.43**	**868.26**	**(239.83)**	**(27.62)**

- Trade receivable for cement has decreased significantly mainly due to better collection performance. Lower price also led to reduction in receivables.
- The average trade receivables in sales days outstanding for cement sales as on December 31, 2019 is 12 as compared to 13 as on December 31, 2018. This shows consistency in managing its credit with the customers and this also reflects strong financial position of most of its customers. Debtor Turnover (days) is calculated as Average Debtors/Sales multiplied by 365.
- The average trade receivables in sales days for Ready Mix Concrete business as on December 31, 2019 is 77 as compared to 80 as on December 31, 2018.

20. Cash and Cash Equivalents and other bank balances:

Amount in ₹ Crore

	2019	2018	Change	Change%
Cash and Cash Equivalents	4,383.18	2,836.84	1,546.34	54.51
Other bank balances	154.92	163.49	(8.57)	(5.24)
Total	**4,538.10**	**3,000.33**	**1,537.77**	**51.25**

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 55% to ₹ 4,383 Crore. The improvement is driven by strong performance, better collection performance, inventory optimisation and implementing appropriate payment norms for suppliers.
- Other bank balance has decreased mainly due to reduction in Margin money deposit given against bank guarantees given to Government authorities

21. Provisions:

Amount in ₹ Crore

	2019	2018	Change	Change%
Non-current provisions	234.13	139.52	94.61	67.81
Current provisions	23.39	27.30	(3.91)	(14.32)
TOTAL	**257.52**	**166.82**	**90.70**	**54.37**

Provision includes employee benefits and site restoration. Non-current provisions has increased due to following reasons:

- Provision for employee benefits for Gratuity and additional gratuity has increased due to reduction in discounting rate from 7.45% in December 2018 to 6.80% in December 2019.
- The Provident Fund of ACC limited (Trust) had invested ₹ 49 Crore in Perpetual Bonds of IL&FS Financial Services Limited. In view of uncertainties regarding recoverability of such investment, during the current year the Company has charged ₹ 49 Crore being the change in the re-measurement of the defined benefit towards probable incremental employee benefit liability.

22. Trade Payables:

Amount in ₹ Crore

	2019	2018	Change	Change%
Trade Payables	**1,470.97**	1,922.73	(451.76)	(23.50)

- Decrease in trade payables is mainly due to lower procurement of inbound materials and spare parts.
- Average trade payable in sales days has decreased from 47 days in 2018 to 40 days in 2019.

23. Other Current Liabilities:

Amount in ₹ Crore

	2019	2018	Change	Change%
Other current financial liabilities				
Interest accrued	26.50	24.18	2.32	9.59
Unpaid dividend	30.92	34.63	(3.71)	(10.71)
Security deposits and retention money	710.54	553.40	157.14	28.40
Liability for capital expenditure	52.17	67.99	(15.82)	(23.27)
Provision for employee	113.83	92.32	21.51	23.30
Foreign currency forward contract	-	1.19	(1.19)	(100.00)
Other current liabilities				
Statutory dues	551.42	575.78	(24.36)	(4.23)
Advance from customers	156.80	226.80	(70.00)	(30.86)
Other payables	1,205.58	986.42	219.16	22.22
TOTAL	**2,847.76**	**2,562.71**	**285.05**	**11.12**

Other current financial liabilities:

- Security deposits and retention money increased mainly due to increase in Security deposit from dealers.
- Provision for employee has increased due to additional bonus provision.

Other current liabilities:

- Other payables has gone up due to following reasons:
- Liability towards interest on income tax has increased. During the year ended December 31, 2019 receipt of Orders Giving Effect (OGE) to the CIT(A) orders for certain Assessment Years on disposal of certain appeals sanctioning income tax refunds resulted in interest income and reversal of provision for interest on income tax aggregating ₹ 277 Crore. The Company made a provision of ₹ 177 Crore against this due to uncertainty of its ultimate realisability.
- Other payables also increased due to increase in provision for rebates to customers.

24. Cash Flows:

Amount in ₹ Crore

	2019	2018	Change	Change%
Net cash flow from operating activities	2,248.35	1,118.08	1,130.27	101.09

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 ₹ 396 Crore due to strong performance in the current year.
- Direct tax paid - (Net of refunds) has decreased by ₹ 80 Crore. During the current year, the Company has received interest on income tax of ₹ 251 Crore.
- Working capital has decreased by ₹ 266 Crore as compared to increase by ₹ 388 Crore in previous year. Inventory and trade receivables have reduce down as compared to previous year.

Amount in ₹ Crore

	2019	2018	Change	Change%
Net cash flow from investing activities	(328.32)	(367.78)	39.46	(10.73)

Net cash used for investing activities has reduced as compared to previous year mainly due to higher interest received on investment of surplus funds.

Amount in ₹ Crore

	2019	2018	Change	Change%
Net cash flow used for financing activities	(374.16)	(441.11)	66.95	(15.18)

Net cash used for financing activities has increased as compared to previous year due to following reasons:

- Repayment of borrowings of ₹ 61 Crore in previous year which was taken from ACC Mineral Resources Limited, a wholly owned subsidiary Company.

RATIO ANALYSIS

1. Operating EBITDA margin (%)

	2019	2018
Operating EBITDA margin	15.70	14.12

- Operating EBITDA margin has increased mainly due to lower operating costs. Expansion in EBITDA margin is also supported by growth in premium products and higher value added services in our Ready Mix Concrete business.
- Input cost of raw materials such as gypsum, slag and fly ash were lower year-on-year due to material source mix optimization and supply chain negotiations. Freight & Forwarding cost reduced year-on-year due to improvement in logistics efficiency.
- Operating EBITDA for 2018 included ₹ 70 Crore on account of charge for Employee Separation Scheme which resulted into drop in Operating EBITDA margin by 48 bps in 2018.

2. Average Return on Capital Employed (%)

	2019	2018
Average Return on Capital Employed	18.43	15.02

Average return on capital employed has increased 3.41% mainly due to following reasons:

- Earnings before interest on long term borrowings and tax (EBIT) have increased by 36% against 11% growth in average Return on Capital Employed.

3. Return on Net worth (%)

	2019	2018
Return on Net worth*	11.79	9.56*

*Profit after tax for 2018 was considered after excluding provision for income tax write back of ₹ 501 Crore.

Return on Net worth has increased mainly due to 35% growth in Profit after tax against 9% growth in net worth. This shows the Company's strength in generating higher profits in current year on the shareholders' equity.

4. Current Ratio (Times)

	2019	2018
Current ratio	1.04	1.18

Decrease in current ratio is mainly on account of decrease in inventory and receivables. This reflects on the strong liquidity of the Company.

5. Price Earning Ratio (Times)

	2019	2018
Price Earning Ratio	20.03	27.84

Price Earning Ratio has decreased mainly due to 35% growth in Basic Earnings per share as against 3% fall in Company's share price due to temporary fall in stock market.

6. Net worth per Share (₹)

	2019	2018
Net worth per Share	614	561

- Net worth per share has improved primarily on account of increase in net worth by 9%.
- Net worth has increased due to increase in retained profit after distribution of dividend to shareholders.

7. Dividend per share, earning per share and Dividend Payout Ratio*

	2019	2018
Dividend per share (₹)	14	14
Basic Earnings per Share (₹)	72.36	53.57
Dividend payout ratio (%)	19	26

*Dividend Payout Ratio is calculated without considering dividend distribution tax

- Basic Earnings per share stood at ₹ 72.36 for the year ended 2019 registering an increase by 35% as compared to previous year. Improved primarily on account of higher operating profits.

8. Fixed Asset Turnover Ratio (Times)

	2019	2018
Fixed Asset Turnover Ratio	2.1	1.9

- Asset turnover ratio has improved primarily on account of increase in net sales.

Independent Auditor's Report

To The Members of ACC Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of ACC Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Emphasis of Matter

We draw attention to Notes 39(A)(a) and 39(A)(b) of the standalone financial statements which describe 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, National Company Law Appellate Tribunal (NCLAT), (which replaced the Competition Appellate Tribunal (COMPAT) effective May 26, 2017), in its order passed on July 25, 2018 had upheld the CCI's Order. The Company's appeal against the said judgment of NCLAT before the Hon'ble Supreme Court was admitted vide its order dated October 05, 2018 with a direction that the interim order passed by the Tribunal would continue.

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 had stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

Based on the Company's assessment on the outcome of these appeals supported by the advice of external legal counsel, the Company is of the view that no provision is necessary in respect of these matters in these standalone financial statements. Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Independent Auditor's Report

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>Auditor's Responses</th></tr>
<tr><td>1.</td><td>Litigation, Claims and Contingent Liabilities:
(Refer Notes 23 and 39(A), to be read along with Emphasis of Matter in Independent Auditor's Report of the standalone financial statements)
The Company is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims.
Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.
Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.</td><td>Principal audit procedures performed:
We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities.
We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote';
Examined the Company's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness.
We read the correspondence from Court authorities and considered legal opinion obtained by the management from external law firms to challenge the basis used for provisions recognised or the disclosures made in the standalone financial statements.
We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions.
For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.</td></tr>
<tr><td>2.</td><td>Income tax provision :
(Refer Notes 21 and 39(A) of the standalone financial statements)
This matter has been identified as a Key Audit Matter due to the significant level of management judgment required in the estimation of provision for income taxes including any write back of provisions, due to the following factors:
Existence of multiple uncertain tax positions leading to multiple disputes / litigations.
Provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.</td><td>Principal audit procedures performed:
Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Company's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.
Obtained details of completed tax assessments and demands as of December 31, 2019 from the management.
We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the management's underlying key assumptions in estimating the tax provisions.
We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions.</td></tr>
</table>

Independent Auditor's Report

Sr. No.	Key Audit Matters	Auditor's Responses
		• We also involved our direct tax specialist in evaluating management's assessment for the uncertain tax positions. • For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.

Information Other than the Standalone Financial Statements and Auditor's Report Thereon

- The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Report on Corporate Governance, Business Responsibility Report and Shareholder's Information, but does not include the standalone financial statements and our auditor's report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone 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 Ind AS and other accounting principles generally accepted in India. 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial

Independent Auditor's Report

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit 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 Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.

   d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.

Independent Auditor's Report

e) On the basis of the written representations received from the directors as on December 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2019 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 the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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 financial statements (Refer Note 39 in the standalone 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.

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)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 20040081AAAAAE7070

Place : Mumbai
Date : February 07, 2020

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, 2019 in conjunction with our audit of the standalone 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 the 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 of the Company 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.

Annexure "A" to the Independent Auditor's Report

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, 2019, based on the criteria for internal financial control over financial reporting 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)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 20040081AAAAAE7070

Place : Mumbai
Date : February 07, 2020

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 Crores)

Particulars of the land and building	Gross Carrying Value as at December 31, 2019	Net Carrying Value as at December 31, 2019	Remarks
Freehold Land	1.37	1.37	Title deeds are in name of the entities which got merged with the Company.
Buildings	7.82	5.76	
Freehold Land	0.35	0.35	Original title deeds are not available. Copies are available.
Buildings	0.39	0.36	

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 Crores)

Particulars of the land	Gross Carrying Value as at December 31, 2019	Net Carrying Value as at December 31, 2019	Remarks
Leasehold Land	2.34	2.10	Title deeds are in name of the entities which got merged with the Company.
Leasehold Land	1.19	1.06	Original title deeds are not available. Copies are available.

(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.

Annexure "B" to the Independent Auditor's Report

(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. Sales Tax, Service Tax, Excise Duty and Value Added Tax are not applicable during the year.

(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, Goods and Services Tax, Cess and other material statutory dues in arrears as at December 31, 2019 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, 2019 on account of disputes are given below:

(₹. in Crores)

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	2012-2013	197.76
			2013-2014	14.14
			2017-2018	116.70
Sales Tax / Value Added Tax	Sales Tax, VAT, Penalty and Interest	High Court	1984-2017	147.27
		Appellate Authorities & Tribunal	1984-2017	181.75
		Commissioner	1990-2017	22.99
Central Excise Act, 1944	Excise Duty, Penalty and Interest	Supreme Court	1994-2000	2.34
		High Court	2001-2013	51.33
		Appellate Authorities & Tribunal	1994-2018	122.71
		Commissioner	2001-2018	1.55
Finance Act, 1994	Service Tax, Penalty and Interest	Appellate Authorities & Tribunal	2001-2017	174.66
		Commissioner	2005-2017	36.93
Custom Act, 1962	Custom Duty, Penalty and Interest	Appellate Authorities & Tribunal	2012-2013	0.47

Annexure "B" to the Independent Auditor's Report

(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 them 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)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 20040081AAAAAE7070

Place : Mumbai
Date : February 07, 2020

Balance Sheet

as at December 31, 2019

(₹ Crore)

Particulars				Note No.	As at December 31, 2019	As at December 31, 2018
A.	**ASSETS**					
1)	**Non-current assets**					
	a)	Property, Plant and Equipment		2	6,957.28	7,012.21
	b)	Capital work-in-progress			435.34	392.16
	c)	Other Intangible assets		3	34.09	37.22
	d)	Investments in subsidiaries, associates and joint ventures		4	226.45	226.45
	e)	Financial Assets				
		(i)	Investments	5	3.70	3.70
		(ii)	Loans	6	135.92	161.23
		(iii)	Other financial assets	7	468.23	325.33
	f)	Non-Current Tax Assets (Net)		8	857.01	673.01
	g)	Other non-current assets		9	540.78	611.77
	Total Non-current assets				**9,658.80**	**9,443.08**
2)	**Current assets**					
	a)	Inventories		10	1,140.95	1,678.56
	b)	Financial Assets				
		(i)	Trade receivables	11	628.43	868.26
		(ii)	Cash and Cash Equivalents	12	4,383.18	2,836.84
		(iii)	Bank balances other than Cash and Cash Equivalents	13	154.92	163.49
		(iv)	Loans	14	31.43	78.87
		(v)	Other financial assets	15	270.51	231.02
	c)	Other current assets		16	803.41	713.38
					7,412.83	**6,570.42**
	d)	Non-current assets classified as held for sale		17	10.47	11.55
	Total Current assets				**7,423.30**	**6,581.97**
	TOTAL - ASSETS				**17,082.10**	**16,025.05**
B.	**EQUITY AND LIABILITIES**					
	Equity					
	a)	Equity Share Capital		18	187.99	187.99
	b)	Other Equity		19	11,333.29	10,339.67
	Total Equity				**11,521.28**	**10,527.66**
	Liabilities					
	Non-current liabilities					
	a)	Provisions		20	234.13	139.52
	b)	Deferred tax liabilities (Net)		21	642.21	663.09
	Total Non-current liabilities				**876.34**	**802.61**
	Current liabilities					
	a)	Financial Liabilities				
		(i)	Trade payables			
			Total outstanding dues of micro and small enterprises	43	11.27	8.02
			Total outstanding dues of creditors other than micro and small enterprises		1,459.70	1,914.71
		(ii)	Other financial liabilities	22	933.96	773.71
	b)	Other current liabilities		23	1,913.80	1,789.00
	c)	Provisions		24	23.39	27.30
	d)	Current Tax Liabilities (Net)			342.36	182.04
	Total Current liabilities				**4,684.48**	**4,694.78**
	Total Liabilities				**5,560.82**	**5,497.39**
	TOTAL - EQUITY AND LIABILITIES				**17,082.10**	**16,025.05**
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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Statement of Profit and Loss

for the year ended December 31, 2019

(₹ Crore)

	Particulars		Note No.	For the Year ended December 31, 2019		For the Year ended December 31, 2018
	INCOME					
1	Revenue from operations		25	15,656.65		14,801.35
2	Other Income		26	311.21		138.50
3	**Total Income (1+2)**				15,967.86	14,939.85
4	**EXPENSES**					
	a)	Cost of materials consumed	27	2,258.10		2,370.23
	b)	Purchase of Stock-in-Trade	28	361.69		89.26
	c)	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	29	100.81		(124.98)
	d)	Employee benefits expense	30	863.97		881.06
	e)	Power and fuel		3,131.34		2,998.12
	f)	Freight and Forwarding expense	31	4,050.06		4,011.41
	g)	Finance costs	32	86.22		89.20
	h)	Depreciation and amortisation expense	33	602.97		599.64
	i)	Other expenses	34	2,483.55		2,534.33
				13,938.71		13,448.27
	Captive Consumption of Cement			(2.32)		(2.71)
	Total Expenses				**13,936.39**	**13,445.56**
5	**Profit before tax (3-4)**				**2,031.47**	**1,494.29**
6	**Tax expense** (Refer Note - 21)					
	a)	Current tax		689.81		457.02
	b)	Tax adjustments for earlier years		-		(500.63)
	c)	Deferred tax (credit) / charge		(17.25)		31.27
					672.56	(12.34)
7	**Profit for the year (5-6)**				**1,358.91**	**1,506.63**
8	**Other Comprehensive Income (OCI)**					
	(i)	Items that will not be reclassified to profit and loss:				
		Re-measurement gain / (loss) on defined benefit plans	36		(75.28)	(7.45)
	(ii)	Income tax relating to items that will not be reclassified to profit and loss	21		26.30	2.60
	Other Comprehensive Income for the year, net of tax				**(48.98)**	**(4.85)**
9	**Total Comprehensive Income for the year (7+8)**				**1,309.93**	**1,501.78**
10	**Earnings per equity share of ₹ 10 each:**		35			
	Basic			₹	72.36	80.23
	Diluted			₹	72.19	80.04
	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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
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NEERAJ AKHOURY
Managing Director & CEO
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Director
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Chief Financial Officer

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Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Statement of Changes in Equity
for the year ended December 31, 2019

A. Equity Share Capital

	Note No.	(₹ Crore)
As at January 01, 2018	18	187.99
Issue of equity shares		-
As at December 31, 2018	18	187.99
Issue of equity shares		-
As at December 31, 2019	18	**187.99**

B. Other Equity

For the year ended December 31, 2019

(₹ Crore)

	Reserves and surplus (Refer Note - 19)					Total Other Equity
	Capital Reserve	Securities Premium	General Reserve	Capital contribution from parent	Retained Earnings	
As at January 01, 2019	67.81	845.03	2,723.30	-	6,703.53	10,339.67
Profit for the year	-	-	-	-	1,358.91	1,358.91
Other Comprehensive Income for the year, net of tax	-	-	-	-	(48.98)	(48.98)
Total comprehensive income for the year					**1,309.93**	**1,309.93**
Employee Share based payments (Refer Note - 52)	-	-	-	0.63	-	0.63
Final dividend paid for 2018 (Refer Note - 51)	-	-	-	-	(262.90)	(262.90)
Dividend distribution tax on dividend (Refer Note - 51)	-	-	-	-	(54.04)	(54.04)
As at December 31, 2019	**67.81**	**845.03**	**2,723.30**	**0.63**	**7,696.52**	**11,333.29**

For the year ended December 31, 2018

(₹ Crore)

	Reserves and surplus (Refer Note - 19)					
	Capital Reserve	**Securities Premium**	**General Reserve**	**Capital contribution from parent**	**Retained Earnings**	**Total Other Equity**
As at January 01, 2018	67.81	845.03	2,723.30	-	5,541.33	9,177.47
Profit for the year	-	-	-	-	1,506.63	1,506.63
Other Comprehensive Income for the year, net of tax	-	-	-	-	(4.85)	(4.85)
Total comprehensive income for the year					**1,501.78**	**1,501.78**
Final dividend paid for 2017 (Refer Note - 51)	-	-	-	-	(281.68)	(281.68)
Dividend distribution tax on dividend (Refer Note - 51)	-	-	-	-	(57.90)	(57.90)
As at December 31, 2018	**67.81**	**845.03**	**2,723.30**	**-**	**6,703.53**	**10,339.67**

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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Statement of Cash Flow

for the year ended December 31, 2019

(₹ Crore)

	Particulars	Note no.	For the year ended December 31, 2019	For the year ended December 31, 2018
A.	**Cash flow from operating activities**			
	Profit before Tax		2,031.47	1,494.29
	Adjustments to reconcile profit before tax to net cash flows:			
	Depreciation and amortisation expense	33	602.97	599.64
	Profit on sale / write off of Property, Plant and Equipment (net)	26	(24.45)	(0.94)
	Gain on sale of current financial assets measured at FVTPL	26	(19.53)	(33.43)
	Dividend income	26	(1.69)	(1.09)
	Interest income	26	(265.07)	(102.13)
	Finance costs	32	86.22	89.20
	Impairment losses on trade receivables (net)	34	21.51	5.39
	Provision / (Reversal) for doubtful advances (net)		(0.11)	(0.05)
	Provision / (Reversal) for slow and non moving Stores & Spare (net)	10	6.38	4.42
	Provision no longer required written back	25	(9.48)	(24.59)
	Net gain on fair valuation of current financial assets measured at FVTPL	26	(0.47)	(0.91)
	Employee share based payments	30	0.63	-
	Amortisation of operating lease rental		-	2.78
	Fair Value movement in Derivative Instruments		-	1.19
	Unrealised exchange loss / (gain) (net)		0.12	(1.10)
	Operating profit before working capital changes		2,428.50	2,032.67
	Changes in Working Capital:			
	Adjustments for Decrease / (Increase) in operating assets:			
	Decrease / (Increase) in Trade receivable, loans and advances and other assets	6,7,9,11 & 14-17	31.38	(265.16)
	Decrease / (Increase) in Inventories	10	531.23	(279.03)
	Adjustments for Increase / (Decrease) in operating liabilities:			
	(Decrease) / Increase in Trade payables, Other liabilities and Provisions	20, 22 - 24	(296.56)	156.13
	Cash generated from operations		2,694.55	1,644.61
	Direct tax paid including interest on Income tax - (Net of refunds)		(446.20)	(526.53)
	Net Cash flow from operating activities		**2,248.35**	**1,118.08**
B.	**Cash flow from investing activities**			
	Loans to subsidiary companies	41	(0.56)	(0.29)
	Purchase of Property, Plant and Equipments (Including Capital work-in-progress and Capital Advances)			
	Capex for increases in operating capacity		(108.70)	(40.62)
	Capex for efficiency improvement and maintaining operating capacity		(431.74)	(477.03)
	Proceeds from sale of Property, Plant and Equipment		46.99	22.57
	Net proceeds from sale of mutual funds		19.53	33.43
	Investment in bank and margin money deposits (having original maturity for more than 12 months)	7	(32.27)	(4.35)
	Investment in bank and margin money deposits (having original maturity for more than 3 months)		(2,476.87)	(117.39)
	Redemption of bank and margin money deposits (having original maturity for more than 3 months)		2,481.73	125.54
	Investment in certificate of deposits		(600.00)	-
	Redemption of certificate of deposits		600.00	-
	Dividend received from Associate / Joint venture	26	1.69	1.09
	Interest received		171.88	89.27
	Net cash used in investing activities		**(328.32)**	**(367.78)**

Statement of Cash Flow

for the year ended December 31, 2019

(₹ Crore)

	Particulars	Note no.	For the year ended December 31, 2019	For the year ended December 31, 2018
C.	**Cash flow from financing activities**			
	Interest paid		(57.22)	(40.89)
	Repayment of short-term borrowing from Subsidiary Company (Refer note -2 below)	41	-	(60.64)
	Dividend paid	51	(262.90)	(281.68)
	Dividend Distribution Tax paid	51	(54.04)	(57.90)
	Net cash used in financing activities		**(374.16)**	**(441.11)**
	Net increase in cash and cash equivalents		1,545.87	309.19
	Add: Cash and cash equivalents at the beginning of the year	12	2,836.84	2,526.74
	Add: Adjustment for gain on fair valuation of current financial assets measured at FVTPL	26	0.47	0.91
	Cash and cash equivalents at the end of the year	12	**4,383.18**	**2,836.84**

See accompanying notes to the financial statements

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in Ind AS - 7 on Cash Flow Statements.
2. Changes in liability arising from financing activities.

(₹ Crore)

Particulars	As at January 01, 2018	Non cash Changes Conversion of Interest	Cash flow	As at December 31, 2018
Current borrowing - Loan from a subsidiary	59.17	1.47	(60.64)	-

3. Refer Note 42 for Cash flows arising from the reportable segments.

In terms of our report attached
FOR DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/ W-100018

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
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MARTIN KRIEGNER
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Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Notes to the Financial Statements

for the year ended December 31, 2019

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 The National Stock Exchange of India (NSE) and The Bombay Stock Exchange Ltd. (BSE) of India. The registered office of the Company is located at Cement House, 121, Maharshi Karve Road, Mumbai – 400020, India.

ACC Limited, a member of the LafargeHolcim 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.

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.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors on February 07, 2020.

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 Note 1(X) for accounting policy on Financial Instruments);

b) Non-current assets classified as held for sale are measured at lower of their 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.

The accounting policies have been applied consistently over all the periods presented in these financial statements.

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:

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.

Rounding of amounts

All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest Crore as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

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 and Ind AS 1 "Presentation of financial statements".

Notes to the Financial Statements

for the year ended December 31, 2019

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. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 twelve 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 / installation 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).

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 decapitalised on such date with consequent impact in the Statement of Profit and Loss.

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

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for the year ended December 31, 2019

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 under "Other Income / Other Expenses" when the asset is derecognised.

g) The Company had 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 reserves 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 a 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.

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.

h) In respect of an asset for which impairment loss, if any, is recognised, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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VI. Intangible Assets

Recognition and Measurement:

a) Mining rights and computer software acquired are measured on initial recognition at cost. Cost comprises the purchase price (net of tax / duty credits availed 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) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. 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 such item of intangible asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

c) The Company had 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

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 the 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 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.

IX. Inventories

Inventories are valued after providing for obsolescence, as follows:

a) Raw Materials, Stores and 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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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.

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, (f) other short-term receivables (including incentive receivable from Government) and deposits and (g) forward contract.

ii. Non-current financial assets mainly consisting of (a) financial investments – equity, bond and fixed deposits and (b) other long-term receivables (including incentive receivable from Government) and deposits.

Initial recognition and measurement

The Company recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

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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.

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) unless the same are designated as FVTPL

A 'debt instrument' is classified as at the FVTOCI unless the same are designated as FVTPL, 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 though 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 other comprehensive income (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 as FVTOCI.

Derivative Financial Instruments

The Company uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company does not hold derivative financial instruments for speculative purposes.

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:

(a) The rights to receive cash flows from the asset have expired, or

(b) 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

   i. the Company has transferred substantially all the risks and rewards of the asset, or

   ii. 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.

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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, incentive receivable from Government 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 115 "Revenue from Contracts with Customers", 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, twelve 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 twelve month ECL.

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve 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 under the head 'Other expenses' 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,

Notes to the Financial Statements
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(d) security deposit, (e) other payables and (f) forward contract.

Initial recognition and measurement
The Company recognises 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 Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

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:

(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 Company'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 Company does not owe any financial liability which is either classified or designated at fair value though 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 expired.

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

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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.

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 had 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 recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a 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 recognise a contingent asset, if any but discloses in the 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

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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 the 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 Statement 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

Revenue is recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of the Company's core products Cement and Ready Mix Concrete is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations.

The customer obtains control of the goods when the significant risks and rewards of products sold are transferred to the customer, being at the point the goods are delivered to and accepted by the customer, according to the specific delivery terms that have been agreed with the customer.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any discounts, price concessions, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts, price concessions and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with the customer concerned, which is consistent with market practice.

Contract Balances

Trade receivables

A trade receivable is recognised when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Contract assets, which is a company's right to consideration that is conditional on something other than the passage of time. Currently there are no contract assets.

Contract liabilities

Contract liabilities, which is a company's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers which are disclosed in Note no. 23. Contract liabilities are recognised as revenue when the Company performs under the contract.

Rendering of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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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 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 the 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 and any expected loss in investment. Such shortfall is recognised in the retained earnings through OCI. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

d) Accumulated Compensated Absences

Accumulated compensated absences which are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are treated as short term

Notes to the Financial Statements

for the year ended December 31, 2019

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 twelve 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 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:

i. when the Company can no longer withdraw the offer of those benefits; and

ii. 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 twelve 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.

h) Employee share-based payments

The Ultimate holding Company of the company operates various equity-settled share-based compensation plans. Senior executive of the Company received remuneration in the form of share-based payments, whereby employee render service as consideration for equity instruments (equity settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity settled transactions is recognised in the Statement of Profit and Loss, together with a corresponding increase in equity, representing contribution received from the ultimate holding company, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents movement in the cumulative expenses recognised as at the beginning and end of that period.

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.

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for the year ended December 31, 2019

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 amortised.

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.

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 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 or recovered from 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 the Statement of Profit and Loss is 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:

a) 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; and

b) 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:

a) 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; and

b) 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

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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 Statement of Profit and 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 credits 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 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

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for the year ended December 31, 2019

assesses the financial performance and position of the Company and makes strategic decisions.

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 and cheques on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of the 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 certificates of deposit 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) Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment are recognised in the Statement of Profit and Loss in the period in which they become receivable.

c) Where the government grant / subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss, under other operating revenue 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.

d) Where the grant or subsidy relates to an asset, it is presented in the balance sheet by setting up the grant as deferred income and recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the 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 year.

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.

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, 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.

Notes to the Financial Statements
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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. Revisions in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

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 summarised 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.

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 specialised lawyers.

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 crystalising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

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 asset.

Impairment of investments in subsidiaries, associates and joint ventures

Determining whether the investments in subsidiaries, associates and joint ventures are impaired requires an estimate of 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. New Accounting Pronouncement – Adoption of Ind AS 115 "Revenue from contracts with Customers" (Change in accounting policy)

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 replaces Ind AS 18 Revenue.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract

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and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Effective January 01, 2019, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' using the full retrospective approach.

The effect of adopting Ind AS 115 as at December 31, 2018 is as follows;

'Advances received from customers', as at December 31, 2018 has been classified as 'Contract Liabilities'.

Further, the adoption of Ind AS 115 did not have any significant impact on overall financial statements of the Company.

XXVIII. New Ind AS that has been issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from January 01, 2020.

Ind AS 116: Leases

Ind AS 116 – on March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessee. This will result in the Company recognising right of use assets and lease liability in the books.

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for underlying assets of low value and short-term leases. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.
- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.
- The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete.

This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the Company obtains substantially all the economic benefits from the use of that asset; and whether the Company has the right to direct the use of that asset.
- The estimated impact of Ind AS 116 on the Company's financial statements at December 31, 2020 is as follows:

The Company intends to apply the new standard in accordance with the modified retrospective approach without restatement of the comparative period. Leases that were accounted for as operating leases in accordance with Ind AS 17 Leases, will be recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted using the lessee's incremental borrowing rate as at the date of initial application.

Furthermore, the Company has chosen the option whereby the right-of-use asset would equal the lease liability at the initial application of Ind AS 116.

Balance sheet:

- The Company is currently finalising the implementation of the Ind AS 116 standard, which is expected to translate as of January 01, 2020 into additional lease liabilities and right-of-use assets approximately ₹ 137 Crore.

Statement of Profit and Loss:

- The Company estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately ₹ 30 Crore from the right-of-use assets. This will offset

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the reduction in operating lease expenses of around ₹ 35 Crore per year, resulting in an overall increase in Earnings before interest and taxes (EBIT) of ₹ 5 Crore. Finance costs are expected to increase by approximately ₹ 10 Crore per year due to the interest recognised on lease liabilities.

Statement of Cash Flows:

- The Company estimates that the adoption of Ind AS 116 will increase cash flows from operating activities by approximately ₹ 35 Crore with a related decrease in cash flows used in financing activities of ₹ 35 Crore which relates to lease payments.

Others

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on March 30, 2019 which is effective from January 01, 2020.

1. **Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments**

   The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company has used in tax computation or plan to use in their income tax filings. The Company has currently carried out an initial assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

2. **Amendment to Ind AS 12 – Income taxes**

   The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events

3. **Ind AS 19 - Plan amendment, curtailment or settlement**

   The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4. **Amendments to Ind AS 28, Investments to Associates and Joint Ventures**

   The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any such long-term interests in associates and joint ventures.

5. **Amendments to Ind AS 23, Borrowing Costs**

   The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not have any borrowings.

6. **Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

   The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

7. **Amendments to Ind AS 109, Financial Instruments**

   The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on its Financial Statements.

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NOTE 2. Property, Plant and Equipment

Refer Note 1 (V) for accounting policy on Property, Plant and Equipment

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Depreciation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Tangible Assets :										
Freehold Non-Mining Land	133.62	0.78	-	134.40	-	-	-	-	134.40	133.62
Freehold Mining Land	306.54	33.76	-	340.30	0.77	0.27	-	1.04	339.26	305.77
Leasehold Land	39.47	-	-	39.47	1.33	0.53	-	1.86	37.61	38.14
Buildings	1,654.68	64.31	8.16	1,710.83	218.38	77.52	7.69	288.21	1,422.62	1,436.30
Plant and Equipment	6,289.36	429.33	34.22	6,684.47	1,465.58	477.16	15.95	1,926.79	4,757.68	4,823.78
Railway Sidings	251.83	4.33	-	256.16	54.17	20.98	-	75.15	181.01	197.66
Furniture and Fixtures	26.50	2.47	0.11	28.86	12.49	3.11	0.09	15.51	13.35	14.01
Vehicles	68.62	19.69	0.09	88.22	27.40	10.59	0.09	37.90	50.32	41.22
Office equipment	58.61	8.51	1.40	65.72	36.90	9.06	1.27	44.69	21.03	21.71
TOTAL	**8,829.23**	**563.18**	**43.98**	**9,348.43**	**1,817.02**	**599.22**	**25.09**	**2,391.15**	**6,957.28**	**7,012.21**

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Depreciation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Tangible Assets :										
Freehold Non-Mining Land	130.61	3.03	0.02	133.62	-	-	-	-	133.62	130.61
Freehold Mining Land	304.45	2.09	-	306.54	0.51	0.26	-	0.77	305.77	303.94
Leasehold Land	39.21	0.26	-	39.47	0.79	0.54	-	1.33	38.14	38.42
Buildings	1,608.57	48.87	2.76	1,654.68	141.42	78.33	1.37	218.38	1,436.30	1,467.15
Plant and Equipment	5,973.02	341.42	25.08	6,289.36	1,002.87	470.77	8.06	1,465.58	4,823.78	4,970.15
Railway Sidings	243.31	8.52	-	251.83	33.49	20.68	-	54.17	197.66	209.82
Furniture and Fixtures	24.85	2.61	0.96	26.50	8.98	3.86	0.35	12.49	14.01	15.87
Vehicles	57.07	11.95	0.40	68.62	17.76	9.92	0.28	27.40	41.22	39.31
Office equipment	52.69	6.49	0.57	58.61	26.71	10.71	0.52	36.90	21.71	25.98
TOTAL	**8,433.78**	**425.24**	**29.79**	**8,829.23**	**1,232.53**	**595.07**	**10.58**	**1,817.02**	**7,012.21**	**7,201.25**

Note:-

1 Buildings include cost of shares ₹ 4,120 (Previous Year - ₹ 4,120) in various Co-operative Housing Societies, in respect of 8 (Previous Year - 8) residential flats.

2 The title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company except for 1 case of leasehold land amounting to net block of ₹ 2.10 Crore (Previous year - ₹ 2.16 Crore), 2 cases of freehold land amounting to net block of ₹ 1.37 Crore (Previous year - ₹ 1.41 Crore) and 2 cases of Buildings amounting to net block of ₹ 5.76 Crore (Previous year - ₹ 6.46 Crore) respectively as at December 31, 2019 for which title deeds are in the name of the erstwhile Company that merged with the Company.

3 Capital work in progress as at December 31, 2019 is ₹ 435.34 Crore (Previous year - ₹ 392.16 Crore). Refer Note 47 for the amount of expenditure recognised in the carrying amount of an item of Property, Plant and Equipment / Capital work in progress (CWIP) during the course of its construction.

4 For contractual commitment with respect to Property, Plant and Equipment, refer Note - 38.

NOTE 3. Other Intangible assets

Refer Note 1 (VI) for accounting policy on Intangible Assets

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Amortisation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Intangible Assets :										
Computer Software	2.73	0.01	-	2.74	1.87	0.67	-	2.54	0.20	0.86
Mining Rights	45.45	0.61	-	46.06	9.09	3.08	-	12.17	33.89	36.36
TOTAL	**48.18**	**0.62**	**-**	**48.80**	**10.96**	**3.75**	**-**	**14.71**	**34.09**	**37.22**

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Amortisation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Intangible Assets :										
Computer Software	2.62	0.11	-	2.73	1.04	0.83	-	1.87	0.86	1.58
Mining Rights	43.54	1.91	-	45.45	5.35	3.74	-	9.09	36.36	38.19
TOTAL	**46.16**	**2.02**	**-**	**48.18**	**6.39**	**4.57**	**-**	**10.96**	**37.22**	**39.77**

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for the year ended December 31, 2019

NOTE 4. Investments in subsidiaries, associates and joint ventures (measured at cost)

Refer Note 1 (XII) for accounting policy on Investment in subsidiaries, associates and joint ventures

	As at December 31, 2019			As at December 31, 2018	
	Numbers	(₹ Crore)		Numbers	(₹ Crore)
Investment in Unquoted equity instruments					
Investment in subsidiaries					
Face value ₹ 10 each fully paid					
Bulk Cement Corporation (India) Limited (94.65% shareholding)	3,18,42,050	37.27		3,18,42,050	37.27
Singhania Minerals Private Limited (100% shareholding)	5,20,000	5.50		5,20,000	5.50
Face value ₹ 100 each fully paid (Refer Note - 44)					
Lucky Minmat Limited (100% shareholding)	3,25,000	38.10		3,25,000	38.10
ACC Mineral Resources Limited (100% shareholding)	1,21,95,000	106.80		1,21,95,000	106.80
Less: Accumulated impairment		42.81			42.81
		63.99			**63.99**
National Limestone Company Private Limited (100% shareholding)	2,00,000	14.02		2,00,000	14.02
Investment in Associates					
Face value ₹ 10 each fully paid					
Alcon Cement Company Private Limited (40% shareholding)	4,08,001	22.25		4,08,001	22.25
Asian Concretes and Cements Private Limited (45% shareholding)	81,00,000	36.81		81,00,000	36.81
Investment in Joint Ventures					
Face value ₹ 10 each fully paid					
Aakaash Manufacturing Company Private Limited (40% shareholding)	4,401	6.01		4,401	6.01
OneIndia BSC Private Limited (50% shareholding)	25,01,000	2.50		25,01,000	2.50
TOTAL			**226.45**		**226.45**

Notes (I)	Aggregate amount of unquoted Investments	226.45	226.45
(II)	Aggregate amount of impairment in value of investments in unquoted equity shares	42.81	42.81
(III)	Each of the above Companies is incorporated in India and Principal activities are Cement and cement related products and services.		

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 5. Non-current - Investments

Refer Note 1 (X) for accounting policy on Investments

	As at December 31, 2019			As at December 31, 2018	
	Numbers	(₹ Crore)		Numbers	(₹ Crore)
Investment at fair value through profit or loss (FVTPL)					
Investment in equity instruments (fully paid)					
Unquoted*					
Face value ₹ 10 each fully paid					
Kanoria Sugar & General Mfg. Company Limited	4	-		4	-
Gujarat Composites Limited	60	-		60	-
Rohtas Industries Limited	220	-		220	-
The Jaipur Udyog Limited	120	-		120	-
Digvijay Finlease Limited	90	-		90	-
The Travancore Cement Company Limited	100	-		100	-
Ashoka Cement Limited	50	-		50	-
Face value ₹ 5 each fully paid					
The Sone Valley Portland Cement Company Limited	100	-		100	-
Investment at amortized cost			-		-
Investment in Unquoted bonds					
Face value ₹ 1,000,000 each fully paid					
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	3.70	37	3.70
TOTAL			3.70		3.70

Notes

(I) Aggregate value of unquoted investments **3.70** 3.70

(II) * Each of such investments is carried at value less than ₹ 50,000

Refer Note 48 for information about fair value measurement and Note 49 for credit risk and market risk of investments.

NOTE 6. Non-Current Loans

Considered good - unsecured

Refer Note 1 (X) for accounting policy on Loans

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Security deposits	126.68	150.04
Loans to Employees	9.24	11.19
TOTAL	**135.92**	**161.23**

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.

Refer Note 49 for information about credit risk and market risk of loans

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 7. Other Non-Current financial assets

Refer Note 1 (X) for accounting policy on Financial Instruments

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	431.55	320.92
Bank deposits with more than 12 months maturity*	29.06	0.26
Margin money deposit with more than 12 months maturity**	7.62	4.15
TOTAL	**468.23**	**325.33**

*Lodged as security with government authorities of ₹ 28.80 Crore (Previous year - ₹ Nil).

**Margin money deposit is against bank guarantees given to Government authorities.

Refer Note 49 for information about credit risk and market risk of other financial assets.

NOTE 8. Non-current tax assets (net)

Refer Note 1 (XX) for accounting policy on Taxation

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Advance tax (Net of provision for tax) (Refer Note - 21)	857.01	673.01
TOTAL	**857.01**	**673.01**

NOTE 9. Other non-current assets

Unsecured, Considered Good, unless otherwise stated

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Capital Advances	94.60	180.65
Advance other than Capital Advances		
Claim receivables from Government and Others	155.81	156.02
Unsecured, considered good	4.21	4.32
Considered doubtful	(4.21)	(4.32)
Less: Allowance for doubtful deposits	155.81	156.02
Deposits with Government Bodies and Others		
Unsecured, considered good	290.37	275.10
Considered doubtful	3.33	3.33
Less: Allowance for doubtful deposits	(3.33)	(3.33)
	290.37	275.10
TOTAL	**540.78**	**611.77**

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 10. Inventories

At lower of cost and net realizable value
Refer Note 1 (IX) for accounting policy on Inventories

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Raw Materials {Including goods-in-transit ₹ 4.09 Crore (Previous year - ₹ 11.22 Crore)}	117.44	185.73
Work-in-Progress	177.61	222.89
Finished Goods	230.96	293.41
Stock-in-trade {Including goods-in-transit ₹ 0.49 Crore (Previous year - ₹ Nil)}	7.90	0.98
Stores and Spares {Including goods-in-transit ₹ 14.74 Crore (Previous year - ₹ 20.70 Crore)}	310.85	393.84
Packing Materials	20.65	21.83
Fuels {Including goods-in-transit ₹ 11.53 Crore (Previous year - ₹ 46.37 Crore)}	275.54	559.88
TOTAL	**1,140.95**	**1,678.56**

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares in the current year is ₹ 6.38 Crore (Previous year - ₹ 4.42 Crore). There has been no reversal of such write down in current and previous year

NOTE 11. Trade receivables

Refer Note 1 (X) for accounting policy on Trade receivables

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Considered good - Secured	43.35	105.90
Considered good - Unsecured*	585.08	762.36
Receivables which have significant increase in credit risk {Refer Note 49(i)}	41.13	24.65
	669.56	892.91
Less : Allowance for doubtful receivables	(41.13)	(24.65)
TOTAL	**628.43**	**868.26**

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.

*Refer Note 41 for receivables from related parties.

Refer Note 49 for information about credit risk of trade receivables.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 12. Cash and Cash Equivalents

Refer Note 1 (XXIII) for accounting policy on Cash and Cash Equivalents

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Balances with banks:		
In current accounts	28.01	96.16
Deposits with original maturity of less than three months	2,100.00	1,015.00
	2,128.01	**1,111.16**
Cheques on hand*	36.71	98.66
Deposit with other than banks with original maturity of less than three months	250.00	100.00
Post office saving accounts	0.01	0.01
	2,414.73	**1,309.83**
Investments in liquid mutual funds measured at FVTPL	725.47	690.91
Certificates of deposit with original maturity of less than three months	1,242.98	836.10
TOTAL	**4,383.18**	**2,836.84**

*Cheques on hand are cleared subsequent to the year end.

As at December 31, 2019, the Company has sanctioned and available undrawn borrowing facilities of ₹ 145.00 Crore (Previous year - ₹ 155.00 Crore). There are no restrictions on the use of these facilities. The amount of undrawn borrowing facilities are available for future operating activities and to settle capital commitments.

NOTE 13. Bank balances other than Cash and Cash Equivalents

Refer Note 1 (X) for accounting policy on Financial Instruments

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Other bank balances		
*Deposits with original maturity for more than 3 months but less than 12 months	121.56	114.98
**Margin money deposits with original maturity for more than 3 months but less than 12 months	2.44	13.88
#On unpaid dividend accounts	30.92	34.63
TOTAL	**154.92**	**163.49**

*Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) of ₹ 121.56 Crore {(Previous year - ₹ 114.76 Crore) - Refer Note - 39 (A) (a)}.

**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.

NOTE 14. Current - Loans

Considered good - unsecured

Refer Note 1 (X) for accounting policy on Loans

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Security deposits	23.48	72.02
Loans and advances to related parties (Refer Note - 41)	2.41	1.56
Loans to Employees	5.54	5.29
TOTAL	**31.43**	**78.87**

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.

Refer Note 49 for information about credit risk and market risk of loans.

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 15. Other current financial assets

Refer Note 1 (X) for accounting policy on Financial Instruments

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	258.95	213.02
Interest Accrued on Investments	10.18	16.78
Other Accrued Interest	1.38	1.22
TOTAL	**270.51**	**231.02**

Refer Note 49 for information about credit risk and market risk of other financial assets.

NOTE 16. Other current assets

Unsecured, Considered Good

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Advances other than capital advances		
Advance to suppliers	437.39	322.68
Prepaid expenses	42.04	23.59
Other receivables		
Balances with statutory / government authorities	280.59	326.47
Others	43.39	40.64
TOTAL	**803.41**	**713.38**

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.

NOTE 17. Non-current assets classified as held for sale

Refer Note 1 (XVIII) for accounting policy on Non-current assets held for sale

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Plant and equipment (i)	5.36	6.44
Building (ii)	5.11	5.11
TOTAL	**10.47**	**11.55**

(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 and 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 buildings (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 ₹ Nil (Previous year - ₹ 0.28 Crore) is recognised in the Statement of Profit and Loss under other expenses.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 18. Equity Share Capital

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Authorised		
22,50,00,000 (Previous year - 22,50,00,000) Equity shares of ₹ 10 each	225.00	225.00
10,00,00,000 (Previous year - 10,00,00,000) Preference shares of ₹ 10 each	100.00	100.00
Issued		
18,87,93,243 (Previous year - 18,87,93,243) Equity shares of ₹ 10 each	188.79	188.79
Subscribed & Paid-up		
18,77,87,263 (Previous year - 18,77,87,263) Equity shares of ₹ 10 each fully paid	187.79	187.79
Add : 3,84,060 (Previous year - 3,84,060) Equity shares of ₹ 10 each forfeited - amount originally paid	0.20	0.20
TOTAL	**187.99**	**187.99**

i) **Reconciliation of number of equity shares outstanding**

	Equity shares	
	No. of shares	(₹ Crore)
As at January 01, 2018	18,77,87,263	187.79
Increase/ (decrease) during the year	-	-
As at December 31, 2018	18,77,87,263	187.79
Increase/ (decrease) during the year	-	-
As at December 31, 2019	**18,77,87,263**	**187.79**

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**

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Ambuja Cements Limited, the holding company 9,39,84,120 (Previous year - 9,39,84,120) Equity shares ₹ 10 each fully paid	93.98	93.98
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited 84,11,000 (Previous year - 84,11,000) equity shares ₹ 10 each fully paid	8.41	8.41

Companies referred above are subsidiaries of LafargeHolcim Ltd, Switzerland, the ultimate holding company.

Notes to the Financial Statements

for the year ended December 31, 2019

iv) Details of shareholders holding more than 5% shares in the Company

	As at December 31, 2019		As at December 31, 2018	
	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
Life Insurance Corporation of India	1,06,79,857	5.69	1,94,05,142	10.33

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 19. Other Equity

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Capital Reserve	67.81	67.81
Securities Premium	845.03	845.03
General Reserve	2,723.30	2,723.30
Capital contribution from parent	0.63	-
Retained earnings	7,696.52	6,703.53
TOTAL	**11,333.29**	**10,339.67**

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: The amount received in excess of face value of the equity shares is recognised in Securities Premium. 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 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.

Capital Contribution from parent: Capital contribution from parent represents the fair value of the employee performance share plan. These shares are granted by the parent company “LafargeHolcim Ltd” to the executives and senior management of 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 includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Company.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 20. Non-current provisions

Refer Note 1 (XIII) for accounting policy on provisions
Refer Note 1 (XIV) for accounting policy on Site restoration provisions

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note - 36)	141.92	103.33
Provision for provident fund (Refer Note - 36)	55.25	0.03
Provision for long service award	4.49	3.85
Other Provisions		
Provision for Site Restoration (Refer note - 20.1 below)	32.47	32.31
TOTAL	**234.13**	**139.52**

NOTE 20.1 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:

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Opening Balance	32.31	32.09
Reversal of provision during the year (net)	(1.36)	(1.62)
Utilised during the year	(0.35)	(0.09)
Unwinding of discount and changes in the discount rate	1.87	1.93
Closing Balance	**32.47**	**32.31**

Provision for Site Restoration

Site restoration expenditure is incurred on an ongoing basis until the closure of the site. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.

NOTE 21. Income tax

Refer Note 1 (XX) for accounting policy on Taxation
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2019:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	(₹ Crore)	In %	(₹ Crore)	In %
Profit before tax	2,031.47		1,494.29	
At India's statutory income tax rate	709.80	34.94%	522.10	34.94%
Effect of Allowances for tax purpose				
- Tax Holiday claim under Section 80-IA	(60.07)	(2.96%)	(52.29)	(3.50%)
Effect of Non-Deductible expenses				
- Corporate social responsibility expenses	8.76	0.44%	7.13	0.48%
- Others (including effect of change in tax rate in Previous year)	14.66	0.72%	11.73	0.79%
Effect of Tax Exempt Income - Dividend	(0.59)	(0.03%)	(0.38)	(0.03%)
	(37.24)	**(1.83%)**	**(33.81)**	**(2.26%)**
At the effective income tax rate	**672.56**	**33.11%**	**488.29**	**32.68%**
Tax adjustments for earlier years (Refer Note below)	-	-	(500.63)	(33.50%)
Income tax expense reported in the Statement of Profit and Loss	**672.56**	**33.11%**	**(12.34)**	**(0.83%)**

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, 2019

On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Company is currently in the process of evaluating this option.

The Company will apply the lower tax rate in measurement of deferred tax only to the extent the the assets/ liabilities are expected to be realised/settled in the periods during which the Company expects to be subject to lower tax rate. This has also been clarified by the Ind AS Technical Facilitation Group (ITFG) of Ind AS Implementation Committee of the Institute of Chartered Accountants of India on October 26, 2019.

Tax adjustments for earlier years

The Company was entitled to excise incentives from Government at its Gagal plant located in the State of Himachal Pradesh, in respect of Income tax assessment years 2006-07 to 2015-16. The Company contended that the said incentives are in the nature of capital receipts and hence not liable to income tax. The Income tax department had initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A). The Company had received one favourable order from the Assessing Officer. Considering unfavourable orders by the Income tax department, the Company, up to December 31, 2017, had classified the risk for these matters as probable and provided for the same. During the past two years, the matter has been decided in the favour of the Company for three more years, at the Commissioner of Income tax-appeals (CIT-A) and at the Assessing Officer level, against which the department has filed an appeal with the CIT (A) and ITAT.

In view of the series of repeated favourable orders by the Income tax department in the last two years, the Company again reviewed the matter and, after considering the legal merits of the Company's claim, including inter-alia, the ratio of the decisions of Hon'ble Supreme Court, and the pattern of favourable orders by the department including favourable disposal of the Company's appeal by the CIT (A), as mentioned above, the Company reassessed the risk and concluded that the risk of an ultimate outflow of funds for this matter is no longer probable.

Accordingly in the previous year the Company reversed the provisions of ₹ 500.63 Crore resulting in reduction in current tax liabilities by ₹ 200.30 Crore, increase in MAT Credit Entitlement (net) of ₹ 34.72 Crore and an increase in non-current tax assets by ₹ 265.61 Crore.

During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest expense on income tax related to excise incentive, aggregating ₹ 88.79 Crore.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the previous year in respect of excise incentives for two years. In the current year, the ITAT has directed the Assessing Officer to re-examine and take final decision independently.

Pending final closure of this matter, the aforesaid reversal of provision for tax of ₹ 500.63 Crore along with interest payable, if any of ₹ 97.37 Crore has been included under contingent liabilities in Note 39(A).

Notes to the Financial Statements

for the year ended December 31, 2019

Deferred tax:

Deferred tax relates to the following:

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Deferred Tax Liabilities:		
Depreciation and amortisation differences	933.33	895.13
	933.33	895.13
Deferred Tax Assets:		
MAT Credit Entitlement	-	22.67
Provision for employee benefits	73.68	47.37
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	98.71	103.77
Allowance for obsolescence of Stores and Spares	9.88	9.88
Allowance for doubtful receivables and other assets	17.51	11.79
Other temporary differences	91.34	36.56
	291.12	232.04
Net deferred tax liabilities	**642.21**	**663.09**

The major components of deferred tax liabilities / assets arising on account of timing differences are as follows:

(₹ Crore)

	Net Balance as on January 01, 2019	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2019
Deferred Tax Liabilities:					
Depreciation and amortisation differences	895.13	38.20	-	-	933.33
	895.13	**38.20**	**-**	**-**	**933.33**
Deferred Tax Assets:					
MAT Credit Entitlement	22.67	-	-	(22.67)	-
Provision for employee benefits	47.37	0.01	26.30	-	73.68
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	103.77	(5.06)	-	-	98.71
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	11.79	5.72	-	-	17.51
Other temporary differences	36.56	54.78	-	-	91.34
	232.04	**55.45**	**26.30**	**(22.67)**	**291.12**
Net deferred tax liabilities	**663.09**	**(17.25)**	**(26.30)**	**22.67**	**642.21**

Notes to the Financial Statements
for the year ended December 31, 2019

(₹ Crore)

	Net Balance as on January 01, 2018	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2018
Deferred Tax Liabilities:					
Depreciation and amortisation differences	861.13	34.00	-	-	895.13
	861.13	**34.00**	**-**	**-**	**895.13**
Deferred Tax Assets					
MAT Credit Entitlement*	115.73	-	-	(93.06)	22.67
Provision for employee benefits	41.71	3.06	2.60	-	47.37
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	105.44	(1.67)	-	-	103.77
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	13.07	(1.28)	-	-	11.79
Other temporary differences	33.94	2.62	-	-	36.56
	319.77	**2.73**	**2.60**	**(93.06)**	**232.04**
Net deferred tax liabilities	**541.36**	**31.27**	**(2.60)**	**93.06**	**663.09**

*MAT Credit utilised is net of MAT Credit Entitlement of ₹ 34.72 Crore increased on account of tax adjustments for earlier years as stated above.

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 related to income taxes levied by the same tax authority.

NOTE 22. Other current financial liabilities

Refer Note 1 (X) for accounting policy on Financial Instruments

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Financial Liabilities at amortised cost		
Interest accrued	26.50	24.18
Unpaid dividends*	30.92	34.63
Security deposits and retention money	710.54	553.40
Liability for capital expenditure	52.17	67.99
Provision for employees	113.83	92.32
Financial Liabilities at fair value		
Foreign currency forward contract	-	1.19
TOTAL	**933.96**	**773.71**

*Investor Education and Protection Fund ('IEPF') - As at December 31, 2019 , there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 23. Other current liabilities

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Contract Liability *		
Advance from customer	156.80	226.80
Other Liability		
Statutory dues payable	551.42	575.78
Rebates to customers	497.00	446.60
Other payables	708.58	539.82
(including interest on income tax, etc.)		
TOTAL	**1,913.80**	**1,789.00**

* The Company has adopted Ind AS 115 with full retrospective approach. Advance from customer has been included as part of contract liabilities.

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2019.

NOTE 24. Current provisions

Refer Note 1 (XIII) for accounting policy on provisions

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Provision for gratuity and staff benefit schemes (Refer Note - 36)	10.21	18.16
Provision for compensated absences	12.32	8.12
Provision for long service award	0.86	1.02
TOTAL	**23.39**	**27.30**

NOTE 25. Revenue from operations

Refer Note 1 (XVI) for accounting policy on Revenue recognition

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers		
Sale of Manufactured products	14,895.73	14,357.65
Sale of Traded products	443.48	112.54
Income from services rendered	3.90	7.28
	15,343.11	14,477.47
Other Operating Revenue		
Provision no longer required written back	9.48	24.59
Scrap Sales	29.76	42.88
Government grants*	174.69	162.31
Miscellaneous Income (including insurance claim, other services, etc.)	99.61	94.10
TOTAL	**15,656.65**	**14,801.35**

*Government grants have been accrued for the GST refund claim under various State Investment Promotion Schemes. There are no unfulfilled conditions or contingencies attached to these grants.

Notes to the Financial Statements

for the year ended December 31, 2019

Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue as per Contract price	17,291.36	15,866.60
Less: Discounts and incentives	(1,948.25)	(1,389.13)
Revenue as per statement of profit and loss	**15,343.11**	**14,477.47**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.

The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Refer Note 42 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

NOTE 26. Other Income

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income using the effective interest rate method		
Interest on bank deposits	157.94	93.01
Interest on Income Tax **	99.48	-
Other interest income	7.65	9.12
	265.07	102.13
Dividend from non-current investments from associate / joint venture	1.69	1.09
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	19.53	33.43
Net gain on fair valuation of current financial assets measured at FVTPL*	0.47	0.91
Net gain on disposal of Property, Plant and Equipment	24.45	0.94
TOTAL	**311.21**	**138.50**

* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

** During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ₹ 276.66 Crore. However, considering the uncertainty of its ultimate realisability, the Company has also made a provision of ₹ 177.18 Crore for matters other than excise incentive since considered as probable, resulting in recognition of net income of ₹ 99.48 Crore in other income during the year.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 27. Cost of materials consumed

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the beginning of the year	185.73	153.96
Add: Purchases	2,189.81	2,402.00
	2,375.54	2,555.96
Less: Inventories at the end of the year	117.44	185.73
TOTAL	**2,258.10**	**2,370.23**

Details of cost of materials consumed

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Slag	334.75	464.91
Gypsum	358.69	356.25
Fly Ash	415.45	455.30
Cement for Ready Mix Concrete	172.50	105.75
Aggregates	252.05	238.55
Others*	724.66	749.47
TOTAL	**2,258.10**	**2,370.23**

*includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

NOTE 28. Purchases of Stock-in-Trade

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cement	360.24	79.32
Ready Mix Concrete	1.45	9.94
TOTAL	**361.69**	**89.26**

NOTE 29. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the end of the year		
Stock-in-Trade	7.90	0.98
Finished Goods	230.96	293.41
Work-in-progress	177.61	222.89
	416.47	**517.28**
Inventories at the beginning of the year		
Stock-in-Trade	0.98	0.17
Finished Goods	293.41	161.26
Work -in-progress	222.89	230.87
	517.28	392.30
	100.81	**(124.98)**

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 30. Employee benefits expense

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries and Wages* (Refer Note - 47)	756.61	773.47
Contributions to Provident and other Funds	59.00	58.09
Employee share based payments (Refer Note - 52)	0.63	-
Staff welfare expenses	47.73	49.50
TOTAL	**863.97**	**881.06**

*Salaries and Wages expense for the year ended December 31, 2019 include ₹ Nil (Previous year - ₹ 70.37 Crore) on account of charge for Employee Separation Scheme.

NOTE 31. Freight and Forwarding expense

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
On Clinker transfer	495.82	515.82
On finished and Semifinished products	3,554.24	3,495.59
TOTAL	**4,050.06**	**4,011.41**

NOTE 32. Finance costs

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest		
- On Income tax	16.90	29.59
- On Defined benefit obligation (net) - (Refer Note - 36)	7.91	9.31
- Interest on deposits from dealers	33.45	28.89
- Interest on litigation matters	17.73	10.31
- Interest on loan from related party (Refer Note - 41)	-	1.47
- Others	8.36	7.70
Unwinding of discount on site restoration provision (Refer Note - 20.1)	1.87	1.93
TOTAL	**86.22**	**89.20**

NOTE 33. Depreciation and amortisation expense

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Depreciation on Property, Plant and Equipment	599.22	595.07
Amortisation of intangible assets	3.75	4.57
TOTAL	**602.97**	**599.64**

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 34. Other expenses

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Consumption of stores and spare parts	325.82	318.72
Consumption of packing materials	458.13	502.59
Rent	130.61	137.11
Rates and taxes (Refer Note - 47)	139.32	151.48
Repairs	149.06	168.82
Insurance	20.34	21.29
Royalties on minerals	276.83	269.16
Advertisement	111.60	72.10
Technology and Know-how fees	152.33	144.46
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note - 49(i))}	21.51	5.39
Corporate Social Responsibility expense (Refer Note 2 below)	25.07	20.45
Miscellaneous expenses (Refer Note - 47 and 1 below)	672.93	722.76
TOTAL	**2,483.55**	**2,534.33**

Notes

1. (i) Does not include any item of expenditure with a value of more than 1% of Revenue from operations.

   (ii) Miscellaneous expenses includes Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.

   (iii) Miscellaneous expenses includes net loss of ₹ 4.46 Crore (Previous year - ₹ 3.23 Crore) on foreign currency transaction and translation.

   (iv) Miscellaneous expenses includes net gain of ₹ 0.94 Crore (Previous year - net loss of ₹ 2.12 Crore) on foreign currency forward contract.

   (v) Payments to Statutory Auditors (excluding applicable taxes)

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
As auditors		
Audit fees	1.78	1.78
Audit fees for financial statements for tax filing purposes	0.45	0.45
Limited Reviews	1.05	1.05
In other capacity		
Fees for other services	0.01	0.10
Reimbursement of expenses	0.04	0.07
TOTAL	**3.33**	**3.45**

2. Details of Corporate Social Responsibility expenses:

   The Company has spent ₹ 25.07 Crore (Previous Year - ₹ 20.45 Crore) towards various schemes of Corporate Social Responsibility. The details are:

   (a) The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ₹ 23.90 Crore (Previous year - ₹ 19.60 Crore) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

   (b) No amount has been spent on construction / acquisition of an asset of the Company.

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 35. Earnings Per Share - [EPS]

Refer Note 1 (xxv) for Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders 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 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:

(₹ Crore)

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Statement of Profit and Loss)		13,58.91	1,506.63
Weighted average number of equity shares for Earnings Per Share computation			
Number of shares for Basic Earnings Per Share		18,77,87,263	18,77,87,263
Effect of dilution:			
Number of shares held in abeyance		4,57,816	4,55,189
(Movement in number of shares is on account of change in average fair value of share)			
Weighted average number of Equity shares adjusted for the effect of dilution		18,82,45,079	18,82,42,452
Earnings Per Share			
Face value per Share	₹	10.00	10.00
Basic	₹	72.36	80.23
Diluted	₹	72.19	80.04

The following reflects the basic and diluted EPS computations excluding "tax adjustments for earlier years":

(₹ Crore)

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Statement of Profit and Loss)		1,358.91	1,506.63
Less: Tax adjustments for earlier years (Refer Note - 21)		-	500.63
Profit before tax adjustments for earlier years		1,358.91	1,006.00
Earnings Per Share			
Face value per Share	₹	10.00	10.00
Basic	₹	72.36	53.57
Diluted	₹	72.19	53.44

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 36. Employee benefits

Refer Note 1 (XVII) for accounting policy on Employee benefits

a) **Defined Contribution Plans** – Amount recognised and included in Note 30 “Contributions to Provident and other Funds” of Statement of Profit and Loss ₹ 16.60 Crore (Previous year - ₹ 16.92 Crore)

b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2019.

The Company has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan as given below:

i. The Company operates a Gratuity Plan through a trust for its all employees. 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.

ii. 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.

iii. 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.

iv. Refer Note - (c) for Provident fund scheme.

Governance and Investment Strategy

The gratuity and provident fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The trust has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Each year, the Board of Trustees and the Company review the level of funding. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review.

Every year an Asset-Liability-Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability-Mismatch.

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.

Notes to the Financial Statements
for the year ended December 31, 2019

Defined Benefit Plans as per Actuarial valuation on December 31, 2019

(₹ Crore)

	Particulars	Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
I	**Expense recognised in the Statement of Profit and Loss – for the year ended December 31, 2019**			
	Components recognised in the Statement of Profit and Loss			
1	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
2	Net Interest cost	(0.15)	7.33	0.73
		1.01	*7.80*	*0.50*
3	Past service cost	-	-	-
		-	*(13.36)*	-
4	Net benefit expense	13.24	16.40	0.53
		14.59	*2.98*	*0.19*
	Components recognised in other comprehensive income (OCI)			
5	Actuarial (gains) / losses arising from change in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*
6	Actuarial (gains) / losses arising from change in experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	(Gain) / Loss on plan assets (Excluding amount included in net interest expenses)	(5.73)	-	-
		1.60	-	-
9	Sub-total - Included in OCI	12.12	8.58	(0.63)
		3.24	*0.80*	*3.41*
10	Total expense (4 + 9)	25.36	24.98	(0.10)
		17.83	*3.78*	*3.60*
II	**Amount recognised in Balance Sheet**			
1	Present value of Defined Benefit Obligation	(203.75)	(113.35)	(9.16)
		(181.90)	*(102.89)*	*(10.18)*
2	Fair value of plan assets	174.13	-	-
		173.45	-	-
3	Funded status {Surplus/(Deficit)}	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
4	Net asset/(liability) as at December 31, 2019	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
III	**Present value of Defined Benefit Obligation**			
1	Present value of Defined Benefit Obligation at beginning of the year	181.90	102.89	10.18
		197.92	*109.75*	*7.37*
2	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
3	Interest cost	12.77	7.33	0.73
		13.73	*7.80*	*0.50*
4	Past service cost	-	-	-
		-	*(13.36)*	-
5	Actuarial (gains) / losses arising from changes in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*

(Figures in italics pertain to previous year)

Notes to the Financial Statements

for the year ended December 31, 2019

(₹ Crore)

	Particulars	Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
6	Actuarial (gains) / losses arising from experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	Benefits Payments	(22.16)	(14.52)	(0.92)
		(44.50)	*(10.64)*	*(0.79)*
9	Increase/ (Decrease) due to effect of any business combination, divestitures, transfers	-	-	-
		(0.47)	-	-
10	Present value of Defined Benefit Obligation at the end of the year	203.75	113.35	9.16
		181.90	*102.89*	*10.18*
IV	**Fair value of Plan Assets**			
1	Plan assets at the beginning of the year	173.45	-	-
		180.99	-	-
2	Interest income	12.92	-	-
		12.72	-	-
3	Contributions by Employer	0.80	-	-
		21.00	-	-
4	Actual benefits paid	(18.77)	-	-
		(39.66)	-	-
5	Actuarial gains / (losses) arising from changes in financial assumptions	5.73	-	-
		(1.60)	-	-
6	Plan assets at the end of the year	174.13	-	-
		173.45	-	-
V	**Weighted Average duration of Defined Benefit Obligation**	10 Years	10 Years	NA
		10 Years	*10 Years*	*NA*

(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, 2019

(₹ Crore)

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(13.26)	15.13	(8.51)	9.46	(0.70)	0.78
Future salary growth (1% movement)	14.95	(13.35)	9.32	(8.53)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.32	(0.31)

Sensitivity Analysis as at December 31, 2018

(₹ Crore)

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.44)	13.02	(7.78)	8.53	(0.76)	0.89
Future salary growth (1% movement)	12.94	(11.59)	8.94	(8.28)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.37	(0.35)

Notes to the Financial Statements

for the year ended December 31, 2019

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 previous year.

VII The major categories of plan assets as a percentage of total plan (%)

Particulars	Gratuity	
	As at December 31, 2019	**As at December 31, 2018**
Debt instruments		
Government securities	60%	54%
Debentures and bonds	33%	38%
Equity shares	4%	4%
Cash and cash equivalents:		
Fixed deposits	3%	4%
	100%	**100%**

VIII Actuarial Assumptions:

		As at December 31, 2019	**As at December 31, 2018**
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate
5	Mortality post–retirement	Mortality for annuitants LIC (1996-98) Ultimate	Mortality for annuitants LIC (1996-98) Ultimate
6	Medical premium inflation	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%

c) 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.

d) 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.

Notes to the Financial Statements

for the year ended December 31, 2019

e) Expected cash flows:

(₹ Crore)

Particulars	Funded Gratuity		Unfunded Gratuity		PEMB	
	As at December 31, 2019	**As at December 31, 2018**	**As at December 31, 2019**	**As at December 31, 2018**	**As at December 31, 2019**	**As at December 31, 2018**
1. Expected employer contribution in the next year	-	15.00	-	-	-	-
2. Expected benefit payments						
Year 1	23.54	20.95	9.43	8.89	0.96	0.83
Year 2	22.98	20.42	9.85	9.02	0.98	0.86
Year 3	24.87	21.30	10.69	9.57	1.00	0.91
Year 4	22.45	22.38	11.88	11.26	1.03	0.95
Year 5	22.79	20.04	10.90	10.34	1.02	0.99
Next 5 years	77.87	77.47	47.33	44.14	4.85	4.90
Total expected payments	**194.50**	**182.56**	**100.08**	**93.22**	**9.84**	**9.44**

f) Post employment defined benefit plan expenses are included under employee benefit expenses in the Statement of Profit and Loss.

g) Other Long term employee benefits - Amount recognised as an expense under employee benefit expenses in the Statement of Profit and Loss in respect of compensated absences and long service award is ₹ 17.87 Crore (Previous year - ₹ 14.08 Crore). Following are the actuarial assumptions used for valuation of Other Long term employee benefits.

Actuarial Assumptions:		**As at December 31, 2019**	**As at December 31, 2018**
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate

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 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 (including investment risk fall) and the notified interest rate. The exempt provident fund set up by the company is a defined benefit plan under Ind AS 19 Employee Benefits.

The Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and loss of ₹ 55.21 Crore (including investment risk fall as mentioned below) on re-measurement of the defined benefit plan is recognised in Other Comprehensive Income (OCI).

The Provident Fund of ACC Limited (Trust) had invested ₹ 49 Crore in perpetual bonds of IL&FS Financial Services Limited. In view of uncertainties regarding recoverability of this investment, during the current year ended December 31, 2019 the Company has provided ₹ 49 Crore being the change in re-measurement of the defined benefit plans, in Other Comprehensive Income towards probable incremental employee

Notes to the Financial Statements
for the year ended December 31, 2019

benefit liability that may arise on the Company on account of any likely shortfall of the Trust in meeting its obligations.

Defined benefit plans as per actuarial valuation on December 31, 2019

(₹ Crore)

	Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
I	**Components of expense recognised in the Statement of Profit and Loss**		
1	Current service cost	25.64	22.71
2	Net benefit expense	25.64	22.71
	Components recognised in other comprehensive income (OCI)		
3	Actuarial (gains) / losses arising from changes in financial assumptions on Liability	12.72	-
4	Actuarial (gains) / losses arising from changes in financial assumptions on Plan Assets	42.49	-
5	Sub-total - Included in OCI	55.21	-
6	Total expense (2 + 5)	80.85	22.71
II	**Amount recognised in Balance Sheet**		
1	Present value of Defined Benefit Obligation	(820.64)	(729.68)
2	Fair value of plan assets	765.39	729.65
3	Funded status {Surplus/(Deficit)}	(55.25)	(0.03)
4	Net asset/(liability) as at end of the year	(55.25)	(0.03)
III	**Present Value of Defined Benefit Obligation**		
1	Present value of Defined Benefit Obligation at beginning of the year	729.68	714.09
2	Current service cost	25.64	22.71
3	Interest cost	62.66	43.32
4	Employee Contributions	63.32	63.73
5	Actuarial (gains) / losses arising from changes in financial assumptions	-	(4.40)
6	Actuarial (gains) / losses arising from experience adjustments	12.72	(1.92)
7	Benefits Payments	(82.35)	(134.09)
8	Increase/ (Decrease) due to effect of any transfers	8.97	26.24
9	Present value of Defined Benefit Obligation at the end of the year	820.64	729.68
IV	**Fair Value of Plan Assets**		
1	Plan assets at the beginning of the year	729.65	717.43
2	Interest income	62.65	43.32
3	Contributions by Employer	25.64	22.71
4	Contributions by Employee	63.32	63.73
5	Actual benefits paid	(82.35)	(134.09)
6	Net transfer in / (out)	8.97	26.24
7	Actuarial gains / (losses) arising from changes in financial assumptions	(42.49)	(9.69)
8	Plan assets at the end of the year	765.39	729.65
V	**Weighted Average duration of Defined Benefit Obligation**	10 years	10 years

VI The major categories of plan assets as a percentage of total plan

Particulars	As at December 31, 2019	As at December 31, 2018
Debt instruments		
Government securities	29%	37%
Debentures and bonds	68%	56%
Equity	3%	7%
	100%	**100%**

Notes to the Financial Statements

for the year ended December 31, 2019

VII The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	As at December 31, 2019	As at December 31, 2018
Discounting rate	6.80%	7.45%
Guaranteed interest rate	8.65%	8.55%
Yield on assets based on the Purchase price and outstanding term of maturity	8.60%	9.20%

VIII Sensitivity analysis for factors mentioned in Actuarial Assumptions

(₹ Crore)

Particulars	As at December 31, 2019		As at December 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.43)	1.45	(5.31)	22.84
Interest rate guarantee (1% movement)	42.20	(19.18)	22.48	(5.31)

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 previous year.

IX The Company expects to contribute ₹ 27.00 Crore (Previous year - ₹ 24.00 Crore) to trust managed Provident Fund in next year.

NOTE 37. Leases

Refer Note 1 (XXI) for accounting policy on Leases

Operating lease commitments — Company as lessee

The Company has entered into operating leases on certain assets (grinding facility, godowns, flats, land, 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 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 recognised in the Statement of Profit and Loss amounts to ₹ 133.28 Crore (Previous year - ₹ 127.80 Crore) .

a) Future minimum rental payables under non-cancellable operating leases are as follows:

(₹ Crore)

		As at December 31, 2019	As at December 31, 2018
(i)	Not later than one year	35.00	53.93
(ii)	Later than one year and not later than five years	98.81	57.91
(iii)	Later than five years	40.80	28.55
		174.61	**140.39**

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 and 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

Notes to the Financial Statements
for the year ended December 31, 2019

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 is 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 this arrangement are considered as lease payments. There are no minimum lease payments under such arrangement.

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.

NOTE 38. Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

(₹ Crore)

		As at December 31, 2019	As at December 31, 2018
A)	Estimated value of contracts on capital account remaining to be executed (Net of advance)	457.71	159.17
B)	For commitments relating to lease arrangements, refer note - 37		

NOTE 39. Contingent liabilities not provided for -

Refer Note 1 (XIII) for accounting policy on Contingent liabilities

(A) Claims against the Company not acknowledged as debt:

Disputed claims / levies in respect of:

(₹ Crore)

Nature of Statute	Brief Description of Contingent Liabilities	As at December 31, 2019	As at December 31, 2018
Competition Act, 2002	CCI matter - Refer Notes a & b below	1,619.39	1,487.98
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts (Refer Note - 21)	598.00	500.63
Service Tax - The Finance Act, 1994	Refer note c below	90.43	87.66
Claims for mining lease rent	Refer note d below	212.22	73.46
Sales Tax Act / Commercial Tax Act of various states	Packing Material - Differential rate of tax. Matters pending with various authorities.	20.52	20.52
	Other Sales tax matters	9.65	14.90
Customs Duty - The Customs Act, 1962	Demand of duty on import of Steam Coal during 2001 to 2013 classifying it as Bituminous Coal	30.97	30.97
Other Statutes/ Other Claims	Claims by suppliers regarding supply of raw material	28.80	32.78
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court	9.80	14.70
	Various other cases pertaining to claims related to Railways, labour laws, etc	7.08	7.12

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for the year ended December 31, 2019

(₹ Crore)

Nature of Statute	Brief Description of Contingent Liabilities	As at December 31, 2019	As at December 31, 2018
Mines and Minerals (Development and Regulation) Act	Demand of additional Royalty on Limestone based on cement produced vis a vis consumption of limestone at its factory in Tamil Nadu. 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. Matter is pending at Madras High Court	7.93	7.93
	TOTAL	**2,634.79**	**2,278.65**

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 has reviewed all its pending litigations and proceedings, and has adequately provided where required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

a) 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 had, by its order dated August 31, 2016, held that the cement companies and the Cement Manufacturers Association (CMA) are guilty and in violation of the Section 3(1) read with section 3(3)(a) and Sec 3 (3)(b) of the Competition Act and imposed a penalty of ₹ 1,147.59 Crore on the Company.

   The Company had appealed against the penalty to the Competition Appellate Tribunal ('COMPAT') which granted a stay with a condition to deposit 10% of the penalty amount, which was deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant (the "Interim order"). Interest amount on penalty as on December 31, 2019 is ₹ 436.48 Crore (Previous Year - ₹ 305.07 Crore). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgment dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

   Against the above judgment of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 05, 2018 had admitted the appeal and directed that the interim order passed by the Tribunal in this case will continue in the meantime.

   Based on the advice of external legal counsel, the Company believes it has a strong case on merits for successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the financial statements.

b) In a separate matter, the Director, Supplies and Disposal, Haryana filed information that seven cement companies had engaged in collusive bidding in contravention of the Competition Act. CCI by its order dated January 19, 2017 imposed a penalty of ₹ 35.32 Crore on the Company. On Company's filing an appeal, COMPAT had stayed the penalty. Matter is now listed before NCLAT and is pending for hearing.

   Based on the advice of external legal counsel, the Company believes it has a strong case on merits for a successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the financial statements.

Notes to the Financial Statements

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c) The dispute is regarding whether the "place of removal" is the "factory gate / Depot" or "destination point of customer" for availment of Service Tax Credit on "Outward Transportation cost" of Cement when sales is on F.O.R. basis. The Department has alleged that, the freight cost for transportation of Cement beyond factory gate and Depot being the place of removal, is not "Input Service" and therefore the Service Tax Credit on such services cannot be availed. The Service Tax Department issued show cause notice (SCN) and demand orders against which the Company has filed Appeal with the CESTAT.

In the case of Gujarat Ambuja Cement Limited, the Punjab & Haryana (P&H) High Court has decided that the matter in favour of assessee relying on Board Circular dated August 23, 2017, to which Department has not challenged and hence the same has attained finality. Hon'ble Supreme Court, vide Order dated January 01, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s. Ultratech Cement (Chattishgarh State) has allowed Service Tax Credit on GTA Services and dismissed the Departmental Appeal. In another decision, Hon'ble Supreme court, vide Order dated February 01, 2018 in the case of CCE Bangalore V/S Ultratech Cement (Karnataka state) has disallowed such Service Tax Credit on GTA Services. Similar matter of M/s Mangalam Cement is pending before Hon'ble Supreme Court remanded to High Court for deciding whether decision of Ultratech (Karnataka State) will be applicable or not.

Based on the advice of the external legal counsel, conflicting decisions of various courts and CBIC Circular, the Company believes that matter is a possible case. The Company strongly believes no provision is considered necessary at this stage.

d) The Company has received demand notice dated May 10, 2013 from the Government of Tamil Nadu, and an Order dated August 22, 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 01.04.1997 to 31.03.2014 and 01.04.2014 to 31.03.2019, amounting to ₹ 73.46 Crores and ₹ 138.76 Crores respectively for use of the Government land for mining, which land the Company occupies on the basis of the Mining Leases. Despite the Company paying royalty at the prescribed rate for the Minerals extracted from the leased land and paying surface rent regularly as per Rules, the Authorities have issued the demand letters calling upon the company to pay compensation for use of Government land. Company has challenged the demands by way of Revision under the Mineral Concession Rules and in Writ Petitions before the Hon'ble High Court of Tamil Nadu at Chennai, and in a Petition has obtained an order restraining the State from taking coercive steps. Pending the same the High Court of Tamil Nadu in the group Writ Petitions of other cement manufacturers viz Dalmia Cements, Madras Cements and others has passed a judgment dated November 20, 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Company has filed a Writ Appeal against the Judgment dated November 20, 2019 passed in Dalmia Cements, Madras Cements and others.

The Company is of the view and has been advised legally, that the merits are strongly in its favour.

(B) Guarantees excluding financial guarantees

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Guarantees given to Government Bodies on behalf of subsidiary companies	**12.54**	0.04

NOTE 40 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, 2019

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 disbursals 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 will 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 (Previous year - ₹ 133 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 is of the view and has been advised legally, that the merits are strongly in its favour.

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.

Notes to the Financial Statements
for the year ended December 31, 2019

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 is unlikely to sustain under law.

f) The Company was contesting the renewal of mining lease in state of Jharkhand for two of its quarries on lease. There was an unfavourable order by the Hon'ble Supreme Court in judgement on Goa Foundation case, restricting the “”deemed renewal”” provision of captive mining leases to the first renewal period. The Company 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.

On January 02, 2015, the Central Government promulgated the Mines and Minerals (Development and Regulation) Amendment) Ordinance, 2015 [subsequently enacted as Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 in March 2015] amending mining laws with retrospective effect, and decided that all leases granted prior to ordinance will deemed to have been automatically renewed until prescribed period therein.

The Company then filed a writ petition with High Court of Jharkhand, challenging the aforesaid memos from the State Government for directing the State government to renew both the leases upto march 2030 as per the Ordinance.

On October 31, 2015 the High Court passed an interim order in terms of Section 8A(5) of the Ordinance for quarry II extending the lease upto March 2030 permitting the Company to commence mining operations after depositing ₹ 48 Crore, being assessed value of materials dispatched between April 2014 to Sep 2014 (being the alleged period of illegality) subject to the outcome of the petition filed by the Company.

The Company's assessment coupled with legal advice is that the case shall not stand the test of judicial scrutiny basis the automatic renewal.

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NOTE 41. 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 Ambuja Cements Limited
3	Ambuja Cements Limited	Holding Company
4	Bulk Cement Corporation (India) Limited	Subsidiary Company
5	ACC Mineral Resources Limited	Subsidiary Company
6	Lucky Minmat Limited	Subsidiary Company
7	National Limestone Company Private Limited	Subsidiary Company
8	Singhania Minerals Private Limited	Subsidiary Company
9	OneIndia BSC Private Limited	Joint venture Company
10	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	Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
4	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (upto January 31,2019)
5	Holcim Services (South Asia) Limited	Fellow Subsidiary
6	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
7	Holcim Philippines, Inc, Philippines	Fellow Subsidiary
8	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
9	Holcim Technology Ltd, Switzerland	Fellow Subsidiary
10	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
11	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
12	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
13	Dirk India Private Limited	Fellow Subsidiary
14	Lafarge SA, France	Fellow Subsidiary
15	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16	The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
17	ACC limited Employees Group Gratuity scheme	Trust (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
2	Mr. Sunil K. Nayak	Chief Financial Officer (upto July 31, 2019)
3	Ms. Rajani Kesari	Chief Financial Officer (w.e.f. August 01, 2019)
4	Mr. Ramaswami Kalidas	Company Secretary (upto September 26, 2019)
5	Mr. Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
6	Mr. N S Sekhsaria	Chairman, Non Executive / Non Independent Director
7	Mr. Jan Jenisch	Deputy Chairman, Non Executive / Non Independent Director
8	Mr. Martin Kriegner	Non Executive / Non Independent Director
9	Mr. Shailesh Haribhakti	Independent Director
10	Mr. Sushil Kumar Roongta	Independent Director
11	Mr. Ashwin Dani	Independent Director (upto March 22, 2019)
12	Mr. Farrokh K Kavarana	Independent Director (upto March 22, 2019)
13	Mr. Vijay Kumar Sharma	Non Independent Director
14	Mr. Arunkumar R Gandhi	Independent Director (upto March 22, 2019)
15	Ms. Falguni Nayar	Independent Director
16	Mr. Christof Hassig	Non Independent Director
17	Mr. Damodarannair Sundaram	Independent Director (w.e.f. March 22, 2019)
18	Mr. Vinayak Chatterjee	Independent Director (w.e.f. March 22, 2019)
19	Mr. Sunil Mehta	Independent Director (w.e.f. March 22, 2019)

Notes to the Financial Statements
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(₹ Crore)

(C)	Transactions with Subsidiary Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Property, Plant and Equipments**	**0.06**	**0.03**
	Bulk Cement Corporation (India) Limited	0.06	0.03
2	**Purchase of Raw Material**	**3.81**	**5.28**
	Singhania Minerals Private Limited	3.81	5.28
3	**Sale of finished goods**	**0.49**	**-**
	Bulk Cement Corporation (India) Limited	0.49	-
4	**Reimbursement of Expenses Paid/Payable**	**2.22**	**2.10**
	Bulk Cement Corporation (India) Limited	2.22	2.10
5	**Reimbursement of Expenses Received/Receivable**	**1.33**	**1.70**
	Bulk Cement Corporation (India) Limited	1.16	1.57
	Singhania Minerals Private Limited	0.17	0.13
6	**Rendering of Services**	**2.52**	**2.94**
	Bulk Cement Corporation (India) Limited	2.52	2.94
7	**Receiving of Services**	**19.94**	**21.57**
	Bulk Cement Corporation (India) Limited	19.94	21.57
8	**Interest received on Inter Corporate Deposit**	**0.18**	**0.15**
	National Limestone Company Private Limited	0.11	0.08
	Singhania Minerals Private Limited	0.06	0.07
	Lucky Minmat Limited	0.01	-
9	**Interest on Current borrowings**	**-**	**1.47**
	ACC Mineral Resources Limited	-	1.47
10	**Short Term Loan Re-paid**	**-**	**60.64**
	ACC Mineral Resources Limited	-	60.64
11	**Inter Corporate Deposits Given**	**0.56**	**0.29**
	National Limestone Company Private Limited	0.53	0.24
	Lucky Minmat Limited	0.03	0.05
12	**Inter Corporate Deposits Repayment Received**	**-**	**0.01**
	Singhania Minerals Private Limited	-	0.01
13	**Conversion of outstanding interest into short term borrowings**	**-**	**1.47**
	ACC Mineral Resources Limited	-	1.47
14	**Conversion of trade receivable into Inter Corporate Deposits**	**-**	**0.60**
	Singhania Minerals Private Limited	-	0.60
15	**Conversion of outstanding interest into Inter Corporate Deposits**	**0.29**	**0.02**
	Singhania Minerals Private Limited	0.05	0.02
	National Limestone Company Private Limited	0.23	-
	Lucky Minmat Limited	0.01	-

Notes to the Financial Statements
for the year ended December 31, 2019

(₹ Crore)

	Outstanding balances with Subsidiary Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Guarantee outstanding as at the end of the Year ##**	**12.54**	**0.04**
	Singhania Minerals Private Limited	0.04	0.04
	ACC Mineral Resources Limited	12.50	-
2	**Inter Corporate Deposits as at the end of the Year**	**2.41**	**1.56**
	National Limestone Company Private Limited	1.63	0.87
	Singhania Minerals Private Limited	0.69	0.64
	Lucky Minmat Limited	0.09	0.05
3	**Outstanding balance of interest receivables on Inter Corporate Deposits**	**0.17**	**0.28**
	National Limestone Company Private Limited	0.11	0.23
	Singhania Minerals Private Limited	0.06	0.05
4	**Outstanding balance included in Trade receivables**	**1.95**	**0.90**
	Bulk Cement Corporation (India) Limited	1.78	0.78
	Singhania Minerals Private Limited	0.17	0.12
5	**Outstanding balance included in Trade payables**	**2.61**	**3.65**
	Bulk Cement Corporation (India) Limited	2.61	3.63
	Singhania Minerals Private Limited	-	0.02

(₹ Crore)

(D)	Transactions with Joint Venture Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**100.86**	**104.12**
	Aakaash Manufacturing Company Private Limited {Refer Note 45 (ii)}	100.86	104.12
2	**Sale of Finished Goods**	**12.52**	**14.57**
	Aakaash Manufacturing Company Private Limited	12.52	14.57
3	**Receiving of Services**	**27.15**	**29.00**
	OneIndia BSC Private Limited	27.15	29.00
4	**Dividend Received**	**1.32**	**0.68**
	Aakaash Manufacturing Company Private Limited	1.32	0.68
5	**Reimbursement of Expenses Received/Receivable**	**0.02**	**0.02**
	Aakaash Manufacturing Company Private Limited	0.02	0.02
6	**Reimbursement of Expenses Paid / Payable**	**-**	**0.47**
	OneIndia BSC Pvt Limited	-	0.47
7	**Other recoveries (Net)**	**2.80**	**2.11**
	Aakaash Manufacturing Company Private Limited	2.80	2.11

Notes to the Financial Statements
for the year ended December 31, 2019

(₹ Crore)

	Outstanding balances with Joint venture Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**0.96**	**1.30**
	Aakaash Manufacturing Company Private Limited	0.96	1.30
2	**Outstanding balance included in Trade payables**	**16.33**	**21.92**
	Aakaash Manufacturing Company Private Limited	14.06	19.31
	OneIndia BSC Private Limited	2.27	2.61

(₹ Crore)

(E)	Transactions with Associate Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**68.46**	**71.89**
	Alcon Cement Company Private Limited {Refer Note - 45 (i)}	68.46	71.89
2	**Purchase of Raw Materials**	**11.19**	**20.76**
	Asian Concretes and Cements Private Limited	11.19	20.76
3	**Sale of Unfinished Goods**	**20.78**	**26.40**
	Alcon Cement Company Private Limited {Refer Note - 45 (i)}	20.78	26.40
4	**Dividend Received**	**0.37**	**0.41**
	Alcon Cement Company Private Limited	0.37	0.41
5	**Receiving of Services**	**107.60**	**117.92**
	Asian Concretes and Cements Private Limited	107.60	117.92
6	**Reimbursement of Expenses Received/Receivable**	**13.47**	**14.71**
	Alcon Cement Company Private Limited	13.47	14.71
7	**Reimbursement of Expenses Paid/Payable**	**2.22**	**3.16**
	Alcon Cement Company Private Limited	1.67	2.62
	Asian Concretes and Cements Private Limited	0.55	0.54

(₹ Crore)

	Outstanding balances with Associate Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**6.81**	**8.99**
	Alcon Cement Company Private Limited	6.81	8.99
2	**Outstanding balance included in Trade payables**	**17.80**	**22.96**
	Asian Concretes and Cements Private Limited	14.69	19.27
	Alcon Cement Company Private Limited	3.11	3.69

Notes to the Financial Statements

for the year ended December 31, 2019

(₹ Crore)

(F)	Details of Transactions relating to Ultimate Holding and Holding Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Dividend paid**	**143.36**	**153.60**
	Ambuja Cements Limited	131.58	140.98
	Holderind Investments Limited	11.78	12.62
2	**Purchase of Raw materials**	**0.80**	**0.24**
	Ambuja Cements Limited	0.80	0.24
3	**Purchase of Finished /Unfinished goods**	**112.87**	**35.17**
	Ambuja Cements Limited	112.87	35.17
4	**Purchase of Stores & Spares**	**0.44**	**0.10**
	Ambuja Cements Limited	0.44	0.10
5	**Sale of Fixed Assets**	**-**	**19.23**
	Ambuja Cements Limited	-	19.23
6	**Sale of Finished /Unfinished Goods**	**101.39**	**23.59**
	Ambuja Cements Limited	101.39	23.59
7	**Sale of Raw Material**	**1.44**	**8.34**
	Ambuja Cements Limited	1.44	8.34
8	**Sale of Stores & Spares**	**1.17**	**-**
	Ambuja Cements Limited	1.17	-
9	**Sale of Scrap**	**0.11**	**-**
	Ambuja Cements Limited	0.11	-
10	**Rendering of Services**	**42.46**	**47.66**
	Ambuja Cements Limited	42.46	47.66
11	**Receiving of Services**	**32.71**	**47.47**
	Ambuja Cements Limited	32.71	47.47
12	**Reimbursement of Expenses Received / Receivable**	**0.04**	**0.04**
	Ambuja Cements Limited	0.01	0.04
	LafargeHolcim Ltd	0.03	
13	**Reimbursement of Expenses Paid / Payable**	**9.74**	-
	Ambuja Cements Limited	9.74	-

Notes to the Financial Statements

for the year ended December 31, 2019

(₹ Crore)

	Outstanding balances with Ultimate Holding and Holding Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**29.05**	**15.61**
	Ambuja Cements Limited	29.02	15.61
	LafargeHolcim Ltd	0.03	-
2	**Outstanding balance included in Other current assets - advances**	**0.04**	**0.04**
	Ambuja Cements Limited	0.04	0.04
3	**Outstanding balance included in Trade payables**	**43.72**	**18.25**
	Ambuja Cements Limited	43.72	18.25

(₹ Crore)

(G)	Details of Transactions relating to Fellow Subsidiary Companies / Joint Venture of Holding Company	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Raw materials**	**238.94**	**288.37**
	LafargeHolcim Energy Solutions SAS	237.84	285.04
	Counto Microfine Products Private Limited	1.10	3.28
	Dirk India Private Limited	-	0.05
2	**Sale of Finished /Unfinished Goods**	**0.11**	**0.16**
	Counto Microfine Products Private Limited	0.11	0.16
3	**Technology and Know-how fees**	**152.33**	**144.46**
	Holcim Technology Ltd	152.33	144.46
4	**Receiving of Services**	**64.76**	**75.05**
	Holcim Services (South Asia) Limited	59.53	74.66
	Holcim Group Services Ltd	0.33	0.39
	Lafarge SA	2.79	-
	Holcim Technology Ltd	2.11	-
5	**Rendering of Services**	**11.05**	**11.01**
	Holcim Services (South Asia) Limited	9.33	4.75
	Lafarge SA	1.72	2.62
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	-	1.45
6	**Reimbursement of Expenses Received / Receivable**	**2.69**	**0.77**
	LafargeHolcim Energy Solutions SAS	0.76	0.17
	LafargeHolcim Trading Pte Ltd	1.92	0.13
	LafargeHolcim Bangladesh Ltd	0.01	0.01
	Holcim Technology Ltd	-	0.45
	Counto Microfine Product Private Limited	-	0.01

Notes to the Financial Statements
for the year ended December 31, 2019

(₹ Crore)

	Outstanding balances with Fellow Subsidiary Companies / Joint Venture of Holding Company	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**11.89**	**11.82**
	Holcim Services (South Asia) Limited	5.93	4.75
	Lafarge SA	2.22	3.07
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	3.37	1.45
	PT Holcim Indonesia Tbk	0.15	0.15
	LafargeHolcim Trading Pte Limited	0.13	0.13
	Counto Microfine Product Pvt Ltd	0.06	0.03
	Holcim Philippines, Inc	-	0.02
	Holcim Cement (Bangladesh) Ltd	0.01	0.01
	Holcim Technology (Singapore) Pte Ltd	-	0.01
	LafargeHolcim Bangladesh Ltd	0.02	0.01
2	**Outstanding balance included in Trade payables**	**49.84**	**159.80**
	LafargeHolcim Energy Solutions SAS	5.14	124.50
	Holcim Technology Ltd	34.54	33.70
	Counto Microfine Products Private Limited	0.20	0.63
	Holcim Services (South Asia) Limited	9.92	0.62
	Holcim Group Services Ltd	0.04	0.35

(₹ Crore)

(H)	Details of Transactions with Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Remuneration***	**13.56**	**11.52**
	Mr. Neeraj Akhoury	8.90	7.13
	Mr. Sunil K. Nayak	1.95	3.36
	Mr. Ramaswami Kalidas	0.84	1.03
	Ms. Rajani Kesari	1.49	-
	Mr. Rajiv Choubey	0.38	-
	Breakup of Remuneration	**13.56**	**11.52**
	Short term employee benefits	12.53	11.05
	Post employment benefits (including defined contribution and defined benefits)*	0.86	0.47
	Other long term benefits*	-	-
	Employee share based payments (Refer Note - 52)	0.17	-

(₹ Crore)

2	Other Payment to Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
	Commission Payable	**3.19**	**3.19**
	Mr. N S Sekhsaria	0.50	0.50
	Mr. Arunkumar Gandhi	0.10	0.45
	Mr. Martin Kriegner#	-	-
	Mr. Shailesh Haribhakti	0.36	0.36
	Mr. Sushil Kumar Roongta	0.36	0.36
	Mr. Ashwin Dani	0.08	0.36
	Mr. Farrokh Kavarana	0.08	0.36
	Mr. Vijay Kumar Sharma	0.20	0.20
	Mr. Jan Jenisch	0.20	0.20

Notes to the Financial Statements

for the year ended December 31, 2019

(₹ Crore)

2	Other Payment to Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
	Ms. Falguni Nayar	0.20	0.20
	Mr. Christof Hassig	0.20	0.20
	Mr. Sunil Mehta	0.28	-
	Mr. Damodarannair Sundaram	0.35	-
	Mr. Vinayak Chatterjee	0.28	-
	Sitting Fees	**0.47**	**0.53**
	Mr. N S Sekhsaria	0.04	0.04
	Mr. Arunkumar Gandhi	0.01	0.08
	Mr. Martin Kriegner#	-	0.04
	Mr. Shailesh Haribhakti	0.07	0.07
	Mr. Sushil Kumar Roongta	0.09	0.09
	Mr. Ashwin Dani	0.01	0.06
	Mr. Farrokh Kavarana	0.02	0.07
	Mr. Vijay Kumar Sharma	0.03	0.01
	Mr. Jan Jenisch	0.01	0.01
	Ms. Falguni Nayar	0.03	0.03
	Mr. Christof Hassig	0.02	0.03
	Mr. Sunil Mehta	0.04	-
	Mr. Damodarannair Sundaram	0.05	-
	Mr. Vinayak Chatterjee	0.05	-

* 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.

#Mr. Martin Kriegner has waived his right to receive Directors' commission from the year 2018 and sitting fees with effect from the meeting held on October 17, 2018.

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 ₹ 25.64 Crore (Previous Year - ₹ 22.71 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 ₹ 0.80 Crore (Previous Year - ₹ 21.00 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, 2019, 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 Singhania Minerals Private Limited, wholly owned subsidiary company is for the purpose of approval of mining plan.

Guarantee given on behalf of ACC Mineral Resources Limited, wholly owned subsidiary company is for the purpose of Coal block.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 42. Segment Reporting

Refer Note 1 (XXII) for accounting policy on 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 from clinker resulting from mixing the raw materials such as limestone, clay, iron ore, fly ash, bauxite, etc, in determined ratios. Clinker is then mixed with certain amount of setting regulator (generally gypsum) which is ground together and set after mixing with water and gains strength to make Cement. 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.

INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(₹ Crore)

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018
REVENUE						
External sales	13,870.08	13,171.09	1,473.03	1,306.38	15,343.11	14,477.47
Inter-segment sales	190.23	216.00	1.58	2.76	191.81	218.76
Other operating revenue	305.60	317.81	7.94	6.07	313.54	323.88
	14,365.91	**13,704.90**	**1,482.55**	**1,315.21**	**15,848.46**	**15,020.11**
Less: Elimination	190.23	216.00	1.58	2.76	191.81	218.76
Total revenue	**14,175.68**	**13,488.90**	**1,480.97**	**1,312.45**	**15,656.65**	**14,801.35**
OPERATING EBITDA	**2,256.30**	**1,910.80**	**153.15**	**133.83**	**2,409.45**	**2,044.63**
Segment result	**1,701.25**	**1,328.46**	**133.21**	**116.71**	**1,834.46**	**1,445.17**
Unallocated corporate income net of unallocated expenditure					16.47	35.10
Operating Profit					**1,850.93**	1,480.27
Finance costs					(86.22)	(89.20)
Interest and Dividend income					266.76	103.22
Tax expenses (Refer Note - 21)					(672.56)	12.34
Profit after tax					**1,358.91**	**1,506.63**

Notes to the Financial Statements

for the year ended December 31, 2019

(₹ Crore)

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Capital expenditure (including capital work-in-progress and capital advances)	493.49	475.92	27.44	47.45	520.93	523.37
Depreciation and Amortisation	584.04	583.11	18.93	16.53	602.97	599.64
Other non-cash expenses	11.10	11.64	18.37	3.57	29.47	15.21
Segment assets	10,925.45	11,631.96	470.27	454.07	11,395.72	12,086.03
Unallocated Corporate assets					5,686.38	3,939.02
Total assets					**17,082.10**	**16,025.05**
Segment liabilities	3,792.39	4,066.64	355.15	315.23	4,147.54	4,381.87
Unallocated corporate liabilities					1,413.28	1,115.52
Total liabilities					**5,560.82**	**5,497.39**

(₹ Crore)

Sales from external customer	For the year ended December 31, 2019	For the year ended December 31, 2018
Within India	15,341.39	14,472.37
Outside India *	1.72	5.10
TOTAL	**15,343.11**	**14,477.47**

No single customer contributed 10% or more to the Company's revenue for the year ended December 31, 2019 and December 31, 2018.

* Sales outside India are in functional currency.

All the non current assets are located within India.

Cash flows arising from the reportable segments

(₹ Crore)

	Cement		Ready Mix Concrete		Unallocated		Total	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Net Cash flow from operating activities	2,677.55	1,586.89	17.00	57.72	(446.20)	(526.53)	2,248.35	1,118.08
Net cash used in investing activities	(465.77)	(447.74)	(27.68)	(47.34)	165.13	127.30	(328.32)	(367.78)
Net cash used in financing activities	-	-	-	-	(374.16)	(441.11)	(374.16)	(441.11)

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 43. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006*

(₹ Crore)

		As at December 31, 2019	As at December 31, 2018
a.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	Principal amount due to micro and small enterprises (Not overdue)	11.27	8.02
	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 amount 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 intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 44.

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 (Previous year - ₹ 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 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 (Previous year - ₹ 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 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.

As at December 31, 2019, the cash flows are estimated over the life of respective mines.

Following are the key assumptions considered for value in use calculation:

(a) Production of mines is estimated as per the production schedule in the mining plans submitted to the regulatory authorities.

(b) 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.

Notes to the Financial Statements
for the year ended December 31, 2019

(c) 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.

(d) Weighted average cost of capital (WACC) estimated as 14.80%.

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 Company's assessment there is no impairment of investments.

(iii) The Company has investment in ACC Mineral Resources Limited (AMRL), a wholly-owned subsidiary of ₹ 106.80 Crore. AMRL, through its joint operations had secured development for four coal blocks allocated to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the judgment of Supreme Court dated August 25, 2014 read with its order dated September 24, 2014.

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 vide vesting order dated March 23, 2015. In respect of Bicharpur coal block, AMRL had filed a writ petition with the Delhi High Court against the compensation fixed by Ministry of Coal up to March 31, 2014. The Hon'ble Delhi High Court issued its judgment on March 09, 2017 wherein the court has said that "whatever has transpired after March 31, 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account." Accordingly a fresh claim has been filed with Ministry of Coal for reimbursement of expenses incurred up to the date of vesting order. The auction of remaining three coal blocks has not yet taken place.

The Company had assessed the recoverability of amount incurred on development of these coal blocks and accordingly investment of ₹ 42.81 Crore was impaired in the previous years.

Based on above the Company has concluded that no further impairment is necessary. (Refer Note - 36 of the consolidated financial statements for Group information).

NOTE 45.

(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 GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale (excluding GST) of such clinker of ₹ 16.24 Crore (Previous year - ₹ 20.63 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of cement so converted. This transaction has been identified in the nature of lease. (Refer Note - 37)

(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 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 (excluding GST) of such Ready Mix Concrete to customer of ₹ 85.34 Crore (Previous year - ₹ 87.91 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 46. Disclosure pursuant to SEBI (Listing obligations and disclosure requirements) regulations, 2015 and Section 186 (4) of the Companies Act 2013:

(₹ Crore)

	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, 2019 *	Maximum Balance during the Year *	As at December 31, 2018 *	Maximum Balance during the Previous Year *
(a)	**Loans and Advances to wholly owned Subsidiaries –**					
	National Limestone Company Private Limited	Working Capital	1.63	1.63	0.87	0.87
	Singhania Minerals Private Limited	Working Capital	0.69	0.69	0.64	0.64
	Lucky Minmat Limited	Working Capital	0.09	0.09	0.05	0.05

* Balance does not include outstanding interest

(b) Details of Investments made are given in Note 4.

(c) Guarantee given on behalf of Singhania Minerals Private Limited, wholly owned subsidiary company, of ₹ 0.04 Crore (Previous Year - ₹ 0.04 Crore) is for the purpose of approval of mining plan.

(d) Guarantee given on behalf of ACC Mineral Resources Limited , wholly owned subsidiary company, of ₹ 12.50 Crore (Previous Year - ₹ Nil) is for the purpose of Coal block.

(e) The loanees have not made any investments in the shares of the Company

(f) The above loans are repayable on demand and carries rate of interest at 9% p.a. (Previous year - 9% p.a.)

NOTE 47. 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.

(₹ Crore)

	2019	2018
Balance at the beginning of the year	4.99	2.80
Expenditure during construction for projects:		
Employee benefits expense*	11.68	1.26
Rates and taxes**	1.86	-
Miscellaneous expenses**	16.96	3.15
Total	**35.49**	**7.21**
Less : Capitalised during the year	1.00	2.22
Balance at the end of the year	**34.49**	**4.99**

* Employee benefit expenses represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.** Miscellaneous expense and rates and taxes are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 48. Financial Instruments

(A) Categories of financial instruments

(₹ Crore)

Particulars		Note No.	Carrying value As at December 31, 2019	Carrying value As at December 31, 2018
Financial assets				
1.	**Measured at Fair value through profit or loss (FVTPL)**			
(a)	Mandatorily measured:			
	Equity investments		-	-
	Cash and cash equivalents - Mutual funds	12	725.47	690.91
(b)	Designated as at FVTPL		-	-
2.	**Measured at amortised cost**			
	Cash and cash equivalents (Certificates of deposits and other deposits)	12	1,492.98	936.10
	Other Cash and cash equivalents (Balances with banks)	12	2,164.73	1,209.83
	Bank balances other than Cash and Cash Equivalents	13	154.92	163.49
	Investments in Bonds	5	3.70	3.70
	Security deposits (Current and Non-Current)	6 & 14	150.16	222.06
	Loans and Other financial assets (Current and Non-Current)	6, 7, 14 & 15	755.93	574.39
	Trade receivables	11	628.43	868.26
3.	**Measured at fair value through Other Comprehensive Income**		-	-
TOTAL			**6,076.32**	**4,668.74**

(₹ Crore)

Particulars		Note No.	As at December 31, 2019	As at December 31, 2018
Financial liabilities				
1.	**Measured at FVTPL**			
	Foreign currency forward contract	22	-	1.19
2.	**Measured at amortised cost**			
	Trade payables		1,470.97	1,922.73
	Security deposits and retention money	22	710.54	553.40
	Other financial liabilities	22	223.42	219.12
TOTAL			**2,404.93**	**2,696.44**

The 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 (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements
for the year ended December 31, 2019

(B) Income, Expenses, Gains or Losses on Financial Instruments
Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

(₹ Crore)

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Financial assets measured at amortised cost		
Interest income	(165.59)	(102.13)
Impairment losses on trade receivable (including reversals of impairment losses)	21.51	5.39
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(19.53)	(33.43)
Net gain on fair valuation of current financial assets	(0.47)	(0.91)
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	4.46	3.23
Interest expenses on deposits from dealers	33.45	28.89
Interest expenses on borrowings from related party	-	1.47
Derivatives - Foreign exchange forward contracts		
Net loss / (gain) on foreign currency forward contract	(0.94)	2.12
Net gain recognised in Statement of Profit and Loss	**(127.11)**	**(95.37)**

(C) Fair Value Hierarchy
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

Notes to the Financial Statements
for the year ended December 31, 2019

For assets and liabilities which are measured at fair value as at the Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	725.47	-	-	725.47
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	-	-	-
As at December 31, 2018				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	690.91	-	-	690.91
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	1.19	-	1.19

During the reporting period ending December 31, 2019 and December 31, 2018, there was no transfer between level 1 and level 2 fair value measurement.

The following methods and assumptions were used to estimate the fair values:

Level 1: Quoted bid prices in an active market - Unadjusted Quoted price in principle market in which equity instrument is actively traded.

Level 1: 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.

Level 2: The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates at the reporting date.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Other financial assets and liabilities

The management consider 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 (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 49. 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 summarised 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, Cash and cash equivalents, Bank balances other than cash and cash equivalents, Security deposits, Loans and other financial assets	Credit ratings and Ageing analysis	1. Diversification of counterparties 2. Investment limits 3. Check on counterparties basis credit rating 4. Number of days overdue 5. Eligibility under State Investment Promotion Schemes for incentives
Liquidity Risk	Borrowings, Trade payables, Deposits from dealers, Foreign exchange Forward contract and other financial liabilities	Maturity analysis	1. Preparing and monitoring forecasts of cash flows 2. Maintaining sufficient cash and cash equivalents
Market Risk- Foreign Exchange	Financial assets and liabilities denominated in other than functional currency	Sensitivity analysis	1. Exposure limits 2. Foreign exchange Forward contract
Market Risk- Commodity price risk	Movement in prices of commodities mainly Imported Coal and Pet Coke	Sensitivity analysis	1. Fuel mix optimisation 2. Longer term contracts
Market Risk- Interest rate risk	Security deposit from dealers	Sensitivity analysis	1. 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.

Notes to the Financial Statements
for the year ended December 31, 2019

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 it's 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. None of the financial instruments of the Company result in material concentration of credit risks.

Other financial assets mainly include incentives receivable from the government, loans and security deposits given. There are no indications that defaults in payment obligations would occur in respect of these financial assets.

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. 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.

For expected credit loss as at each reporting date the Company assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired.

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, 2019	As at December 31, 2018
Neither past due nor impaired	221.25	319.69
Past due not impaired		
- 1-180 days	375.02	499.49
- more than 180 days	32.16	49.08
Past due impaired		
- 1-180 days	1.96	0.25
- more than 180 days	39.17	24.40
TOTAL	**669.56**	**892.91**

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. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated. Accordingly, loss allowances on trade receivables are measured using provision matrix at an amount equal to life time expected losses i.e. expected cash shortfall.

Notes to the Financial Statements

for the year ended December 31, 2019

The following table summarizes the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	(₹ Crore)
As at January 01, 2018	29.03
Provided during the year	7.54
Amounts utilised	(9.77)
Reversals of Provision	(2.15)
As at December 31, 2018	**24.65**
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	**41.13**

No significant changes in estimation techniques or assumptions were made during the reporting period.

Credit impaired

For expected credit loss as at each reporting date the Company assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired. The Company assesses detrimental impacts on the estimated future cash flows of the financial asset including loans, receivables and other assets. Based on the assessment of the observable data relating to significant financial difficulty and creditworthiness of the counterparties, the management believes that there are no financial assets which are credit impaired.

(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 Company has large investments in short term liquid funds which can be redeemed at a very short notice and hence carry negligible liquidity risk.

The table summarises the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contracted undiscounted cash payments.

	Carrying amount	Less than 1 year	More than 1 year	Total
As at December 31, 2019				
Other financial liabilities*	933.96	967.70	-	967.70
Foreign exchange Forward contract	-	-	-	-
Trade payables	1,470.97	1,470.97	-	1,470.97
	2,404.93	**2,438.67**	**-**	**2,438.67**

	Carrying amount	Less than 1 year	More than 1 year	Total
As at December 31, 2018				
Other financial liabilities*	772.52	804.26	-	804.26
Foreign exchange Forward contract	1.19	1.19		1.19
Trade payables	1,922.73	1,922.73	-	1,922.73
	2,696.44	**2,728.18**	**-**	**2,728.18**

Notes to the Financial Statements
for the year ended December 31, 2019

*Other financial liabilities includes deposits received from customers amounting to ₹ 641.59 Crore (Previous year ₹ 499.77 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 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 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.

(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 commodity risk. Financial instruments affected by market risk include loans, investments, deposits and 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.

The carrying amounts of the Company's foreign currency denominated monetary assets at the end of the reporting periods expressed in ₹, are as follows:

(₹ Crore)

As at December 31, 2019	USD	EUR	CHF	GBP	SEK	JPY
Trade Payable	4.06	2.13	0.03	0.01	0.81	0.02
Foreign exchange derivative contracts	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	**4.06**	**2.13**	**0.03**	**0.01**	**0.81**	**0.02**

As at December 31, 2018	USD	EUR	CHF	GBP
Trade Payable	130.22	2.13	0.02	0.04
Foreign exchange derivative contracts	(83.85)	-	-	-
Net exposure to foreign currency risk (liabilities)	**46.37**	**2.13**	**0.02**	**0.04**

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, 2019		As at December 31, 2018	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
USD	0.20	(0.20)	2.32	(2.32)
EUR	0.11	(0.11)	0.11	(0.11)
SEK	0.04	(0.04)	-	-
TOTAL	**0.35**	**(0.35)**	**2.43**	**(2.43)**

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

Notes to the Financial Statements

for the year ended December 31, 2019

Market Risk- Commodity price risk

Commodity price risk for the Company is mainly related to fluctuations in coal and pet coke prices linked to various external factors, which can affect the production cost of the Company. Since the Energy costs is one of the primary costs drivers, any fluctuation in fuel prices can lead to drop in operating margin. To manage this risk, the Company take steps to optimize the fuel mix and to pursue longer term and fixed contracts, where considered necessary. Additionally, processes and policies related to such risks are reviewed and controlled by senior management and fuel requirement are monitored by the central procurement team.

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 security deposit from dealers. 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, 2019 would decrease / increase by ₹ 3.18 Crore (Previous year - ₹ 2.50 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.

NOTE 50. 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.

(₹ Crore)

	Note No.	As at December 31, 2019	As at December 31, 2018
Total Debt		-	-
Less: Cash and cash equivalents	12	(4,383.18)	(2,836.84)
Net debt		**(4,383.18)**	**(2,836.84)**
Equity	18 & 19	11,521.28	10,527.66
Debt to Equity (Net)		NA	NA

NOTE 51. Dividend distribution and proposed dividend

(₹ Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2018 ₹ 14 per share (Previous year - ₹ 15 per share for 2017)	262.90	281.68
Dividend distribution tax on final dividend	54.04	57.90
	316.94	**339.58**
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2019 ₹ 14 per share : (Previous year - ₹ 14 per share)	262.90	262.90
Dividend distribution tax on proposed dividend*	-	54.04
	262.90	**316.94**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend distribution tax thereon) as at December 31.

*Dividend Distribution Tax is abolished with effect from April 01, 2020

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 52. Employee share based payments

Description of plan - LafargeHolcim Performance Share Plan

LafargeHolcim Ltd (Ultimate Holding Company) set up a performance share plan. Performance shares are granted to executives and senior management for their contribution to the continuing success of the business. These shares will be delivered after three year vesting period following the grant date and are subject to internal performance conditions.

9,000 performance shares at a fair value of ₹ 3,405 per share were granted in 2019. Internal performance conditions are attached to the performance shares and are based on Group Earnings per Share (EPS) and Group Return on Invested Capital (ROIC). During the year, ₹ 0.63 Crore is charged to the Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

Fair value of shares granted is determined based on the estimated achievement of LafargeHolcim Earnings per Share and Return on Invested Capital.

NOTE 53. 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

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063
Mumbai, February 07, 2020

VINAYAK CHATTERJEE
Director
DIN: 00008933

FORM AOC-1

FORM AOC-1

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIALS STATEMENTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES

(PURSUANT TO FIRST PROVISO 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, 2019 to December 31, 2019	January 01, 2019 to December 31, 2019	January 01, 2019 to December 31, 2019	January 01, 2019 to December 31, 2019	January 01, 2019 to December 31, 2019
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
		121.95	*33.64*	*3.25*	*2.00*	*0.52*
5	Reserves and surplus	(40.29)	24.10	(5.24)	(1.94)	(0.87)
		(47.23)	*21.68*	*(4.76)*	*(1.55)*	*(0.92)*
6	Total assets	85.57	69.27	0.66	2.03	1.86
		78.75	*65.23*	*0.64*	*1.70*	*1.40*
7	Total Liabilities	3.91	11.53	2.65	1.97	2.21
		4.03	*9.91*	*2.15*	*1.25*	*1.80*
8	Turnover	-	18.78	-	-	3.63
		-	*18.76*	-	-	*5.00*
9	Profit / (Loss) before tax	6.36	3.18	(0.48)	(0.39)	0.05
		3.87	*3.39*	*(0.49)*	*(0.23)*	*0.04*
10	Tax expenses	(0.58)	0.76	-	-	-
		(0.45)	*0.62*	-	-	-
11	Profit / (Loss) after tax	6.94	2.42	(0.48)	(0.39)	0.05
		4.32	*2.77*	*(0.49)*	*(0.23)*	*0.04*
12	Proposed Dividend	-	-	-	-	-
		-	-	-	-	-
13	% of shareholding	100%	94.65%	100%	100%	100%
		100%	*94.65%*	*100%*	*100%*	*100%*

FORM AOC-1

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, 2019	December 31, 2019
	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)	5.73 *5.25*	80.52 *68.98*
6	Profit / (Loss) for the year (₹ Crore)	2.29 *0.80*	26.65 *15.38*
i.	Considered in Consolidation (₹ Crore)	0.92 *0.32*	11.99 *6.92*
ii.	Not Considered in Consolidation (₹ Crore)	1.37 *0.48*	14.66 *8.46*

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, 2019	December 31, 2019
	Shares of Joint Venture held by the company on the year end	25,01,000	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)	7.19 *6.04*	7.44 *9.32*
6	Profit / (Loss) for the year (₹ Crore)	2.30 *3.16*	(0.72) *3.79*
i.	Considered in Consolidation (₹ Crore)	1.15 *1.58*	(0.29) *1.51*
ii.	Not Considered in Consolidation (₹ Crore)	1.15 *1.58*	(0.43) *2.28*

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
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DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063
Mumbai, February 07, 2020

VINAYAK CHATTERJEE
Director
DIN: 00008933

Independent Auditor's Report

To The Members of ACC Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of ACC Limited ("the Parent") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") and includes the Group's Share of Profit in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at December 31, 2019, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flow and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements"), which includes four joint operations of a subsidiary (consolidated on a proportionate basis with the subsidiary).

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 include four joint operations), associates and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at December 31, 2019, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. 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 Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Emphasis of Matter

We draw attention to Notes 41(A)(a) and 41(A)(b) of 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, National Company Law Appellate Tribunal (NCLAT), (which replaced the Competition Appellate Tribunal (COMPAT) effective May 26, 2017), in its order passed on July 25, 2018 had upheld the CCI's Order. The Company's appeal against the said judgment of NCLAT before the Hon'ble Supreme Court was admitted vide its order dated October 05, 2018 with a direction that the interim order passed by the Tribunal would continue.

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 had stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

Based on the Company's assessment on the outcome of these appeals supported by the advice of external legal counsel, the Company is of the view that no provision is necessary in respect of these matters in these consolidated financial statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of

Independent Auditor's Report

the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Responses
1.	**Litigation, Claims and Contingent Liabilities:** (Refer Notes 23 and 41(A), to be read along with Emphasis of Matter in Independent Auditor's Report of the consolidated financial statements) The Group is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims. Based on the nature of regulatory and legal cases management applies significant judgment when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgment necessary to determine required disclosures, this is a key audit matter.	**Principal audit procedures performed:** • We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities. • We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'; • Examined the Group's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness. • We read the correspondence from Court authorities and considered legal opinion obtained by the management from external law firms to challenge the basis used for provisions recognised or the disclosures made in the consolidated financial statements. • We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions. • For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.

Independent Auditor's Report

Sr. No.	Key Audit Matters	Auditor's Responses
2.	**Income tax provision :** (Refer Notes 21 and 41(A) of the consolidated financial statements) This matter has been identified as a Key Audit Matter due to the significant level of management judgment required in the estimation of provision for income taxes including any write back of provisions, due to the following factors: • Existence of multiple uncertain tax positions leading to multiple disputes / litigations. • Provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.	**Principal audit procedures performed:** • Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Group's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies. • Obtained details of completed tax assessments and demands as of December 31, 2019 from the management. • We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the management's underlying key assumptions in estimating the tax provisions. • We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions. • We also involved our direct tax specialist in evaluating management's assessment for the uncertain tax positions. • For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.

Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board's Report including Annexures to Board's Report, Report on Corporate Governance and Business Responsibility Report, but does not include the consolidated financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries, associates and joint venture audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries, associates and joint venture, is traced from their financial statements audited by the other auditors.

Independent Auditor's Report

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. 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, of its associates and joint ventures 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 consolidated 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 financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the Group and of its associates and joint ventures to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of

Independent Auditor's Report

accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- •btain sufficient appropriate audit evidence regarding the financial information of the business activities within the Group, its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the consolidated financial statements of such business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matter

We did not audit the financial statements of four subsidiaries (which includes four joint operations), whose financial statements reflect total assets of ₹ 90.13 crores as at December 31, 2019, total revenues of ₹ 18.51 crores and net cash inflows amounting to ₹ 12.12 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 12.73 crores for the year ended December 31, 2019, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial statements have not been

Independent Auditor's Report

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 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.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter 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 the separate financial statements of the subsidiaries (which includes four joint operations), associates and joint venture companies incorporated in India, referred to in the Other Matter 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 financial statements.

b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated 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 Statement of Cash Flow and the 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 financial statements.

d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified 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, 2019 taken on record by the Board of Directors of the Company 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, 2019 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 joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of the Group, associates and joint venture companies incorporated in India.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

   In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) 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:

Independent Auditor's Report

i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures (Refer Note 41 in the consolidated 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 Group, its associate companies and joint venture companies incorporated in India.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 20040081AAAAAF5714

Place : Mumbai
Date : February 07, 2020

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 financial statements of the Company as of and for the year ended December 31, 2019, 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

Annexure "A" to the Independent Auditor's Report

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, 2019, based on the criteria for internal financial control over financial reporting 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 insofar 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)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 20040081AAAAAF5714

Place: Mumbai
Date: February 07, 2020

Consolidated Balance Sheet

as at December 31, 2019

₹ Crore

Particulars	Note No.	As at December 31, 2019	As at December 31, 2018
A. ASSETS			
1) Non-current assets			
a) Property, Plant and Equipment	2	6,976.89	7,035.18
b) Capital work-in-progress		445.67	397.78
c) Goodwill on consolidation	54	15.57	15.57
d) Other Intangible assets	3	34.27	37.42
e) Investments in associates and joint ventures	4	112.48	100.40
f) Financial Assets			
(i) Investments	5	3.70	3.70
(ii) Loans	6	143.76	169.14
(iii) Other financial assets	7	468.23	325.33
g) Non-current Tax Assets (Net)	8	859.76	674.97
h) Other non-current assets	9	541.08	612.02
Total Non-current assets		**9,601.41**	**9,371.51**
2) Current assets			
a) Inventories	10	1,141.93	1,679.39
b) Financial assets			
(i) Trade receivables	11	626.65	867.37
(ii) Cash and Cash Equivalents	12	4,492.53	2,933.21
(iii) Bank balances other than Cash and Cash Equivalents	13	155.20	163.77
(iv) Loans	14	29.02	77.30
(v) Other financial assets	15	270.38	231.68
c) Other current assets	16	808.39	720.17
		7,524.10	**6,672.89**
d) Non-current assets classified as held for sale	17	10.47	11.55
Total Current assets		**7,534.57**	**6,684.44**
TOTAL - ASSETS		**17,135.98**	**16,055.95**
B. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	18	187.99	187.99
b) Other Equity	19	11,355.78	10,343.91
Equity attributable to owners of the parent		**11,543.77**	**10,531.90**
Non-controlling interest		3.16	3.03
Total Equity		**11,546.93**	**10,534.93**
Liabilities			
Non-current liabilities			
a) Provisions	20	235.10	140.29
b) Deferred tax liabilities (Net)	21	655.72	674.57
Total - Non-current liabilities		**890.82**	**814.86**
Current liabilities			
a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises	45	11.27	8.02
Total outstanding dues of creditors other than micro and small enterprises		1,463.71	1,918.24
(ii) Other financial liabilities	22	937.50	775.54
b) Other current liabilities	23	1,919.39	1,794.63
c) Provisions	24	23.39	27.30
d) Current tax liabilities (Net)		342.97	182.43
Total - Current liabilities		**4,698.23**	**4,706.16**
Total - Liabilities		**5,589.05**	**5,521.02**
TOTAL - EQUITY AND LIABILITIES		**17,135.98**	**16,055.95**
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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Consolidated Statement of Profit and Loss

for the year ended December 31, 2019

₹ Crore

	Particulars		Note No.		For the year ended December 31, 2019	For the year ended December 31, 2018
	INCOME					
1	Revenue from operations		25		15,657.55	14,801.62
2	Other Income		26		318.43	142.66
3	**TOTAL INCOME (1+2)**				**15,975.98**	**14,944.28**
4	**EXPENSES**					
	a)	Cost of materials consumed	27		2,256.39	2,368.17
	b)	Purchases of Stock-in-Trade	28		361.69	89.26
	c)	Changes in inventories of finished goods, work-in-progress and Stock-in-Trade	29		100.81	(124.98)
	d)	Employee benefits expense	30		866.11	883.58
	e)	Power and Fuel			3,134.01	3,000.83
	f)	Freight and Forwarding expense	31		4,032.09	3,992.82
	g)	Finance costs	32		86.27	87.77
	h)	Depreciation and amortisation expense	33		606.44	603.22
	i)	Other expenses	34		2,495.99	2,546.53
					13,939.80	**13,447.20**
	Captive consumption of cement				(2.32)	(2.71)
	TOTAL EXPENSES				**13,937.48**	**13,444.49**
5	**Profit before share of profit of associates and joint ventures and tax (3-4)**				2,038.50	1,499.79
6	Share of profit in associates and joint ventures				14.02	10.32
7	**Profit before tax (5+6)**				**2,052.52**	**1,510.11**
8	**Tax expense** (Refer Note - 21)					
	a)	Current tax			690.20	457.57
	b)	Tax adjustments for earlier years			-	(500.63)
	c)	Deferred tax (credit) / charge			(15.22)	32.55
					674.98	**(10.51)**
9	**Profit for the year (7-8)**				**1,377.54**	**1,520.62**
10	**Other Comprehensive Income (OCI)**					
	(i)	Items that will not be reclassified to profit and loss:				
		(a) Re-measurement gain / (loss) on defined benefit plans	38		(75.28)	(7.45)
		(b) Share of Re-measurement gain / (loss) on defined benefit plans of associates and joint ventures (net of tax)			(0.25)	0.01
	(ii)	Income tax relating to items that will not be reclassified to profit and loss	21		26.30	2.60
	Other Comprehensive Income for the year, net of tax				**(49.23)**	**(4.84)**
11	**Total Comprehensive Income for the year (9+10)**				**1,328.31**	**1,515.78**
12	**Attributable to:**					
	Owners of the Company				1,377.41	1,520.47
	Non-controlling interests				0.13	0.15
	Profit for the year				**1,377.54**	**1,520.62**
13	**Other comprehensive income Attributable to:**					
	Owners of the Company				(49.23)	(4.84)
	Non-controlling interests				-	-
	Other comprehensive income				**(49.23)**	**(4.84)**
14	**Total comprehensive income Attributable to:**					
	Owners of the Company				1,328.18	1,515.63
	Non-controlling interests				0.13	0.15
	Total comprehensive income				**1,328.31**	**1,515.78**
15	**Earnings per equity share of ₹ 10 each:**		35			
	(a)	Basic		₹	73.35	80.97
	(b)	Diluted		₹	73.17	80.77
	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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Consolidated Statement of Changes in Equity
for the year ended December 31, 2019

A. Equity Share Capital

	Note No.	₹ Crore
As at January 01, 2018	18	187.99
Issue of equity shares		-
As at December 31, 2018	18	187.99
Issue of equity shares		-
As at December 31, 2019	18	**187.99**

B. Other Equity

For the year ended December 31, 2019

₹ Crore

	Reserves and surplus (Refer Note - 19)				Total Attributable to Owners of the Company	Attributable to Non-controlling interest	Total other equity
	Securities Premium	General Reserve	Capital contribution from parent	Retained Earnings			
As at January 01, 2019	845.03	2,796.78	-	6,702.10	10,343.91	3.03	10,346.94
Profit for the year	-	-	-	1,377.41	1,377.41	0.13	1,377.54
Other Comprehensive Income for the year, net of tax	-	-	-	(49.23)	(49.23)	-	(49.23)
Total comprehensive income for the year	**-**	**-**	**-**	**1,328.18**	**1,328.18**	**0.13**	**1,328.31**
Share base payment (Refer Note - 55)	-	-	0.63	-	0.63	-	0.63
Final dividend paid for 2018 (Refer Note - 53)	-	-		(262.90)	(262.90)	-	(262.90)
Dividend distribution tax on dividend (Refer Note - 53)	-	-		(54.04)	(54.04)	-	(54.04)
As at December 31, 2019	**845.03**	**2,796.78**	**0.63**	**7,713.34**	**11,355.78**	**3.16**	**11,358.94**

Consolidated Statement of Changes in Equity

for the year ended December 31, 2019

For the year ended December 31, 2018

₹ Crore

	Reserves and surplus (Refer Note - 19)				Total Attributable to Owners of the Company	Attributable to Non-controlling interest	Total other equity
	Securities Premium	General Reserve	Capital contribution from parent	Retained Earnings			
As at January 01, 2018	845.03	2,796.78	-	5,526.05	9,167.86	2.88	9,170.74
Profit for the year	-	-	-	1,520.47	1,520.47	0.15	1,520.62
Other Comprehensive Income for the year, net of tax	-	-	-	(4.84)	(4.84)	-	(4.84)
Total comprehensive income for the year	**-**	**-**	**-**	**1,515.63**	**1,515.63**	**0.15**	**1,515.78**
Final dividend paid for 2017 (Refer Note - 53)	-	-	-	(281.68)	(281.68)	-	(281.68)
Dividend distribution tax on dividend (Refer Note - 53)	-	-	-	(57.90)	(57.90)	-	(57.90)
As at December 31, 2018	**845.03**	**2,796.78**	**-**	**6,702.10**	**10,343.91**	**3.03**	**10,346.94**

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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Consolidated Statement of Cash Flow

for the year ended December 31, 2019

₹ Crore

Particulars	Note No.	For the year ended December 31, 2019	For the year ended December 31, 2018
A. Cash flow from operating activities			
Profit before Tax		2,052.52	1,510.11
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	33	606.44	603.22
Profit on sale / write off of Property, Plant & Equipment (net)	26	(26.87)	(0.94)
Gain on sale of current financial assets measured at FVTPL	26	(21.64)	(35.91)
Interest income	26	(269.49)	(104.90)
Finance costs	32	86.27	87.77
Impairment losses on trade receivables (net)	34	21.51	5.39
Provision / (Reversal) for doubtful advances (net)		0.05	(0.05)
Provision / (Reversal) for slow and non moving Stores & Spares (net)	10	6.38	4.42
Provision no longer required written back	25	(9.53)	(24.69)
Net gain on fair valuation of current financial assets measured at FVTPL	26	(0.43)	(0.91)
Employee share based payments	30	0.63	-
Amortisation of operating lease rental		-	2.78
Share of profit in associates and joint ventures	37	(14.02)	(10.32)
Fair Value movement in Derivative Instruments		-	1.19
Unrealised exchange loss / (gain) (net)		0.12	(1.10)
Operating profit before working capital changes		**2,431.94**	**2,036.06**
Changes in Working Capital:			
Adjustments for Decrease / (Increase) in operating assets:			
Decrease / (Increase) in Trade receivable, loans & advances and other assets	6-7,9,11 & 14-17	33.91	(268.37)
Decrease / (Increase) in Inventories	10	531.08	(279.03)
Adjustments for Increase / (Decrease) in operating liabilities:			
(Decrease) / Increase in Trade payables, Other liabilities and Provisions	20 & 22-24	(295.08)	156.77
Cash generated from operations		**2,701.85**	**1,645.43**
Direct tax paid including interest on Income Tax - (Net of refunds)		(447.14)	(527.89)
Net Cash flow from operating activities		**2,254.71**	**1,117.54**
B. Cash flow from investing activities			
Loans to Joint Venture	6	-	(0.11)
Payment received against loan given to Joint Venture		0.12	-
Purchase of Property, Plant and Equipments (Including Capital work-in-progress and Capital Advances)			
Capex for increases in operating capacity		(108.70)	(40.62)
Capex for efficiency improvement and maintaining operating capacity		(440.26)	(479.06)
Proceeds from sale of Property, Plant & Equipment		54.05	22.57
Net proceeds from sale of mutual funds		21.64	35.91
Investment in bank and margin money deposits (having original maturity for more than 12 months)	7	(32.27)	(4.35)
Investment in bank and margin money deposits (having original maturity for more than 3 months)		(2,476.87)	(117.39)
Redemption of bank and margin money deposits (having original maturity for more than 3 months)		2,481.73	125.49
Investment in certificate of deposits		(600.00)	-
Redemption of certificate of deposits		600.00	-
Dividend received from Associate / Joint venture		1.69	1.09
Interest received		177.21	92.03
Net cash used in investing activities		**(321.66)**	**(364.44)**

Consolidated Statement of Cash Flow

for the year ended December 31, 2019

₹ Crore

Particulars	Note No.	For the year ended December 31, 2019	For the year ended December 31, 2018
C. Cash flow from financing activities			
Interest paid		(57.22)	(40.88)
Dividend paid	53	(262.90)	(281.68)
Dividend Distribution Tax paid	53	(54.04)	(57.90)
Net cash used in financing activities		**(374.16)**	**(380.46)**
Net increase in cash and cash equivalents		**1,558.89**	**372.64**
Add: Cash and cash equivalents at the beginning of the year	12	2,933.21	2,559.66
Add: Adjustment for gain on fair valuation of current financial assets measured at FVTPL	26	0.43	0.91
Cash and cash equivalents at the end of the year	12	**4,492.53**	**2,933.21**

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

SAIRA NAINAR
Partner
Membership No. 040081

Mumbai, February 07, 2020

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
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NEERAJ AKHOURY
Managing Director & CEO
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DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063

VINAYAK CHATTERJEE
Director
DIN: 00008933

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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 The National Stock Exchange of India (NSE) and The Bombay Stock Exchange Ltd. (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 a member of the LafargeHolcim Group, is principally engaged in the business of manufacturing and selling of Cement and Ready Mix Concrete. The Group has manufacturing facilities across India and caters mainly to the domestic market.

Information on the Group's structure is provided in Note - 36. Information on related party relationship of the Group is provided in Note - 43.

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.

These Consolidated Financial Statements were approved for issue in accordance with the resolution of the Board of Directors on February 07, 2020.

(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, 2019.

These Consolidated Financial Statements have been prepared on a historical cost basis, except for the following material items in the Consolidated Balance Sheet:

a) Certain financial assets and liabilities are measured at fair value (Refer Note 1(xiv) for accounting policy on Financial Instruments)

b) Non-current assets classified as held for sale are measured at lower of their 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.

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.

The accounting policies have been applied consistently over all the periods presented in these Consolidated Financial Statements.

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

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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.

Rounding of amounts

All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest Crore as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

(iv) Basis of Consolidation

a) The Consolidated Financial Statements incorporate the financial statements of the Company, 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 cursrent 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

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 off 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, 2019.

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 shareholders 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

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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. Recognises 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. Combines like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries.

   ii. Offsets (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. Eliminates 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 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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.

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.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

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 Combinations 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 of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in the 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 Consolidated 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.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

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.

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 recognises 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 recognises 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

(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 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 a 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 recognise a contingent asset (if any) but discloses 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 and Ind AS 1 "Presentation of financial statements".

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 Group'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 Group'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. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

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 Group has ascertained its normal operating cycle as twelve months for the purpose of Current / Non-current classification of assets and liabilities.

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(x) Property, Plant and Equipment

Recognition and measurement

a) Property, Plant and Equipment are stated at cost of acquisition / installation 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).

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 decapitalised on such date with consequent impact in the Consolidated Statement of Profit and Loss.

e) Property, Plant and Equipment not ready for the intended use on the date of Consolidated 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 under "Other Income / Other Expenses" when the asset is derecognised.

g) The Group had 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 reserves 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 a 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.

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.

h) In respect of an asset for which impairment loss, if any, is recognised, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(xi) Intangible Assets

Recognition and Measurement

a) Mining rights and computer software acquired are measured on initial recognition at cost. Cost comprises the purchase price (net of tax / duty credits availed 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) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. 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 such item of intangible asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.

c) The Group had 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".

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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 the 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.

(xiii) Inventories

Inventories are valued after providing for obsolescence, as follows:

a) Raw Materials, Stores and 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

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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 includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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 (including incentive receivable from Government) and deposits and (g) forward contract.

ii. Non-current financial assets mainly consisting of (a) financial investments – equity, bond and fixed deposits and (b) other long-term receivables (including incentive receivable from Government) and deposits.

Initial recognition and measurement

The Group recognises 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.

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.

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ii. Financial assets at fair value through other comprehensive income (FVTOCI) unless the same are designated as FVTPL

A 'debt instrument' is classified as at the FVTOCI unless the same are designated as FVTPL, 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 though 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 other comprehensive income (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 as FVTOCI.

Derivative Financial Instruments:

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Consolidated Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group does not hold derivative financial instruments for speculative purposes.

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, incentive receivable from Government; 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 115 "Revenue from Contracts with Customers", if they do not contain a significant financing component.

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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, twelve 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 twelve month ECL.

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve 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 under the head 'Other expenses' 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.

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Financial liabilities

The Group's current financial liabilities mainly comprise (a) trade payables, (b) liability for capital expenditure (c) security deposit (d) other payables and (e) forward contract.

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.

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 though 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 Group does not separate

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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.

(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 the 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 Statement 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

Revenue is recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of the Group's core products Cement and Ready Mix Concrete is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations.

The customer obtains control of the goods when the significant risks and rewards of products sold are transferred to the customer, being at the point the goods are delivered to and accepted by the customer, according to the specific delivery terms that have been agreed with the customer.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any discounts, price concessions, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts, price concessions and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with the customer concerned, which is consistent with market practice.

Contract Balances

Trade receivables

A trade receivable is recognised when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Contract assets, which is a group's right to consideration that is conditional on something other than the passage of time. Currently there are no contract assets.

Contract liabilities

Contract liabilities, which is a group's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers which are disclosed in Note no. 23. Contract liabilities are recognised as revenue when the Group performs under the contract.

Rendering of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

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.

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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 the Consolidated Statement of Profit and Loss in subsequent periods.

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 retained earnings through OCI. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

d) Accumulated Compensated Absences

Accumulated compensated absences which are expected to be settled wholly within twelve 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 twelve 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

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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 twelve 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.

h) Employee share-based payments

The Ultimate holding Company of the Group operates various equity-settled share-based compensation plans. Senior executive of the Company received remuneration in the form of share-based payments, whereby employee render service as consideration for equity instruments (equity settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity settled transactions is recognised in the Consolidated Statement of Profit and Loss, together with a corresponding increase in equity, representing contribution received from the ultimate holding company, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Consolidated Statement of Profit and Loss for a period represents movement in the cumulative expenses recognised as at the beginning and end of that period.

(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.

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 amortised.

(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.

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 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

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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 or recovered from 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 the Consolidated Statement of Profit and Loss is 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; and
- 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 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 Consolidated Statement of Profit and 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

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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 credits 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 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.

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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 and cheques on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of the 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 certificates of deposit 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) Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment are recognised in the Consolidated Statement of Profit and Loss in the period in which they become receivable.

c) 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, under other operating revenue 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.

d) Where the grant or subsidy relates to an asset, it is presented in the balance sheet by setting up the grant as deferred income and recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

(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 year.

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, 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

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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. Revisions in estimates are reflected in the Consolidated Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Consolidated Financial Statements.

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 summarised 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.

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 specialised lawyers.

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 crystalising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

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 asset.

Impairment of investments in joint-ventures and associates
Determining whether the investments in joint ventures and associates are impaired requires an estimate of the value of 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) New Accounting Pronouncement – Adoption of Ind AS 115 "Revenue from contracts with Customers" (Change in accounting policy)
Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring

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goods or services to a customer. Ind AS 115 replaces Ind AS 18 Revenue.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Effective January 01, 2019, the Group has adopted Ind AS 115 'Revenue from Contracts with Customers' using the full retrospective approach.

The effect of adopting Ind AS 115 as at December 31, 2018 is as follows;

'Advances received from customers', as at December 31, 2018 has been classified as 'Contract Liabilities'.

Further, the adoption of Ind AS 115 did not have any significant impact on overall financial statements of the Group.

(xxx) New Ind AS that has been issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Group with effect from January 01, 2020.

Ind AS 116: Leases

Ind AS 116 – on March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessee. This will result in the Group recognising right of use assets and lease liability in the books.

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for underlying assets of low value and short-term leases. The Group intends to use low value exemptions and short term exemption in accordance with Ind AS 116.
- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.
- The Group has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete.

This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the Group obtains substantially all the economic benefits from the use of that asset; and whether the Group has the right to direct the use of that asset.

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for the year ended December 31, 2019

- The estimated impact of Ind AS 116 on the Group's financial statements at December 31, 2020 is as follows:

  The Group intends to apply the new standard in accordance with the modified retrospective approach without restatement of the comparative period. Leases that were accounted for as operating leases in accordance with Ind AS 17 Leases, will be recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted using the lessee's incremental borrowing rate as at the date of initial application.

  Furthermore, the Group has chosen the option whereby the right-of-use asset would equal the lease liability at the initial application of Ind AS 116.

Balance sheet:

- The Group is currently finalising the implementation of the Ind AS 116 standard, which is expected to translate as of January 01, 2020 into additional lease liabilities and right-of-use assets approximately ₹ 137 Crore.

Statement of Profit and Loss:

- The Group estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately ₹ 30 Crore from the right-of-use assets. This will offset the reduction in operating lease expenses of around ₹ 35 Crore per year, resulting in an overall increase in Earnings before interest and taxes (EBIT) of ₹ 5 Crore. Finance costs are expected to increase by approximately ₹ 10 Crore per year due to the interest recognised on lease liabilities.

Statement of Cash Flows:

- The Group estimates that the adoption of Ind AS 116 will increase cash flows from operating activities by approximately ₹ 35 Crore with a related decrease in cash flows used in financing activities of ₹ 35 Crore which relates to lease payments.

Others

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on March 30, 2019 which is effective from January 01, 2020.

1. **Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments**

   The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Group has used in tax computation or plan to use in their income tax filings. The Group has currently carried out an initial assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

2. **Amendment to Ind AS 12 – Income taxes**

   The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

3. **Ind AS 19 - Plan amendment, curtailment or settlement**

   The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4. **Amendments to Ind AS 28, Investments to Associates and Joint Ventures**

   The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the

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associate or joint venture but to which the equity method is not applied. The Group does not currently have any such long-term interests in associates and joint ventures.

5. **Amendments to Ind AS 23, Borrowing Costs**

   The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not have any borrowings.

6. **Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

   The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

7. **Amendments to Ind AS 109, Financial Instruments**

   The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Based on preliminary assessment, the Group does not expect these amendments to have any significant impact on its Consolidated Financial Statements.

NOTE 2. Property, Plant and Equipment

Refer Note 1 (x) for accounting policy on Property, Plant and Equipment

₹ Crore

PARTICULARS	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Depreciation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Tangible Assets :										
Freehold Non-Mining Land	133.62	0.78	-	134.40	-	-	-	-	134.40	133.62
Freehold Mining Land	306.90	33.76	-	340.66	0.77	0.27	-	1.04	339.62	306.13
Leasehold Land	39.51	-	-	39.51	1.33	0.53	-	1.86	37.65	38.18
Buildings	1,661.56	64.37	8.16	1,717.77	220.44	78.07	7.69	290.82	1,426.95	1,441.12
Plant and Equipment	6,311.44	429.36	34.22	6,706.58	1,472.51	479.60	15.95	1,936.16	4,770.42	4,838.93
Railway Sidings	255.00	4.33	-	259.33	55.27	21.24	-	76.51	182.82	199.73
Furniture and Fixtures	27.26	2.47	0.11	29.62	12.64	3.15	0.09	15.70	13.92	14.62
Vehicles	68.64	19.69	0.09	88.24	27.40	10.59	0.09	37.90	50.34	41.24
Office equipment	59.17	8.51	1.40	66.28	37.56	9.22	1.27	45.51	20.77	21.61
TOTAL	**8,863.10**	**563.27**	**43.98**	**9,382.39**	**1,827.92**	**602.67**	**25.09**	**2,405.50**	**6,976.89**	**7,035.18**

PARTICULARS	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Depreciation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Tangible Assets :										
Freehold Non-Mining Land	130.61	3.03	0.02	133.62	-	-	-	-	133.62	130.61
Freehold Mining Land	304.81	2.09	-	306.90	0.51	0.26	-	0.77	306.13	304.30
Leasehold Land	39.25	0.26	-	39.51	0.79	0.54	-	1.33	38.18	38.46
Buildings	1,615.26	49.06	2.76	1,661.56	142.86	78.95	1.37	220.44	1,441.12	1,472.40
Plant and Equipment	5,992.35	344.51	25.42	6,311.44	1,007.72	473.19	8.40	1,472.51	4,838.93	4,984.63
Railway Sidings	246.48	8.52	-	255.00	34.34	20.93	-	55.27	199.73	212.14
Furniture and Fixtures	25.61	2.61	0.96	27.26	9.10	3.89	0.35	12.64	14.62	16.51
Vehicles	57.09	11.95	0.40	68.64	17.76	9.92	0.28	27.40	41.24	39.33
Office equipment	53.25	6.49	0.57	59.17	27.17	10.91	0.52	37.56	21.61	26.08
TOTAL	**8,464.71**	**428.52**	**30.13**	**8,863.10**	**1,240.25**	**598.59**	**10.92**	**1,827.92**	**7,035.18**	**7,224.46**

Note:

1 Buildings include cost of shares ₹ 4,120 (Previous year - ₹ 4,120) in various Co-operative Housing Societies, in respect of 8 (Previous year - 8) residential flats.

2 The title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company except for 1 case of leasehold land amounting to net block of ₹ 2.10 Crore (Previous year - ₹ 2.16 Crore), 2 cases of freehold land amounting to net block of ₹ 1.37 Crore (Previous year - ₹ 1.41 Crore) and 2 cases of Buildings amounting to net block of ₹ 5.76 Crore (Previous year - ₹ 6.46 Crore) respectively as at December 31, 2019 for which title deeds are in the name of the erstwhile Company that merged with the Company.

3 Capital work in progress as at December 31, 2019 is ₹ 445.67 Crore (Previous year - ₹ 397.78 Crore). Refer Note 48 for the amount of expenditure recognised in the carrying amount of an item of Property, Plant and Equipment / Capital work in progress (CWIP) during the course of its construction.

4 For contractual commitment with respect to Property, Plant and Equipment Refer Note - 40.

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for the year ended December 31, 2019

NOTE 3. Other Intangible assets

Refer Note 1 (xi) for accounting policy on Intangible Assets

₹ Crore

PARTICULARS	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Amortisation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Intangible Assets :										
Computer Software	2.89	0.01	-	2.90	2.02	0.68	-	2.70	0.20	0.87
Mining Rights	45.67	0.61	-	46.28	9.12	3.09	-	12.21	34.07	36.55
TOTAL	**48.56**	**0.62**	**-**	**49.18**	**11.14**	**3.77**	**-**	**14.91**	**34.27**	**37.42**

₹ Crore

PARTICULARS	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Amortisation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Intangible Assets :										
Computer Software	2.78	0.11	-	2.89	1.15	0.87	-	2.02	0.87	1.63
Mining Rights	43.76	1.91	-	45.67	5.36	3.76	-	9.12	36.55	38.40
TOTAL	**46.54**	**2.02**	**-**	**48.56**	**6.51**	**4.63**	**-**	**11.14**	**37.42**	**40.03**

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NOTE 4. Investments in associates and joint ventures accounted for using equity method (measured at cost)

Refer Note 1 (v) for accounting policy on Investment in associates and joint ventures

	As at December 31, 2019		As at December 31, 2018	
	Numbers	₹ Crore	Numbers	₹ Crore
Investments in Unquoted equity instruments				
Investment in Associates				
Face value ₹ 10 each fully paid				
Alcon Cement Company Private Limited	4,08,001	14.22	4,08,001	13.67
Asian Concretes and Cements Private Limited	81,00,000	80.05	81,00,000	68.06
		94.27		**81.73**
Investment in Joint Ventures				
Face value ₹ 10 each fully paid				
OneIndia BSC Private Limited	25,01,000	6.96	25,01,000	5.81
Aakaash Manufacturing Company Private Limited	4,401	11.25	4,401	12.86
		18.21		**18.67**
TOTAL		**112.48**		**100.40**
Aggregate amount of unquoted Investments		112.48		100.40

NOTE 5. Non-current investments

Refer Note 1 (xiv) for accounting policy on Investments

	As at December 31, 2019		As at December 31, 2018	
	Numbers	₹ Crore	Numbers	₹ Crore
Investment at fair value through profit or loss (FVTPL)				
Investment in equity instruments (fully paid)				
Unquoted*				
Face value ₹ 10 each fully paid				
Kanoria Sugar & General Mfg. Company Limited	4	-	4	-
Gujarat Composites Limited	60	-	60	-
Rohtas Industries Limited	220	-	220	-
The Jaipur Udyog Limited	120	-	120	-
Digvijay Finlease Limited	90	-	90	-
The Travancore Cement Company Limited	100	-	100	-
Ashoka Cement Limited	50	-	50	-
Face value ₹ 5 each fully paid				
The Sone Valley Portland Cement Company Limited	100	-	100	-
		-		**-**
Investment at amortized cost				
Investment in Unquoted bonds				
Face value ₹ 1,000,000 each fully paid				
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	37	3.70
TOTAL		**3.70**		**3.70**
Notes				
(I) Aggregate value of unquoted investments		3.70		3.70
(II) * Each of such investments is carried at value less than ₹ 50,000				

Refer Note 49 for information about fair value measurement and Note 50 for credit risk and market risk of investments.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 6. Non current - Loans

Considered Good - Unsecured, unless otherwise stated
Refer Note 1 (xiv) for accounting policy on Loans

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Security deposits	130.62	153.93
Loans and advances		
Considered good - Unsecured	3.90	4.02
Receivables which have significant increase in credit risk	26.99	22.59
Less: Allowance for doubtful advances	(26.99)	(22.59)
	3.90	**4.02**
Loans to Employees	9.24	11.19
TOTAL	**143.76**	**169.14**

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.
Refer Note 50 for information about credit risk and market risk of loans.

NOTE 7. Other Non-Current financial assets

Refer Note 1 (xiv) for accounting policy on Financial Instruments

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	431.55	320.92
Bank deposits with more than 12 months maturity *	29.06	0.26
Margin money deposit with more than 12 months maturity**	7.62	4.15
TOTAL	**468.23**	**325.33**

*Lodged as security with government authorities of ₹ 28.80 Crore (Previous year - ₹ Nil).
**Margin money deposit is against bank guarantees given to Government authorities.
Refer Note 50 for information about credit risk and market risk of other financial assets.

NOTE 8. Non-current Tax Assets (net)

Refer Note 1 (xxii) for accounting policy on Taxation

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Advance tax (Net of provision for tax) (Refer Note - 21)	859.76	674.97
TOTAL	**859.76**	**674.97**

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 9. Other non-current assets

Unsecured, Considered Good, unless otherwise stated

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Capital Advances	94.72	180.80
Advance other than Capital Advances		
Claim receivables from Government and Others		
Unsecured, considered good	155.81	156.02
Considered doubtful	4.21	4.32
Less: Allowance for doubtful receivables	(4.21)	(4.32)
	155.81	156.02
Deposits with Government bodies and others		
Unsecured, considered good	290.55	275.20
Considered doubtful	3.33	3.33
Less: Allowance for doubtful deposits	(3.33)	(3.33)
	290.55	275.20
TOTAL	**541.08**	**612.02**

NOTE 10. Inventories

At lower of cost and net realisable value

Refer Note 1 (xiii) for accounting policy on Inventories

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Raw Materials	117.44	185.74
{Including goods-in-transit ₹ 4.09 Crore (Previous year - ₹ 11.22 Crore)}		
Work-in-progress	177.61	222.89
Finished goods	231.32	293.77
Stock-in-trade	7.90	0.98
{Including goods-in-transit ₹ 0.49 Crore (Previous year - ₹ Nil)}		
Stores and spares	311.47	394.30
{Including goods-in-transit ₹ 14.74 Crore (Previous year - ₹ 20.70 Crore)}		
Packing Materials	20.65	21.83
Fuels	275.54	559.88
{Including goods-in-transit ₹ 11.53 Crore (Previous year - ₹ 46.37 Crore)}		
TOTAL	**1,141.93**	**1,679.39**

The Group follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares in the current year is ₹ 6.38 Crore. (Previous year - ₹ 4.42 Crore). There has been no reversal of such write down in current and previous year.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 11. Trade receivables

Refer Note 1 (xiv) for accounting policy on Trade receivables

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Considered good - Secured	43.35	105.90
Considered good - Unsecured*	583.30	761.47
Receivables which have significant increase in credit risk {Refer Note 50(i)}	41.13	24.65
	667.78	892.02
Less : Allowance for doubtful receivables	(41.13)	(24.65)
TOTAL	**626.65**	**867.37**

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.

*Refer Note 43 for receivables from related parties.

Refer Note 50 for information about credit risk and market risk of trade receivables.

NOTE 12. Cash and Cash Equivalents

Refer Note 1 (xxv) for accounting policy on Cash and Cash Equivalents

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Balances with banks:		
- In current accounts	30.42	97.26
- Deposits with original maturity of less than three months	2,174.90	1,078.19
	2,205.32	**1,175.45**
Cheques on hand*	36.71	98.66
Deposit with other than banks with original maturity of less than three months	250.00	100.00
Post office saving accounts	0.01	0.01
	2,492.04	**1,374.12**
Investments in liquid mutual funds measured at FVTPL	757.51	722.99
Certificates of deposit with original maturity of less than three months	1,242.98	836.10
TOTAL	**4,492.53**	**2,933.21**

*Cheques on hand are cleared subsequent to the year end.

As at December 31, 2019, the Company has sanctioned and available undrawn borrowing facilities of ₹ 145.00 Crore (Previous year - ₹ 155.00 Crore). There are no restrictions on the use of these facilities. The amount of undrawn borrowing facilities are available for future operating activities and to settle capital commitments.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 13. Bank balances other than Cash and Cash Equivalents

Refer Note 1 (xiv) for accounting policy on Financial Instruments

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Other bank balances:		
*Deposits with original maturity for more than 3 months but less than 12 months	121.84	115.21
**Margin money deposits with original maturity for more than 3 months but less than 12 months	2.44	13.93
#On unpaid dividend accounts	30.92	34.63
TOTAL	**155.20**	**163.77**

* Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 121.56 Crore {(Previous year - ₹ 114.76 Crore) - Refer Note - 41 (A) (a)}.

** 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.

NOTE 14. Current - Loans

Considered good - unsecured
Refer Note 1 (xiv) for accounting policy on Loans

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Security deposits	23.48	72.01
Loan to Employees	5.54	5.29
TOTAL	**29.02**	**77.30**

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.

Refer Note 50 for credit risk and market risk of loans.

NOTE 15. Other current financial assets

Refer Note 1 (xiv) for accounting policy on Financial Instruments

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	258.95	213.02
Interest Accrued on Investments	10.19	16.80
Other Accrued Interest	1.24	1.86
TOTAL	**270.38**	**231.68**

Refer Note 50 for credit risk and market risk of other financial assets

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 16. Other current assets

Considered Good - Unsecured, unless otherwise stated

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Advances other than capital advances		
Advances to suppliers	438.86	324.21
Prepaid expenses	42.32	25.00
Other receivables		
Balances with statutory/ government authorities	281.94	328.44
Others	45.27	42.52
Other Receivables which have significant increase in credit risk	17.88	17.72
	63.15	60.24
Less: Allowance for doubtful receivables	(17.88)	(17.72)
	45.27	42.52
TOTAL	**808.39**	**720.17**

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.

NOTE 17. Non-current assets classified as held for sale

Refer Note 1 (xx) for accounting policy on Non-current assets held for sale

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Plant and equipment (i)	5.36	6.44
Building (ii)	5.11	5.11
TOTAL	**10.47**	**11.55**

(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 and 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 buildings (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 ₹ Nil (Previous year - ₹ 0.28 Crore) is recognised in the Consolidated Statement of Profit and Loss under other expenses.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 18. Equity Share Capital

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Authorised		
22,50,00,000 (Previous year - 22,50,00,000) Equity shares of ₹ 10 each	225.00	225.00
10,00,00,000 (Previous year - 10,00,00,000) Preference shares of ₹ 10 each	100.00	100.00
Issued		
18,87,93,243 (Previous year - 18,87,93,243) Equity shares of ₹ 10 each	188.79	188.79
Subscribed & Paid-up		
18,77,87,263 (Previous year - 18,77,87,263) Equity shares of ₹ 10 each fully paid	187.79	187.79
Add : 3,84,060 (Previous year - 3,84,060) Equity shares of ₹ 10 each forfeited - amount originally paid	0.20	0.20
TOTAL	**187.99**	**187.99**

i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	**₹ Crore**
As at January 01, 2018	18,77,87,263	187.79
Increase/ (decrease) during the year	-	-
As at December 31, 2018	**18,77,87,263**	**187.79**
Increase/ (decrease) during the year	-	-
As at December 31, 2019	**18,77,87,263**	**187.79**

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

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Ambuja Cements Limited, the Holding company 9,39,84,120 (Previous year - 9,39,84,120) Equity shares ₹ 10 each fully paid	93.98	93.98
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited 84,11,000 (Previous year - 84,11,000) Equity shares ₹ 10 each fully paid	8.41	8.41
Companies referred above are subsidiaries of LafargeHolcim Ltd, Switzerland, the ultimate holding company.		

iv) Details of shareholders holding more than 5% shares in the Company

	As at December 31, 2019		As at December 31, 2018	
	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
Life Insurance Corporation of India	1,06,79,857	5.69	1,94,05,142	10.33

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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 19. Other Equity

Refer Statement of Changes in Equity for detailed movement in Equity balance.

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Securities Premium	845.03	845.03
General Reserve	2,796.78	2,796.78
Capital contribution from parent	0.63	-
Retained earnings	7,713.34	6,702.10
TOTAL	**11,355.78**	**10,343.91**

The description of the nature and purpose of each reserve within equity is as follows:

Securities Premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. 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.

Capital Contribution from parent: Capital contribution from parent represents the fair value of the employee performance share plan. These shares are granted by the parent company “LafargeHolcim Ltd” to the executives and senior management of 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 includes re-measurement loss / gain on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained Earnings is a free reserve available to the Group.

NOTE 20. Non-current provisions

Refer Note 1 (viii) for accounting policy on provisions
Refer Note 1 (xvi) for accounting policy on Site restoration provisions

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note - 38)	141.92	103.33
Provision for provident fund (Refer Note - 38)	55.25	0.03
Provision for long service award	4.49	3.85
Other provisions		
Provision for Site Restoration (Refer note - 20.1 below)	33.44	33.08
TOTAL	**235.10**	**140.29**

NOTE 20.1 - 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:

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Opening Balance	33.08	32.85
Provision / (reversal) during the year (net)	(1.21)	(1.62)
Utilised during the year	(0.35)	(0.13)
Unwinding of discount and changes in the discount rate	1.92	1.98
Closing Balance	**33.44**	**33.08**
	-	-

Provision for Site Restoration

Site restoration expenditure is incurred on an ongoing basis until the closure of the site. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 21. Income tax

Refer Note 1 (xxii) for accounting policy on Taxation

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2019:

	Year ended December 31, 2019		Year ended December 31, 2018	
	₹ Crore	In %	₹ Crore	In %
Profit before share of profit of associates and joint ventures and tax	2,038.50		1,499.79	
At India's statutory income tax rate	712.25	34.94%	524.03	34.94%
Effect of Allowances for tax purpose				
Tax Holiday claim under Section 80-IA	(60.07)	(2.95%)	(52.29)	(3.49%)
Effect of Non-Deductible expenses				
Corporate social responsibility expenses	8.76	0.43%	7.13	0.48%
Others (including effect of change in tax rate in previous year)	14.63	0.72%	11.63	0.78%
Effect of Tax Exempt Income - Dividend	(0.59)	(0.03%)	(0.38)	(0.03%)
	(37.27)	**(1.83%)**	**(33.91)**	**(2.26%)**
At the effective income tax rate	**674.98**	**33.11%**	**490.12**	**32.68%**
Tax adjustments for earlier years (Refer Note 2 below)	-	-	(500.63)	(33.38%)
Income tax expense reported in the Consolidated Statement of Profit and Loss	**674.98**	**33.11%**	**(10.51)**	**(0.70%)**

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.

On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Group is currently in the process of evaluating this option.

The Group will apply the lower tax rate in measurement of deferred tax only to the extent the the assets/liabilities are expected to be realised/settled in the periods during which the Group expects to be subject to lower tax rate. This has also been clarified by the Ind AS Technical Facilitation Group (ITFG) of Ind AS Implementation Committee of the Institute of Chartered Accountants of India on October 26, 2019.

Tax adjustments for earlier years

The Company was entitled to excise incentives from Government at its Gagal plant located in the State of Himachal Pradesh, in respect of Income tax assessment years 2006-07 to 2015-16. The Company contended that the said incentives are in the nature of capital receipts and hence not liable to income tax. The Income tax department had initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A). The Company had received one favourable order from the Assessing Officer. Considering unfavourable orders by the Income tax department, the Company, up to December 31, 2017, had classified the risk for these matters as probable and provided for the same.

During the past two years, the matter has been decided in the favour of the Company for three more years, at the Commissioner of Income tax-appeals (CIT-A) and at the Assessing Officer level, against which the department has filed an appeal with the CIT (A) and ITAT.

In view of the series of repeated favourable orders by the Income tax department in the last two years, the Company again reviewed the matter and, after considering the legal merits of the Company's claim, including inter-alia, the ratio of the decisions of Hon'ble Supreme Court, and the pattern of favourable orders by the department including favourable disposal of the Company's appeal by the CIT (A), as mentioned above, the Company reassessed the risk and concluded that the risk of an ultimate outflow of funds for this matter is no longer probable.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

Accordingly in the previous year the Company reversed the provisions of ₹ 500.63 Crore resulting in reduction in current tax liabilities by ₹ 200.30 Crore, increase in MAT Credit Entitlement (net) of ₹ 34.72 Crore and an increase in non-current tax assets by ₹ 265.61 Crore.

During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest expense on income tax related to excise incentive, aggregating ₹ 88.79 Crore.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the previous year in respect of excise incentives for two years. In the current year, the ITAT has directed the Assessing Officer to re-examine and take final decision independently.

Pending final closure of this matter, the aforesaid reversal of provision for tax of ₹ 500.63 Crore along with interest payable, if any of ₹ 97.37 Crore has been included under contingent liabilities in Note 41(A).

Deferred Tax:

Deferred Tax relates to the following:

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Deferred Tax Liabilities:		
Depreciation and amortisation differences	933.94	895.92
Deferred Tax Liabilities on undistributed profit of associates and joint ventures	12.97	10.73
	946.91	**906.65**
Deferred Tax Assets:		
Provision for employee benefits	73.68	47.37
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	98.78	103.81
Allowance for obsolescence of Stores and Spares	9.88	9.88
Allowance for doubtful debts, advances and other assets	17.51	11.79
MAT credit entitlement	-	22.67
Other temporary differences	91.34	36.56
	291.19	**232.08**
Net Deferred Tax Liabilities	**655.72**	**674.57**

The major components of deferred tax liabilities / assets arising on account of timing differences are as follows:

₹ Crore

	Net Balance as on January 01, 2019	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2019
Deferred Tax Liabilities:					
Depreciation and amortisation differences	895.92	38.02	-	-	933.94
Deferred Tax Liabilities on undistributed profit of associates and joint ventures	10.73	2.24	-	-	12.97
	906.65	**40.26**	**-**	**-**	**946.91**

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

	Net Balance as on January 01, 2019	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2019
Deferred Tax Assets:					
Provision for employee benefits	47.37	0.01	26.30	-	73.68
Expenditure debited in Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	103.81	(5.03)	-	-	98.78
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	11.79	5.72	-	-	17.51
MAT credit entitlement	22.67	-	-	(22.67)	-
Other temporary differences	36.56	54.78	-	-	91.34
	232.08	**55.48**	**26.30**	**(22.67)**	**291.19**
Net Deferred Tax Liabilities	**674.57**	**(15.22)**	**(26.30)**	**22.67**	**655.72**

₹ Crore

	Net Balance as on January 01, 2018	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2018
Deferred Tax Liabilities:					
Depreciation and amortisation differences	862.29	33.63	-	-	895.92
Deferred Tax Liabilities on undistributed profit of associates and joint venture	9.07	1.66	-	-	10.73
	871.36	**35.29**	**-**	**-**	**906.65**
Deferred Tax Assets:					
Provision for employee benefits	41.71	3.06	2.60	-	47.37
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	105.47	(1.66)	-	-	103.81
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	13.07	(1.28)	-	-	11.79
MAT credit entitlement	115.73	-	-	(93.06)	22.67
Other temporary differences	33.94	2.62	-	-	36.56
	319.80	**2.74**	**2.60**	**(93.06)**	**232.08**
Net Deferred Tax Liabilities	**551.56**	**32.55**	**(2.60)**	**93.06**	**674.57**

*MAT Credit utilised is net of MAT Credit Entitlement of ₹ 34.72 Crore increased on account of tax adjustments for earlier years as stated above.

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 ₹ 24.26 Crore (Previous Year - ₹ 20.87 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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
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	Not Applicable
2017-18	Business Loss	1.52	March 31, 2026
2017-18	Depreciation	0.06	Not Applicable
2018-19	Business Loss	0.55	March 31, 2027
2018-19	Depreciation	0.04	Not Applicable
	TOTAL	**5.95**	

The above information is based on the returns of income filed by the individual subsidiary companies upto assessment year 2019-2020.

NOTE 22. Other current financial liabilities

Refer Note 1 (xiv) for accounting policy on Financial Instruments

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Financial Liabilities at amortised cost		
Interest accrued	26.50	24.18
Unpaid dividends*	30.92	34.63
Security deposits and retention money	711.49	553.55
Liability for capital expenditure	54.76	69.68
Provision for employees	113.83	92.31
Financial Liabilities at fair value		
Foreign currency forward contract	-	1.19
TOTAL	**937.50**	**775.54**

*Investor Education and Protection Fund ('IEPF') - As at December 31, 2019 , there is no amount due and outstanding to be transferred to the IEPF by the Group. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

NOTE 23. Other current liabilities

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Contract Liability *		
Advances from customers	156.93	226.86
Other Liability		
Statutory dues payable	551.46	575.85
Rebates to customers	497.00	446.60
Other payables	714.00	545.32
(including interest on income tax, etc.)		
TOTAL	**1,919.39**	**1,794.63**

* The Group has adopted Ind AS 115 with full retrospective approach. Advance from customer has been included as part of contract liabilities.

The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2019.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 24. Current provisions

Refer Note 1 (viii) for accounting policy on provisions

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note - 38)	10.21	18.16
Provision for compensated absences	12.32	8.12
Provision for long service award	0.86	1.02
TOTAL	**23.39**	**27.30**

NOTE 25. Revenue from operations

Refer Note 1 (xviii) for accounting policy on Revenue Recognition

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers		
Sale of Manufactured products	14,895.73	14,357.65
Sale of Traded products	443.48	112.54
Income from services rendered	3.90	7.28
Sale of products and services	**15,343.11**	**14,477.47**
Other Operating Revenue		
Provision no longer required written back	9.53	24.69
Scrap Sales	29.76	42.88
Government grants*	174.69	162.31
Miscellaneous income (including insurance claim, other services, etc.)	100.46	94.27
TOTAL	**15,657.55**	**14,801.62**

*Government grants have been accrued for the GST refund claim under various State Investment Promotion Schemes. There are no unfulfilled conditions or contingencies attached to these grants.

Reconciliation of revenue as per contract price and as recognised in consolidated Statement of Profit and Loss:

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue as per Contract price	17,291.37	15,866.60
Less: Discounts and incentives	(1,948.26)	(1,389.13)
Revenue as per statement of profit and loss	**15,343.11**	**14,477.47**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.

The Group does not provides performance warranty for products, therefore there is no liability towards performance warranty.

The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

Disaggregation of revenue:

Refer Note 44 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

NOTE 26. Other Income

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income using the effective interest rate method		
Interest on bank deposits	162.48	94.11
Interest on income tax **	99.51	0.10
Other interest income	7.50	10.69
	269.49	**104.90**
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	21.64	35.91
Net gain on fair valuation of current financial assets measured at FVTPL*	0.43	0.91
Net gain on disposal of Property, Plant and Equipment	26.87	0.94
	48.94	**37.76**
TOTAL	**318.43**	**142.66**

* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

**During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Group has recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ₹ 276.66 Crore. However, considering the uncertainty of its ultimate realisability, the Group has also made a provision of ₹ 177.18 Crore for matters other than excise incentive since considered as probable, resulting in recognition of net income of ₹ 99.48 Crore in other income during the year.

NOTE 27. Cost of materials consumed

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the beginning of the year	185.74	153.96
Add: Purchases	2,188.09	2,399.95
	2,373.83	**2,553.91**
Less: Inventories at the end of the year	117.44	185.74
TOTAL	**2,256.39**	**2,368.17**

Details of cost of materials consumed

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Slag	334.75	464.91
Gypsum	358.69	356.25
Fly Ash	415.45	455.30
Cement for Ready Mix Concrete	172.50	105.75
Aggregates	252.05	238.55
Others*	722.95	747.41
TOTAL	**2,256.39**	**2,368.17**

*Includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 28. Purchases of Stock-in-Trade

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cement	360.24	79.32
Ready Mix Concrete	1.45	9.94
TOTAL	**361.69**	**89.26**

NOTE 29. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the end of the year		
Stock-in-Trade	7.90	0.98
Finished Goods	231.32	293.77
Work-in-progress	177.61	222.89
	416.83	**517.64**
Inventories at the Beginning of the year		
Stock-in-Trade	0.98	0.17
Finished Goods	293.77	161.62
Work-in-progress	222.89	230.87
	517.64	**392.66**
TOTAL	**100.81**	**(124.98)**

NOTE 30. Employee benefits expense

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries and Wages* (Refer note - 48)	758.75	775.99
Contributions to Provident and other Funds	59.00	58.09
Employee share based payments (Refer Note - 55)	0.63	-
Staff welfare expenses	47.73	49.50
TOTAL	**866.11**	**883.58**

* Salaries and Wages expense for the year ended December 31, 2019 include ₹ Nil (Previous year - ₹ 70.30 Crore) on account of charge for Employee Separation Scheme.

NOTE 31. Freight and forwarding expense

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
On clinker transfer	495.82	515.82
On finished and semifinished products	3,536.27	3,477.00
TOTAL	**4,032.09**	**3,992.82**

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 32. Finance costs

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest		
On Income tax	16.90	29.59
On Defined benefit obligation (net) (Refer Note - 38)	7.91	9.31
Interest on deposits from dealers	33.45	28.89
Interest on litigation matters	17.73	10.31
Others	8.36	7.69
Unwinding of discount on site restoration provision (Refer Note - 20.1)	1.92	1.98
TOTAL	**86.27**	**87.77**

NOTE 33. Depreciation and amortisation expense

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Depreciation on Property, Plant and Equipment	602.67	598.59
Amortisation of intangible assets	3.77	4.63
TOTAL	**606.44**	**603.22**

NOTE 34. Other expenses

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Consumption of stores and spare parts	326.95	319.56
Consumption of packing materials	458.13	502.59
Rent	130.61	137.11
Rates and taxes (Refer note - 48)	140.02	152.11
Repairs	155.17	174.98
Insurance	20.55	21.53
Royalty on minerals	278.77	271.54
Advertisement	111.60	72.10
Technology and know-how fees	152.33	144.46
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note - 50(i))}	21.51	5.39
Corporate Social Responsibility expense (Refer Note 2 below)	25.07	20.45
Miscellaneous expenses (Refer Note - 48 and 1 below)	675.28	724.71
TOTAL	**2,495.99**	**2,546.53**

Notes

1. (i) Does not include any item of expenditure with a value of more than 1% of Revenue from operations.

   (ii) Miscellaneous expenses includes Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.

   (iii) Miscellaneous expenses includes net loss of ₹ 4.46 Crore (Previous year - ₹ 3.23 Crore) on foreign currency transaction and translation.

   (iv) Miscellaneous expenses includes net gain of ₹ 0.94 Crore (Previous year - net loss of ₹ 2.12 Crore) on foreign currency forward contract.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

2. Details of Corporate Social Responsibility expenses:

   The Group has spent ₹ 25.07 Crore (Previous Year - ₹ 20.45 Crore) towards various schemes of Corporate Social Responsibility. The details are:

   (a) The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ₹ 23.90 Crore (Previous year - ₹ 19.60 Crore) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

   (b) No amount has been spent on construction / acquisition of an asset of the Group.

NOTE 35. Earnings Per Share - [EPS]

Refer Note 1 (xxvii) for Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders 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 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:

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Consolidated Statement of Profit and Loss)		1,377.41	1,520.47
Weighted average number of equity shares for Earnings Per Share computation			
Number of shares for Basic Earnings Per Share		18,77,87,263	18,77,87,263
Effect of dilution:			
Number of shares held in abeyance		4,57,816	4,55,189
(Movement in number of shares is on account of change in average fair value of share)			
Weighted average number of Equity shares adjusted for the effect of dilution		18,82,45,079	18,82,42,452
Earnings per share			
Face value per share	₹	10.00	10.00
Basic ₹	₹	73.35	80.97
Diluted ₹	₹	73.17	80.77

The following reflects the basic and diluted EPS computations excluding "tax adjustments for earlier years":

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Consolidated Statement of Profit and Loss)		1,377.41	1,520.47
Less: Tax adjustments for earlier years (Refer Note - 21)		-	500.63
Profit before tax adjustments for earlier years		1,377.41	1,019.84
Earnings per share			
Face value per share	₹	10.00	10.00
Basic	₹	73.35	54.31
Diluted	₹	73.17	54.18

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 36. 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, 2019	% equity interest As at December 31, 2018
Bulk Cement Corporation (India) Limited	Cement and cement related products	India	94.65%	94.65%
ACC Mineral Resources Limited	Cement and cement related products	India	100%	100%
Lucky Minmat Limited	Cement and cement related products	India	100%	100%
National Limestone Company Private Limited	Cement and cement related products	India	100%	100%
Singhania Minerals Private Limited	Cement and cement related products	India	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, 2019.

The holding company

Ambuja Cements Limited is the holding Company of ACC Ltd. 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, 2019	% equity interest As at December 31, 2018
Alcon Cement Company Private Limited	Cement and cement related products	India	40%	40%
Asian Concretes and Cements Private Limited	Cement and cement related products	India	45%	45%

Joint ventures

Name	Principal activities	Principal place of business	% equity interest As at December 31, 2019	% equity interest As at December 31, 2018
OneIndia BSC Private Limited	Shared services	India	50%	50%
Aakaash Manufacturing Company Private Limited	Ready mixed concrete products	India	40%	40%
Joint Operations of ACC Mineral Resources Limited				
MP AMRL (Semaria) Coal Company Limited	Cement related products	India	49%	49%
MP AMRL (Bicharpur) Coal Company Limited	Cement related products	India	49%	49%
MP AMRL (Marki Barka) Coal Company Limited	Cement related products	India	49%	49%
MP AMRL (Morga) Coal Company Limited	Cement related products	India	49%	49%

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 37. Financial information in respect of Joint ventures and Associates that are not individually material:

The Company's interests in below mentioned joint ventures and associates are accounted for using the equity method in the consolidated financial statements. The summarized financial information below represents amounts shown in the associate's and joint venture's financial statements prepared in accordance with Ind AS adjusted by the Company for equity accounting purposes:

a. Joint ventures

₹ Crore

	For the Year ended December 31, 2019	For the Year ended December 31, 2018
OneIndia BSC Private Limited		
Group's share of profit	1.29	1.59
Group's share of other comprehensive income	(0.14)	(0.01)
Group's share of total comprehensive income	1.15	1.58
Aakaash Manufacturing Company Private Limited		
Group's share of profit	(0.24)	1.49
Group's share of other comprehensive income	(0.05)	0.02
Group's share of total comprehensive income	(0.29)	1.51

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Aggregate carrying amount of the Group's interests in these Joint ventures		
OneIndia BSC Private Limited	6.96	5.81
Aakaash Manufacturing Company Private Limited	11.25	12.86

b. Associates

₹ Crore

	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Alcon Cement Company Private Limited		
Group's share of profit	0.98	0.32
Group's share of other comprehensive income	(0.06)	-
Group's share of total comprehensive income	0.92	0.32
Asian Concretes and Cements Private Limited		
Group's share of profit	11.99	6.92
Group's share of other comprehensive income	-	-
Group's share of total comprehensive income	11.99	6.92

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Aggregate carrying amount of the Group's interests in these Associates		
Alcon Cement Company Private Limited	14.22	13.67
Asian Concretes and Cements Private Limited	80.05	68.06

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 38. Employee benefits

Refer Note 1 (xix) for accounting policy on Employee benefits

a) **Defined Contribution Plans –** Amount recognised and included in Note 30 “Contributions to Provident and other Funds” of Consolidated Statement of Profit and Loss ₹ 16.60 Crore (Previous year - ₹ 16.92 Crore)

b) **Defined Benefit Plans –** As per actuarial valuation on December 31, 2019.

The Group has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan as given below:

i. The Group operates a Gratuity Plan through a trust for its all employees. 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.

ii. 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.

iii. 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.

iv. Refer Note - (c) for Provident fund scheme.

Governance and Investment Strategy

The gratuity and provident fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The trust has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Group of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Each year, the Board of Trustees and the Group review the level of funding. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Group decides its contribution based on the results of this annual review.

Every year an Asset-Liability-Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability-Mismatch.

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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

Defined Benefit Plans as per Actuarial valuation on December 31, 2019

₹ Crore

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
I	**Expense recognised in the Consolidated Statement of Profit and Loss – for the year ended December 31, 2019**			
	Components recognised in the Consolidated Statement of Profit and Loss			
1	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
2	Net Interest cost	(0.15)	7.33	0.73
		1.01	*7.80*	*0.50*
3	Past service cost	-	-	-
		-	*(13.36)*	-
4	Net benefit expense	13.24	16.40	0.53
		14.59	*2.98*	*0.19*
	Components recognised in Consolidated other comprehensive income (OCI)			
5	Actuarial (gains) / losses arising from change in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*
6	Actuarial (gains) / losses arising from change in experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	(Gain) / loss on plan assets (Excluding amount included in net interest expenses)	(5.73)	-	-
		1.60	-	-
9	Sub-total - Included in OCI	12.12	8.58	(0.63)
		3.24	*0.80*	*3.41*
10	Total expense (4 + 9)	25.36	24.98	(0.10)
		17.83	*3.78*	*3.60*
II	**Amount recognised in Balance Sheet**			
1	Present value of Defined Benefit Obligation	(203.75)	(113.35)	(9.16)
		(181.90)	*(102.89)*	*(10.18)*
2	Fair value of plan assets	174.13	-	-
		173.45	-	-
3	Funded status {Surplus/(Deficit)}	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
4	Net asset/(liability) as at December 31, 2019	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
III	**Present value of Defined Benefit Obligation**			
1	Present value of Defined Benefit Obligation at beginning of the year	181.90	102.89	10.18
		197.92	*109.75*	*7.37*
2	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
3	Interest cost	12.77	7.33	0.73
		13.73	*7.80*	*0.50*
4	Past service cost	-	-	-
		-	*(13.36)*	-
5	Actuarial (gains) / losses arising from changes in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*
6	Actuarial (gains) / losses arising from experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

₹ Crore

		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	Benefits Payments	(22.16)	(14.52)	(0.92)
		(44.50)	*(10.64)*	*(0.79)*
9	Increase/ (Decrease) due to effect of any business combination, divestitures, transfers	-	-	-
		(0.47)	-	-
10	Present value of Defined Benefit Obligation at the end of the year	203.75	113.35	9.16
		181.90	*102.89*	*10.18*
IV	**Fair value of Plan Assets**			
1	Plan assets at the beginning of the year	173.45	-	-
		180.99	-	-
2	Interest income	12.92	-	-
		12.72	-	-
3	Contributions by Employer	0.80	-	-
		21.00	-	-
4	Actual benefits paid	(18.77)	-	-
		(39.66)	-	-
5	Actuarial gains / (losses) arising from changes in financial assumptions	5.73	-	-
		(1.60)	-	-
6	Plan assets at the end of the year	174.13	-	-
		173.45	-	-
V	**Weighted Average duration of Defined Benefit Obligation**	10 Years	10 Years	NA
		10 Years	*10 Years*	*NA*

(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, 2019

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(13.26)	15.13	(8.51)	9.46	(0.70)	0.78
Future salary growth (1% movement)	14.95	(13.35)	9.32	(8.53)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.32	(0.31)

Sensitivity Analysis as at December 31, 2019

₹ Crore

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.44)	13.02	(7.78)	8.53	(0.76)	0.89
Future salary growth (1% movement)	12.94	(11.59)	8.94	(8.28)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.37	(0.35)

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

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 Consolidated Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

VII The major categories of plan assets as a percentage of total plan (%)

Particulars	Gratuity	
	As at December 31, 2019	**As at December 31, 2018**
Debt instruments		
Government securities	60%	54%
Debentures and bonds	33%	38%
Equity shares	4%	4%
Cash and cash equivalents:		
Fixed deposits	3%	4%
	100%	**100%**

VIII. Actuarial Assumptions:

	Particulars	As at December 31, 2019	As at December 31, 2018
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate
5	Mortality post–retirement	Mortality for annuitants LIC (1996-98) Ultimate	Mortality for annuitants LIC (1996-98) Ultimate
6	Medical premium inflation	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%

c) The discount rate is based on the prevailing market yields of Government of India securities as at the Consolidated Balance Sheet date for the estimated term of the obligations.

d) 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

e) Expected cash flows :

₹ Crore

Particulars		Funded Gratuity		Unfunded Gratuity		PEMB	
		As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
1.	Expected employer contribution in the next year	-	15.00	-	-	-	-
2.	Expected benefit payments						
	Year 1	23.54	20.95	9.43	8.89	0.96	0.83
	Year 2	22.98	20.42	9.85	9.02	0.98	0.86
	Year 3	24.87	21.30	10.69	9.57	1.00	0.91
	Year 4	22.45	22.38	11.88	11.26	1.03	0.95
	Year 5	22.79	20.04	10.90	10.34	1.02	0.99
	Next 5 years	77.87	77.47	47.33	44.14	4.85	4.90
Total expected payments		**194.50**	**182.56**	**100.08**	**93.22**	**9.84**	**9.44**

f) Post employment defined benefit plan expenses are included under employee benefit expenses in the Consolidated Statement of Profit and Loss.

g) Other Long term employee benefits - Amount recognised as an expense under employee benefit expenses in the Consolidated Statement of Profit and Loss in respect of compensated absences and long service award is ₹ 17.87 Crore (Previous year - ₹ 14.08 Crore). Following are the actuarial assumptions used for valuation of Other Long term employee benefits.

	Particulars	As at December 31, 2019	As at December 31, 2018
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate

c) Provident Fund

Provident Fund for certain eligible employees is managed by the Group 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 Group 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 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 (including investment risk fall) and the notified interest rate. The exempt provident fund set up by the Group is a defined benefit plan under Ind AS 19 Employee Benefits.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

The Group has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and loss of ₹ 55.21 Crore (including investment risk fall as mentioned below) on re-measurement of the defined benefit plan is recognised in Other Comprehensive Income (OCI).

The Provident Fund of ACC Limited (Trust) had invested ₹ 49 Crore in perpetual bonds of IL&FS Financial Services Limited.

In view of uncertainties regarding recoverability of this investment, during the current year ended December 31, 2019 the Group has provided ₹ 49 Crore being the change in re-measurement of the defined benefit plans, in Other Comprehensive Income towards probable incremental employee benefit liability that may arise on the Group on account of any likely shortfall of the Trust in meeting its obligations.

Defined benefit plans as per actuarial valuation on December 31, 2019

₹ Crore

	Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
I	**Components of expense recognised in the Consolidated Statement of Profit and Loss**		
1	Current service cost	25.64	22.71
2	Total expense	25.64	22.71
	Components recognised in other comprehensive income (OCI)		
3	Actuarial (gains) / losses arising from changes in financial assumptions on Liability	12.72	-
4	Actuarial (gains) / losses arising from changes in financial assumptions on Plan Assets	42.49	-
5	Sub-total - Included in OCI	55.21	-
6	Total expense (2 + 5)	80.85	22.71
II	**Amount recognised in Consolidated Balance Sheet**		
1	Present value of Defined Benefit Obligation	(820.64)	(729.68)
2	Fair value of plan assets	765.39	729.65
3	Funded status {Surplus/(Deficit)}	(55.25)	(0.03)
4	Net asset/(liability) as at end of the year	(55.25)	(0.03)
III	**Present Value of Defined Benefit Obligation**		
1	Present value of Defined Benefit Obligation at beginning of the year	729.68	714.09
2	Current service cost	25.64	22.71
3	Interest cost	62.66	43.32
4	Employee Contributions	63.32	63.73
5	Actuarial (gains) / losses arising from changes in financial assumptions	-	(4.40)
6	Actuarial (gains) / losses arising from experience adjustments	12.72	(1.92)
7	Benefits Payments	(82.35)	(134.09)
8	Increase/ (Decrease) due to effect of any transfers	8.97	26.24
9	Present value of Defined Benefit Obligation at the end of the year	820.64	729.68
IV	**Fair Value of Plan Assets**		
1	Plan assets at the beginning of the year	729.65	717.43
2	Interest income	62.66	43.32
3	Contributions by Employer	25.64	22.71
4	Contributions by Employee	63.32	63.73
5	Actual benefits paid	(82.35)	(134.09)
6	Net transfer in / (out)	8.97	26.24
7	Actuarial gains / (losses) arising from changes in financial assumptions	(42.50)	(9.69)
8	Plan assets at the end of the year	765.39	729.65
V	**Weighted Average duration of Defined Benefit Obligation**	10 years	10 years

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

VI The major categories of plan assets as a percentage of total plan

Particulars	As at December 31, 2019	As at December 31, 2018
Debt instruments		
Government securities	29%	37%
Debentures and bonds	68%	56%
Equity	3%	7%
	100%	100%

VII The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	As at December 31, 2019	As at December 31, 2018
Discounting rate	6.80%	7.45%
Guaranteed interest rate	8.65%	8.55%
Yield on assets based on the Purchase price and outstanding term of maturity	8.60%	9.20%

VIII Sensitivity analysis for factors mentioned in Actuarial Assumptions

₹ Crore

Particulars	As at December 31, 2019		As at December 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.43)	1.45	(5.31)	22.84
Interest rate guarantee (1% movement)	42.20	(19.18)	22.48	(5.31)

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 Consolidated Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

IX The Group expects to contribute ₹ 27.00 Crore (Previous year - ₹ 24.00 Crore) to trust managed Provident Fund in next year.

NOTE 39. Leases

Refer Note 1 (xxiii) for accounting policy on Leases

Operating lease commitments — Group as lessee

The Group has entered into operating leases on certain assets (grinding facility, godowns, land, 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 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.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

Operating lease payment recognised in the Consolidated Statement of Profit and Loss amounts to ₹ 133.28 Crore (Previous year - ₹ 127.80 Crore) .

Future minimum rentals payable under non-cancellable operating leases are as follows:

₹ Crore

		As at December 31, 2019	As at December 31, 2018
(i)	Not later than one year	35.00	53.93
(ii)	Later than one year and not later than five years	98.81	57.91
(iii)	Later than five years	40.80	28.55
		174.61	**140.39**

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 and 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 this 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 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.

NOTE 40. Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

₹ Crore

		As at December 31, 2019	As at December 31, 2018
A)	Estimated value of contracts on capital account remaining to be executed (net of advance)	460.97	159.17
B)	For commitments relating to lease arrangements, refer note - 39		

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 41. Contingent liabilities not provided for

Refer Note 1 (viii) for accounting policy on Contingent liabilities

(A) Claims against the Company not acknowledged as debt:

Disputed claims / levies in respect of:

₹ Crore

Nature of Statute	Brief Description of Contingent Liabilities	As at December 31, 2019	As at December 31, 2018
Competition Act, 2002	CCI matter - Refer Notes a & b below	1,619.39	1,487.98
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts (Refer Note - 21)	598.00	500.63
Service Tax - The Finance Act, 1994	Refer note c below	90.88	87.66
	Other service tax disputes	-	11.39
Claims for mining lease rent	Refer note d below	212.22	73.46
Sales Tax Act/ Commercial Tax Act of various states	Packing Material - Differential rate of tax. Matters pending with various authorities	20.52	20.52
	Other Sales tax matters	9.65	14.90
Customs Duty - The Customs Act, 1962	Demand of duty on import of Steam Coal during 2001 to 2013 classifying it as Bituminous Coal	30.97	30.97
Other Statutes/ Other Claims	Claims by suppliers regarding supply of raw material and other claim	35.89	39.87
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court.	9.80	14.70
	Various other cases pertaining to claims related to Railways, labour laws, etc	13.98	18.09
Mines and Minerals (Development and Regulation) Act	The Group has received a demand notice from DMG Department for Limestone extracted in the period from 1962 to 1986 without payment of Royalty. The Group has filed an appeal with Additional Director of Mines, Department of Mines and Geology	19.87	19.87
	Demand of additional Royalty on Limestone based on cement produced vis a vis consumption of limestone at its factory in Tamil Nadu. 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. Matter is pending at Madras High Court	7.93	7.93
	Other royalty demand	0.99	0.99
	TOTAL	**2,670.09**	**2,328.96**

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.

The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its Consolidated Financial Statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

a) 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 had, by its order dated August 31, 2016, held that the cement companies and the Cement Manufacturers Association (CMA) are guilty and in violation of the Section 3(1) read with section 3(3)(a) and Sec 3 (3)(b) of the Competition Act and imposed a penalty of ₹ 1,147.59 Crore on the Company.

The Company had appealed against the penalty to the Competition Appellate Tribunal ('COMPAT') which granted a stay with a condition to deposit 10% of the penalty amount, which was deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant (the "Interim order"). Interest amount on penalty as on December 31, 2019 is ₹ 436.48 Crore (Previous Year - ₹ 305.07 Crore). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgment dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

Against the above judgment of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 05, 2018 had admitted the appeal and directed that the interim order passed by the Tribunal in this case will continue in the meantime.

Based on the advice of external legal counsel, the Company believes it has a strong case on merits for successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the Consolidated Financial Statements."

b) In a separate matter, the Director, Supplies and Disposal, Haryana filed information that seven cement companies had engaged in collusive bidding in contravention of the Competition Act. CCI by its order dated January 19, 2017 imposed a penalty of ₹ 35.32 Crore on the Company. On Company's filing an appeal, COMPAT had stayed the penalty. Matter is now listed before NCLAT and is pending for hearing.

Based on the advice of external legal counsel, the Company believes it has a strong case on merits for a successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the Consolidated Financial Statements.

c) The dispute is regarding whether the "place of removal" is the "factory gate / Depot" or "destination point of customer" for availment of Service Tax Credit on "Outward Transportation cost" of Cement when sales is on F.O.R. basis. The Department has alleged that, the freight cost for transportation of Cement beyond factory gate and Depot being the place of removal, is not "Input Service" and therefore the Service Tax Credit on such services cannot be availed. The Service Tax Department issued show cause notice (SCN) and demand orders against which the Company has filed Appeal with the CESTAT.

In the case of Gujarat Ambuja Cement Limited, the Punjab & Haryana (P&H) High Court has decided that the matter in favour of assessee relying on Board Circular dated August 23, 2017, to which Department has not challenged and hence the same has attained finality. Hon'ble Supreme Court, vide Order dated January 01, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s. Ultratech Cement (Chattishgarh State) has allowed Service Tax Credit on GTA Services and dismissed the Departmental Appeal. In another decision, Hon'ble Supreme court, vide Order dated February 01, 2018 in the case of CCE Bangalore V/S Ultratech Cement (Karnataka state) has disallowed such Service Tax Credit on GTA Services. Similar matter of M/s Mangalam Cement is pending before Hon'ble Supreme Court remanded to High Court for deciding whether decision of Ultratech (Karnataka State) will be applicable or not.

Based on the advice of the external legal counsel, conflicting decisions of various courts and CBIC Circular, the Company believes that matter is a possible case. The Company strongly believes no provision is considered necessary at this stage.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

d) The Company has received demand notice dated May 10, 2013 from the Government of Tamil Nadu, and an Order dated August 22, 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 01.04.1997 to 31.03.2014 and 01.04.2014 to 31.03.2019, amounting to ₹ 73.46 Crore and ₹ 138.76 Crore respectively for use of the Government land for mining, which land the Company occupies on the basis of the Mining Leases. Despite the Company paying royalty at the prescribed rate for the Minerals extracted from the leased land and paying surface rent regularly as per Rules, the Authorities have issued the demand letters calling upon the company to pay compensation for use of Government land. Company has challenged the demands by way of Revision under the Mineral Concession Rules and in Writ Petitions before the Hon'ble High Court of Tamil Nadu at Chennai, and in a Petition has obtained an order restraining the State from taking coercive steps.

Pending the same the High Court of Tamil Nadu in the Company Writ Petitions of other cement manufacturers viz Dalmia Cements, Madras Cements and others has passed a judgment dated November 20, 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Company has filed a Writ Appeal against the Judgment dated November 20, 2019 passed in Dalmia Cements, Madras Cements and others.

The Company is of the view and has been advised legally, that the merits are strongly in its favour.

NOTE 42. 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 disbursals 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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 will 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 (Previous Year - ₹ 133 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 is of the view and has been advised legally, that the merits are strongly in its favour.

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 is unlikely to sustain under law.

f) The Company was contesting the renewal of mining lease in state of Jharkhand for two of its quarries on lease. There was an unfavourable order by the Hon'ble Supreme Court in judgement on Goa Foundation case, restricting the "deemed renewal" provision of captive mining leases to the first renewal period. The Company 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.

On January 02, 2015, the Central Government promulgated the Mines and Minerals (Development and Regulation) Amendment) Ordinance, 2015 [subsequently enacted as Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 in March 2015] amending mining laws with retrospective effect, and decided that all leases granted prior to ordinance will deemed to have been automatically renewed until prescribed period therein.

The Company then filed a writ petition with High Court of Jharkhand, challenging the aforesaid memos from the State Government for directing the State government to renew both the leases upto march 2030 as per the Ordinance.

Notes to the Consolidated Financial Statements

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On October 31, 2015 the High Court passed an interim order in terms of Section 8A(5) of the Ordinance for quarry II extending the lease upto March 2030 permitting the Company to commence mining operations after depositing ₹ 48 Crore, being assessed value of materials dispatched between April 2014 to Sep 2014 (being the alleged period of illegality) subject to the outcome of the petition filed by the Company.

The Company's assessment coupled with legal advice is that the case shall not stand the test of judicial scrutiny basis the automatic renewal.

NOTE 43. 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 Ambuja Cements Limited
3	Ambuja Cements Limited	Holding Company
4	OneIndia BSC Private Limited	Joint venture Company
5	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	Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
4	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (upto January 31,2019)
5	Holcim Services (South Asia) Limited	Fellow Subsidiary
6	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
7	Holcim Philippines, Inc, Philippines	Fellow Subsidiary
8	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
9	Holcim Technology Ltd, Switzerland	Fellow Subsidiary
10	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
11	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
12	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
13	Dirk India Private Limited	Fellow Subsidiary
14	Lafarge SA, France	Fellow Subsidiary
15	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16	The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
17	ACC limited Employees Group Gratuity scheme	Trust (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
2	Mr. Sunil K. Nayak	Chief Financial Officer (upto July 31, 2019)
3	Ms. Rajani Kesari	Chief Financial Officer (w.e.f. August 01, 2019)
4	Mr. Ramaswami Kalidas	Company Secretary (upto September 26, 2019)
5	Mr. Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
6	Mr. N S Sekhsaria	Chairman, Non Executive / Non Independent Director
7	Mr. Jan Jenisch	Deputy Chairman, Non Executive / Non Independent Director
8	Mr. Martin Kriegner	Non Executive / Non Independent Director
9	Mr. Shailesh Haribhakti	Independent Director
10	Mr. Sushil Kumar Roongta	Independent Director
11	Mr. Ashwin Dani	Independent Director (upto March 22, 2019)
12	Mr. Farrokh K Kavarana	Independent Director (upto March 22, 2019)
13	Mr. Vijay Kumar Sharma	Non Independent Director
14	Mr. Arunkumar R Gandhi	Independent Director (upto March 22, 2019)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

(b)	Name of the Related Parties:	Nature of Relationship
15	Ms. Falguni Nayar	Independent Director
16	Mr. Christof Hassig	Non Independent Director
17	Mr. Damodarannair Sundaram	Independent Director (w.e.f. March 22, 2019)
18	Mr. Vinayak Chatterjee	Independent Director (w.e.f. March 22, 2019)
19	Mr. Sunil Mehta	Independent Director (w.e.f. March 22, 2019)

(C) Transactions with Joint Venture Companies

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**100.86**	**104.12**
	Aakaash Manufacturing Company Private Limited {Refer Note 47 (ii)}	100.86	104.12
2	**Sale of Finished Goods**	**12.52**	**14.57**
	Aakaash Manufacturing Company Private Limited	12.52	14.57
3	**Receiving of Services**	**27.15**	**29.00**
	OneIndia BSC Private Limited	27.15	29.00
4	**Dividend Received**	1.32	0.68
	Aakaash Manufacturing Company Private Limited	1.32	0.68
5	**Reimbursement of Expenses Received/Receivable**	**0.02**	**0.02**
	Aakaash Manufacturing Company Private Limited	0.02	0.02
6	**Reimbursement of Expenses Paid / Payable**	**-**	**0.47**
	OneIndia BSC Pvt Ltd.	-	0.47
7	**Other recoveries (Net)**	**2.80**	**2.11**
	Aakaash Manufacturing Company Private Limited	2.80	2.11

Outstanding balances with Joint venture Companies

₹ Crore

		As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**0.96**	**1.30**
	Aakaash Manufacturing Company Private Limited	0.96	1.30
2	**Outstanding balance included in Trade payables**	**16.33**	**21.92**
	Aakaash Manufacturing Company Private Limited	14.06	19.31
	OneIndia BSC Private Limited	2.27	2.61

(D) Transactions with Associate Companies

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**68.46**	**71.89**
	Alcon Cement Company Private Limited {Refer Note - 47 (i)}	68.46	71.89
2	**Purchase of Raw Materials**	**11.19**	**20.76**
	Asian Concretes and Cements Private Limited	11.19	20.76
3	**Sale of Unfinished Goods**	**20.78**	**26.40**
	Alcon Cement Company Private Limited {Refer Note - 47 (i)}	20.78	26.40
4	**Dividend Received**	**0.37**	**0.41**
	Alcon Cement Company Private Limited	0.37	0.41
5	**Receiving of Services**	**107.60**	**117.92**
	Asian Concretes and Cements Private Limited	107.60	117.92
6	**Reimbursement of Expenses Received/Receivable**	**13.47**	**14.71**
	Alcon Cement Company Private Limited	13.47	14.71
7	**Reimbursement of Expenses Paid/Payable**	**2.22**	**3.16**
	Alcon Cement Company Private Limited	1.67	2.62
	Asian Concretes and Cements Private Limited	0.55	0.54

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

Outstanding balances with Associate Companies

₹ Crore

		As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**6.81**	**8.99**
	Alcon Cement Company Private Limited	6.81	8.99
2	**Outstanding balance included in Trade payables**	**17.80**	**22.96**
	Asian Concretes and Cements Private Limited	14.69	19.27
	Alcon Cement Company Private Limited	3.11	3.69

(E) Details of Transactions relating to Ultimate Holding and Holding Companies

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Dividend paid**	**143.36**	**153.60**
	Ambuja Cements Limited	131.58	140.98
	Holderind Investments Limited	11.78	12.62
2	**Purchase of Raw materials**	**0.80**	**0.24**
	Ambuja Cements Limited	0.80	0.24
3	**Purchase of Finished /Unfinished goods**	**112.87**	**35.17**
	Ambuja Cements Limited	112.87	35.17
4	**Purchase of Stores & Spares**	**0.44**	**0.10**
	Ambuja Cements Limited	0.44	0.10
5	**Sale of Fixed Assets**	**-**	**19.23**
	Ambuja Cements Limited	-	19.23
6	**Sale of Finished /Unfinished Goods**	**101.39**	**23.59**
	Ambuja Cements Limited	101.39	23.59
7	**Sale of Raw Material**	**1.44**	**8.34**
	Ambuja Cements Limited	1.44	8.34
8	**Sale of Stores & Spares**	**1.17**	**-**
	Ambuja Cements Limited	1.17	-
9	**Sale of Scrap**	**0.11**	**-**
	Ambuja Cements Limited	0.11	-
10	**Rendering of Services**	**42.46**	**47.66**
	Ambuja Cements Limited	42.46	47.66
11	**Receiving of Services**	**32.71**	**47.47**
	Ambuja Cements Limited	32.71	47.47
12	**Reimbursement of Expenses Received / Receivable**	**0.04**	**0.04**
	Ambuja Cements Limited	0.01	0.04
	LafargeHolcim Ltd	0.03	-
13	**Reimbursement of Expenses Paid / Payable**	**9.74**	**-**
	Ambuja Cements Limited	9.74	-

Outstanding balances with Ultimate Holding and Holding Companies

₹ Crore

		As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**29.05**	**15.61**
	Ambuja Cements Limited	29.02	15.61
	LafargeHolcim Ltd	0.03	-
2	**Outstanding balance included in Other current assets - advances**	**0.04**	**0.04**
	Ambuja Cements Limited	0.04	0.04
3	**Outstanding balance included in Trade payables**	**43.72**	**18.25**
	Ambuja Cements Limited	43.72	18.25

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

(F) Details of Transactions relating to Fellow Subsidiary Companies / Joint Venture of Holding Company

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Raw materials**	**238.94**	**288.37**
	LafargeHolcim Energy Solutions SAS	237.84	285.04
	Counto Microfine Products Private Limited	1.10	3.28
	Dirk India Private Limited	-	0.05
2	**Sale of Finished /Unfinished Goods**	**0.11**	**0.16**
	Counto Microfine Products Private Limited	0.11	0.16
3	**Technology and Know-how fees**	**152.33**	**144.46**
	Holcim Technology Ltd	152.33	144.46
4	**Receiving of Services**	**64.76**	**75.05**
	Holcim Services (South Asia) Limited	59.53	74.66
	Holcim Group Services Ltd	0.33	0.39
	Lafarge SA	2.79	-
	Holcim Technology Ltd	2.11	-
5	**Rendering of Services**	**11.05**	**11.01**
	Holcim Services (South Asia) Limited	9.33	4.75
	Lafarge SA	1.72	2.62
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	-	1.45
6	**Reimbursement of Expenses Received / Receivable**	**2.69**	**0.77**
	Lafargeholcim Energy Solutions SAS	0.76	0.17
	LafargeHolcim Trading Pte Ltd	1.92	0.13
	LafargeHolcim Bangladesh Ltd	0.01	0.01
	Holcim Technology Ltd	-	0.45
	Counto Microfine Product Private Limited	-	0.01

Outstanding balances with Fellow Subsidiary Companies / Joint Venture of Holding Company

₹ Crore

		As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**11.89**	**11.82**
	Holcim Services (South Asia) Limited	5.93	4.75
	Lafarge SA	2.22	3.07
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	3.37	1.45
	PT Holcim Indonesia Tbk	0.15	0.15
	Lafarge Holcim Trading Pte Limited	0.13	0.13
	Counto Microfine Product Pvt Ltd	0.06	0.03
	Holcim Philippines, Inc	-	0.02
	Holcim Cement (Bangladesh) Ltd	0.01	0.01
	Holcim Technology (Singapore) Pte Ltd	-	0.01
	LafargeHolcim Bangladesh Ltd	0.02	0.01
2	**Outstanding balance included in Trade payables**	**49.84**	**159.80**
	LafargeHolcim Energy Solutions SAS	5.14	124.50
	Holcim Technology Ltd	34.54	33.70
	Counto Microfine Products Private Limited	0.20	0.63
	Holcim Services (South Asia) Limited	9.92	0.62
	Holcim Group Services Ltd	0.04	0.35

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

(H) Details of Transactions with Key Management Personnel

₹ Crore

		For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Remuneration***	**13.56**	**11.52**
	Mr. Neeraj Akhoury	8.90	7.13
	Mr. Sunil K. Nayak	1.95	3.36
	Mr. Ramaswami Kalidas	0.84	1.03
	Ms. Rajani Kesari	1.49	-
	Mr. Rajiv Choubey	0.38	-
	Breakup of Remuneration	**13.56**	**11.52**
	Short term employee benefits	12.53	11.05
	Post employment benefits (including defined contribution and defined benefits)*	0.86	0.47
	Other long term benefits*	-	-
	Employee Share based payments (Refer Note - 55)	0.17	-

2 Other Payment to Key Management Personnel

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Commission Payable	**3.19**	**3.19**
Mr. N S Sekhsaria	0.50	0.50
Mr. Arunkumar Gandhi	0.10	0.45
Mr. Martin Kriegner#	-	-
Mr. Shailesh Haribhakti	0.36	0.36
Mr. Sushil Kumar Roongta	0.36	0.36
Mr. Ashwin Dani	0.08	0.36
Mr. Farrokh Kavarana	0.08	0.36
Mr. Vijay Kumar Sharma	0.20	0.20
Mr. Jan Jenisch	0.20	0.20
Ms. Falguni Nayar	0.20	0.20
Mr. Christof Hassig	0.20	0.20
Mr. Sunil Mehta	0.28	-
Mr. Damodarannair Sundaram	0.35	-
Mr. Vinayak Chatterjee	0.28	-
Sitting Fees	**0.47**	**0.53**
Mr. N S Sekhsaria	0.04	0.04
Mr. Arunkumar Gandhi	0.01	0.08
Mr. Martin Kriegner#	-	0.04
Mr. Shailesh Haribhakti	0.07	0.07
Mr. Sushil Kumar Roongta	0.09	0.09
Mr. Ashwin Dani	0.01	0.06
Mr. Farrokh Kavarana	0.02	0.07
Mr. Vijay Kumar Sharma	0.03	0.01
Mr. Jan Jenisch	0.01	0.01
Ms. Falguni Nayar	0.03	0.03
Mr. Christof Hassig	0.02	0.03
Mr. Sunil Mehta	0.04	-
Mr. Damodarannair Sundaram	0.05	-
Mr. Vinayak Chatterjee	0.05	-

* 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.

#Mr. Martin Kriegner has waived his right to receive Directors' commission from the year 2018 and sitting fees with effect from the meeting held on October 17, 2018.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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 ₹ 25.64 Crore (Previous Year - ₹ 22.71 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 ₹ 0.80 Crore (Previous Year - ₹ 21.00 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, 2019, the Company has not recorded any loss allowances for trade receivables from related parties (Previous year - Nil).

NOTE 44. Segment Reporting

Refer Note 1 (xxiv) for accounting policy on 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:

(a) **Cement -** Cement is a product which is obtained from clinker resulting from mixing the raw materials such as limestone, clay, iron ore, fly ash, bauxite, etc, in determined ratios. Clinker is then mixed with certain amount of setting regulator (generally gypsum) which is ground together and set after mixing with water and gains strength to make Cement. 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 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, 2019

INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

₹ Crore

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018	**Year ended December 31, 2019**	Year ended December 31, 2018
REVENUE						
External sales	13,870.08	13,171.09	1,473.03	1,306.38	15,343.11	14,477.47
Inter-segment sales	190.23	216.00	1.58	2.76	191.81	218.76
Other operating revenue	306.50	318.08	7.94	6.07	314.44	324.15
	14,366.81	13,705.17	1,482.55	1,315.21	15,849.36	15,020.38
Less : Elimination	190.23	216.00	1.58	2.76	191.81	218.76
Total revenue	**14,176.58**	**13,489.17**	**1,480.97**	**1,312.45**	**15,657.55**	**14,801.62**
OPERATING EBITDA	2,259.62	1,914.29	153.16	133.83	2,412.78	2,048.12
Segment result	**1,703.52**	**1,328.37**	**133.21**	**116.71**	**1,836.73**	**1,445.08**
Unallocated corporate Income net of unallocated expenditure					18.55	37.58
Operating Profit					**1,855.28**	**1,482.66**
Finance Costs					(86.27)	(87.77)
Interest and Dividend income					269.49	104.90
Share of profit from associates and Joint ventures					14.02	10.32
Tax expenses (Refer Note - 21)					(674.98)	10.51
Profit after tax					**1,377.54**	**1,520.62**
Capital expenditure (including capital work-in-progress and capital advances)	498.26	477.29	27.44	47.45	525.70	524.74
Depreciation and Amortisation	587.51	586.69	18.93	16.53	606.44	603.22
Other non-cash expenses	11.10	11.64	18.37	3.57	29.47	15.21
Segment assets	10,979.56	11,687.19	470.27	454.07	11,449.83	12,141.26
Unallocated Corporate assets					5,686.15	3,914.69
Total assets					**17,135.98**	**16,055.95**
Segment liabilities	3,806.50	4,078.40	355.15	315.23	4,161.65	4,393.63
Unallocated Corporate liabilities					1,427.40	1,127.39
Total liabilities					**5,589.05**	**5,521.02**

Sales from external customer

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Within India	15,341.39	14,472.37
Outside India *	1.72	5.10
TOTAL	**15,343.11**	**14,477.47**

No single customer contributed 10% or more to the Group's revenue for the year ended December 31, 2019 and December 31, 2018.

* Sales outside India are in functional currency.

All the non current assets are located within India

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

Cash flows arising from the reportable segments

₹ Crore

	Cement		Ready Mix Concrete		Unallocated		Total	
	As at December 31, 2019	As at December 31, 2018	**As at December 31, 2019**	As at December 31, 2018	**As at December 31, 2019**	As at December 31, 2018	**As at December 31, 2019**	As at December 31, 2018
Net Cash flow from operating activities	2,684.85	1,587.71	17.00	57.72	(447.14)	(527.89)	2,254.71	1,117.54
Net cash used in investing activities	(467.23)	(449.77)	(27.68)	(47.34)	173.25	132.67	(321.66)	(364.44)
Net cash used in financing activities	-	-	-	-	(374.16)	(380.46)	(374.16)	(380.46)

NOTE 45. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006*

₹ Crore

		As at December 31, 2019	As at December 31, 2018
a.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	Principal amount due to micro and small enterprises (Not overdue)	11.27	8.02
	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 amount 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 intimation received from the "suppliers" regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 46.

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 judgment of Supreme Court dated August 25, 2014 read with its order dated September 24, 2014. 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 vide vesting order dated March 23, 2015. In respect of Bicharpur coal block, AMRL had filed a writ petition with the Delhi High Court against the compensation fixed by Ministry of Coal up to March 31, 2014. The Hon'ble Delhi High Court issued its judgment on March 09, 2017 wherein the court has said that "whatever has transpired after March 31, 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account." Accordingly a fresh claim has been filed with Ministry of Coal for reimbursement of expenses incurred up to the date of vesting order. In respect of other three blocks, auctioning dates are yet to be announced.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 47.

(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 GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale (excluding GST) of such clinker of ₹ 16.24 Crore (Previous year - ₹ 20.63 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of cement so converted. This transaction has been identified in the nature of lease. (Refer Note - 39)

(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 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 (excluding GST) of such Ready Mix Concrete to customer of ₹ 85.34 Crore (Previous year - ₹ 87.91 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

NOTE 48. 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.

₹ Crore

	2019	2018
Balance at the beginning of the year	4.99	2.80
Expenditure during construction for projects:		
Employee benefits expense*	11.68	1.26
Rates and taxes **	1.86	-
Miscellaneous expenses **	16.96	3.15
TOTAL	**35.49**	**7.21**
Less : Capitalised during the year	1.00	2.22
Balance at the end of the year	**34.49**	**4.99**

* Employee benefit expenses represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.

** Miscellaneous expense and rates and taxes are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 49. Financial Instruments

(A) Categories of financial instruments

₹ Crore

Particulars	Note No.	Carrying value As at December 31, 2019	Carrying value As at December 31, 2018
Financial assets			
1. Measured at Fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
Equity investments		-	-
Cash and cash equivalents - Mutual funds	12	757.51	722.99
(b) Designated as at FVTPL		-	-
2. Measured at amortised cost			
Cash and cash equivalents (Certificates of deposits and other deposits)	12	1,492.98	936.10
Other Cash and cash equivalents (Balances with banks)	12	2,242.04	1,274.12
Bank balances other than Cash and Cash Equivalents	13	155.20	163.77
Investments in Bonds	5	3.70	3.70
Security deposits (Current and Non-Current)	6 & 14	154.10	225.94
Loans and Other financial assets (Current and Non-Current)	6, 7, 14 & 15	757.29	577.51
Trade receivables	11	626.65	867.37
3. Measured at fair value through Other Comprehensive Income		-	-
TOTAL		**6,189.47**	**4,771.50**

Particulars	Note No.	Carrying value As at December 31, 2019	Carrying value As at December 31, 2018
Financial liabilities			
1. Measured at FVTPL			
Foreign currency forward contract	22	-	1.19
2. Measured at amortised cost			
Trade payables		1,474.98	1,926.26
Security deposits and retention money	22	711.49	553.55
Other financial liabilities	22	226.01	220.80
TOTAL		**2,412.48**	**2,701.80**

The 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 (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

(B) Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Consolidated Statement of Profit and Loss are as follows:

₹ Crore

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Financial assets measured at amortised cost		
Interest income	(169.98)	(104.80)
Impairment losses on trade receivables (including reversals of impairment losses)	21.51	5.39
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(21.64)	(35.91)
Net gain on fair valuation of current financial assets	(0.43)	(0.91)
Gain on sale of non - current financial assets	-	-
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	4.46	3.23
Interest expenses on deposits from dealers	33.45	28.89
Derivatives - Foreign exchange forward contracts		
Net (gain) / loss on foreign currency forward contract	(0.94)	2.12
Net gain recognised in the Consolidated Statement of Profit and Loss	**(133.57)**	**(101.99)**

(C) Fair Value Hierarchy

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

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

For assets and liabilities which are measured at fair value as at the Balance Sheet date, the classification of fair value calculations by category is summarised below:

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	757.51	-	-	757.51
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	-	-	-
As at December 31, 2018				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	722.99	-	-	722.99
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	1.19	-	1.19

During the reporting period ending December 31, 2019 and December 31, 2018, there was no transfer between level 1 and level 2 fair value measurement.

The following methods and assumptions were used to estimate the fair values:

Level 1: Quoted bid prices in an active market - Unadjusted Quoted price in principle market in which equity instrument is actively traded.

Level 1: 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.

Level 2: The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates at the reporting date.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Other financial assets and liabilities

The management consider 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 (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 50. Financial risk management objectives and policies

Financial Risk Evaluation and Management is an ongoing process within the Group. 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 summarised 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, Cash and cash equivalents, Bank balances other than cash and cash equivalents, Security deposits, Loans and other financial assets	Credit ratings and Ageing analysis	1. Diversification of counterparties 2. Investment limits 3. Check on counterparties basis credit rating 4. Number of days overdue 5. Eligibility under State Investment Promotion Schemes for incentives
Liquidity Risk	Trade payables, Deposits from dealers, Foreign exchange Forward contract and other financial liabilities	Maturity analysis	1. Preparing and monitoring forecasts of cash flows 2. Maintaining sufficient cash and cash equivalents
Market Risk- Foreign Exchange	Financial assets and liabilities denominated in other than functional currency	Sensitivity analysis	1. Exposure limits 2. Forward foreign exchange contract
Market Risk- Commodity price risk	Movement in prices of commodities mainly Imported Coal and Pet Coke	Sensitivity analysis	1. Fuel mix optimisation 2. Longer term contracts
Market Risk- Interest rate risk	Security deposit from dealers	Sensitivity analysis	1. 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 it's 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. None of the financial instruments of the Group result in material concentration of credit risks.

Notes to the Consolidated Financial Statements
for the year ended December 31, 2019

Other financial assets mainly include incentives receivable from the government, loans and security deposits given. There are no indications that defaults in payment obligations would occur in respect of these financial assets.

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. 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 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.

For expected credit loss as at each reporting date the Company assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired.

Summary of the Group's exposure to credit risk by age of the outstanding from various customers is as follows:

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Neither past due nor impaired	219.47	318.80
Past due not impaired		
- 1-180 days	375.02	499.49
- more than 180 days	32.16	49.08
Past due impaired		
- 1-180 days	1.96	0.25
- more than 180 days	39.17	24.40
TOTAL	**667.78**	**892.02**

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. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated. Accordingly, loss allowances on trade receivables are measured using provision matrix at an amount equal to life time expected losses i.e. expected cash shortfall.

The following table summarizes the change in the loss allowances measured using simplified approach model expected credit loss assessment:

₹ Crore

As at January 01, 2018	29.03
Provided during the year	7.54
Amounts utilised	(9.77)
Reversals of Provision	**(2.15)**
As at December 31, 2018	24.65
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	**41.13**

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, 2019

Credit impaired

For expected credit loss as at each reporting date the Group assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired. The Group assesses detrimental impacts on the estimated future cash flows of the financial asset including loans, receivables and other assets. Based on the assessment of the observable data relating to significant financial difficulty and creditworthiness of the counterparties, the management believes that there are no financial assets which are credit impaired.

(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 Group has large investments in short term liquid funds which can be redeemed at a very short notice and hence carry negligible liquidity risk.

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
As at December 31, 2019				
Other financial liabilities*	937.50	970.92	-	970.92
Foreign currency forward contract	-		-	-
Trade payables	1,474.98	1,474.98	-	1,474.98
	2,412.48	**2,445.90**	**-**	**2,445.90**

	Carrying amount	Less than 1 year	More than 1 year	Total
As at December 31, 2018				
Other financial liabilities*	774.35	806.09	-	806.09
Foreign currency forward contract	1.19	1.19	-	1.19
Trade payables	1,926.26	1,926.26	-	1,926.26
	2,701.80	**2,733.54**	**-**	**2,733.54**

*Other financial liabilities includes deposits received from customers amounting to ₹ 641.59 Crore (Previous year - ₹ 499.77 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 commodity risk. Financial instruments affected by market risk include loans, investments, deposits and 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, 2019

Based on sensitivity analysis, the Group has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged.

The carrying amounts of the Group's foreign currency denominated monetary assets at the end of the reporting periods expressed in ₹, are as follows:

₹ Crore

As at December 31, 2019	USD	EUR	CHF	GBP	SEK	JPY
Trade Payable	4.06	2.13	0.03	0.01	0.81	0.02
Foreign exchange derivative contracts	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	**4.06**	**2.13**	**0.03**	**0.01**	**0.81**	**0.02**

As at December 31, 2018	USD	EUR	CHF	GBP
Trade Payable	130.22	2.13	0.02	0.04
Foreign exchange derivative contracts	(83.85)	-	-	-
Net exposure to foreign currency risk (liabilities)	46.37	2.13	0.02	0.04

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, 2019		As at December 31, 2018	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
USD	0.20	(0.20)	2.32	(2.32)
EUR	0.11	(0.11)	0.11	(0.11)
SEK	0.04	(0.04)	-	-
TOTAL	**0.35**	**(0.35)**	**2.43**	**(2.43)**

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

Market Risk- Commodity price risk
Commodity price risk for the Group is mainly related to fluctuations in coal and pet coke prices linked to various external factors, which can affect the production cost of the Group. Since the Energy costs is one of the primary costs drivers, any fluctuation in fuel prices can lead to drop in operating margin. To manage this risk, the Group take steps to optimize the fuel mix and to pursue longer term and fixed contracts, where considered necessary. Additionally, processes and policies related to such risks are reviewed and controlled by senior management and fuel requirement are monitored by the central procurement team.

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 security deposit from dealers. The Group has not used any interest rate derivatives.

The Group 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, 2019 would decrease / increase by ₹ 3.18 Crore (Previous year - ₹ 2.50 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 51. 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

	Note No.	As at December 31, 2019	As at December 31, 2018
Total Debt		-	-
Less: Cash and cash equivalents	12	(4,492.53)	(2,933.21)
Net Debt		(4,492.53)	(2,933.21)
Equity attributable to owners of the parent	18 & 19	11,543.77	10,531.90
Debt to Equity (Net)		NA	NA

NOTE 52.

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 % of consolidated net assets	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
	As at December 31, 2019	As at December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019
Parent								
ACC Limited	100.21	11,566.93	98.36	1354.79	99.50	(48.98)	98.32	1305.81
Subsidiaries								
Indian								
Bulk Cement Corporation (India) Limited	0.17	20.13	0.18	2.42	-	-	0.18	2.42
ACC Mineral Resources Limited	(0.35)	(40.29)	0.50	6.94	-	-	0.52	6.94
Lucky Minmat Limited	(0.29)	(33.67)	(0.03)	(0.47)	-	-	(0.04)	(0.47)
National Limestone Company Private Limited	(0.08)	(8.68)	(0.02)	(0.27)	-	-	(0.02)	(0.27)
Singhania Minerals Private Limited	(0.02)	(2.40)	0.01	0.11	-	-	0.01	0.11
Non-controlling interests in all subsidiaries	(0.03)	(3.16)	(0.01)	(0.13)	-	-	(0.01)	(0.13)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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 % of consolidated net assets	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
	As at December 31, 2019	As at December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019	December 31, 2019
Associates (Investment as per the equity method)								
Indian								
Alcon Cement Company Private Limited	(0.07)	(8.03)	0.07	0.98	0.12	(0.06)	0.07	0.92
Asian Concretes and Cements Private Limited	0.37	43.24	0.87	11.99	-	-	0.90	11.99
Joint Ventures (Investment as per the equity method)								
Indian								
OneIndia BSC Private Limited	0.04	4.46	0.09	1.29	0.28	(0.14)	0.09	1.15
Aakaash Manufacturing Company Private Limited	0.05	5.24	(0.02)	(0.24)	0.10	(0.05)	(0.02)	(0.29)
TOTAL	**100.00**	**11,543.77**	**100.00**	**1,377.41**	**100.00**	**(49.23)**	**100.00**	**1,328.18**

* In case of Subsidiaries, Associates and Joint ventures, the parent's share in respect of these components have been adjusted with the carrying value of the parent's investments in each component.

Note : The above figures are after eliminating intra group transactions and intra group balances as at December 31, 2019.

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 % of consolidated net assets	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
	As at December 31, 2018	As at December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018
Parent								
ACC Limited	100.43	10,577.35	98.99	1505.20	100.20	(4.85)	98.99	1500.35
Subsidiaries								
Indian								
Bulk Cement Corporation (India) Limited	0.15	15.70	0.18	2.77	-	-	0.18	2.77
ACC Mineral Resources Limited	(0.45)	(47.23)	0.19	2.85	-	-	0.19	2.85

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

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 % of consolidated net assets	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
	As at December 31, 2018	As at December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018	December 31, 2018
Lucky Minmat Limited	(0.32)	(33.19)	(0.03)	(0.48)	-	-	(0.03)	(0.48)
National Limestone Company Private Limited	(0.08)	(8.06)	(0.01)	(0.15)	-	-	(0.01)	(0.15)
Singhania Minerals Private Limited	(0.02)	(2.47)	0.01	0.11	-	-	0.01	0.11
Non-controlling interests in all subsidiaries	(0.03)	(3.03)	(0.01)	(0.15)	-	-	(0.01)	(0.15)
Associates (Investment as per the equity method)								
Indian								
Alcon Cement Company Private Limited	(0.08)	(8.58)	0.02	0.32	-	-	0.02	0.32
Asian Concretes and Cements Private Limited	0.30	31.25	0.46	6.92	-	-	0.46	6.92
Joint Ventures (Investment as per the equity method)								
Indian								
OneIndia BSC Private Limited	0.03	3.31	0.10	1.59	0.21	(0.01)	0.10	1.58
Aakaash Manufacturing Company Private Limited	0.07	6.85	0.10	1.49	(0.41)	0.02	0.10	1.51
TOTAL	**100.00**	**10,531.90**	**100.00**	**1,520.47**	**100.00**	**(4.84)**	**100.00**	**1,515.63**

* In case of Subsidiaries, Associates and Joint ventures, the parent's share in respect of these components have been adjusted with the carrying value of the parent's investments in each component.

Note : The above figures are after eliminating intra group transactions and intra group balances as at December 31, 2018.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2019

NOTE 53. Dividend distribution and proposed dividend

₹ Crore

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2018 ₹ 14 per share (Previous year -₹ 15 per share for 2017)	262.90	281.68
Dividend distribution tax on final dividend	54.04	57.90
	316.94	**339.58**
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2019: ₹ 14 per share (previous year - ₹ 14 per share)	262.90	262.90
Dividend distribution tax on proposed dividend *	-	54.04
	262.90	**316.94**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend distribution tax thereon) as at December 31.

* Dividend Distribution Tax is abolished with effect from April 01, 2020

NOTE 54. Goodwill on consolidation

Movement in Goodwill on consolidation

₹ Crore

	As at December 31, 2019	As at December 31, 2018
Carrying amount as at beginning of the year	15.57	15.57
Impairment during the year	-	-
Net carrying value as at end of the year	**15.57**	**15.57**

Goodwill of ₹ 15.57 Crore (Previous year - ₹ 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

	As at December 31, 2019	As at December 31, 2018
Lucky Minmat Limited (LML)	6.42	6.42
National Limestone Company Private Limited (NLCPL)	5.38	5.38
Singhania Minerals Private Limited (SMPL)	3.28	3.28
Bulk Cement Corporation (India) Limited (BCCI)	0.49	0.49
TOTAL	**15.57**	**15.57**

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.

Notes to the Consolidated Financial Statements

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As at December 31, 2019, 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 14.80%

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.

NOTE 55. Employee share based payments

Description of plan - LafargeHolcim Performance Share Plan

LafargeHolcim Ltd (Ultimate Holding Company) set up a performance share plan. Performance shares are granted to executives and senior management for their contribution to the continuing success of the business. These shares will be delivered after three year vesting period following the grant date and are subject to internal performance conditions.

9,000 performance shares at a fair value of ₹ 3,405 per share were granted in 2019. Internal performance conditions are attached to the performance shares and are based on Group Earnings per Share (EPS) and Group Return on Invested Capital (ROIC). During the year, ₹ 0.63 Crore is charged to the Consolidated Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

Fair value of shares granted is determined based on the estimated achievement of LafargeHolcim Earnings per Share and Return on Invested Capital.

NOTE 56. 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

RAJANI KESARI
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS:13063
Mumbai, February 07, 2020

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

SHAILESH HARIBHAKTI
Director
DIN: 00007347

VINAYAK CHATTERJEE
Director
DIN: 00008933

MARTIN KRIEGNER
Director
DIN:00077715

FALGUNI NAYAR
Director
DIN: 00003633

SUNIL MEHTA
Director
DIN: 00065343

Consolidated Net Profit

for the year ended December 31, 2019

₹ Crore

Particulars			2019	2018
ACC's Net Profit			1,358.91	1,506.63
Add:	Pro-rata share of profits / (losses) of subsidiaries -			
	Bulk Cement Corporation (India) Limited (BCCI)	2.42		2.77
	ACC Mineral Resources Limited	6.94		4.32
	Lucky Minmat Limited	(0.48)		(0.49)
	National Limestone Co. Pvt. Limited	(0.39)		(0.23)
	Singhania Mineral Private Limited	0.05		0.04
			8.54	6.41
Add:	Pro-rata share of profit of Joint ventures and Associates		14.02	10.32
Less:	Minority Interest of Subsidiary (BCCI)		0.13	0.15
Less:	Dividend received from Associates and Joint ventures		1.69	1.09
Less:	Deferred tax on undistributed profit of Associate and Joint venture		2.24	1.66
Add:	Other adjustments (Net)		-	0.01
	Profit attributable to Owners of the Company		**1,377.41**	**1,520.47**

Consolidated Equity

as at December 31,2019

₹ Crore

Particulars			2019	2018
ACC's Equity			11,521.28	10,527.66
Add:	Adjustment for impairment of investments (AMRL)		57.96	57.96
Add:	Net worth as per Balance Sheet of Subsidiary Companies -			
	Bulk Cement Corporation (India) Limited	57.74		55.32
	ACC Mineral Resources Limited	81.66		74.72
	Lucky Minmat Limited	(1.99)		(1.51)
	National Limestone Co. Pvt. Limited	0.06		0.45
	Singhania Mineral Private Limited	(0.35)		(0.40)
		137.12		**128.58**
Less:	Pro- rata share of Minority shareholders interest in the Net Worth of Subsidiary Companies	3.16		3.03
	ACC's share in pre-acquisition Net Worth of Subsidiary Companies	157.90		157.90
			(23.94)	(32.35)
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.		(8.03)	(8.58)
Add:	Increase in Net Worth of Asian Concretes & Cements Pvt. Ltd.		43.24	31.24
Add:	Increase in Net Worth of Aakaash Manufacturing Co. Pvt. Ltd.		5.25	6.86
Add:	Increase in Net Worth of OneIndia BSC Pvt. Ltd.		4.45	3.30
Less:	Deferred tax on undistributed profit from JVs and Associates		12.97	10.73
Less:	Other adjustments (Net)		0.15	0.14
Consolidated Equity			**11,543.77**	**10,531.90**

Statement containing extract of subsidiaries financial statements

₹ Crore

Particulars	Balance sheet as at December 31, 2019				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
ASSETS					
Non-current assets					
Fixed assets	28.56	-	0.04	1.31	0.18
Financial Assets					
Loans	0.25	-	1.26	6.33	-
Non current tax assets (Net)	1.70	0.22	0.06	0.77	-
Other non-current assets	0.14	-	0.08	0.12	-
Total Non-current assets	**30.65**	**0.22**	**1.44**	**8.53**	**0.18**
Current assets					
Inventories	0.62	-	0.36	-	-
Financial Assets					
Trade receivables	2.72	-	0.07	-	-
Cash and cash equivalents	33.56	0.44	0.07	75.04	0.53
Loans	-	-	0.01	-	-
Other Financial Assets	1.34	-	-	0.02	-
Other current assets	0.38	-	0.08	1.98	1.15
Total Current assets	**38.62**	**0.44**	**0.59**	**77.04**	**1.68**
TOTAL ASSETS	**69.27**	**0.66**	**2.03**	**85.57**	**1.86**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	33.64	3.25	2.00	121.95	0.52
Other Equity	24.10	(5.24)	(1.94)	(40.29)	(0.87)
Total Equity	**57.74**	**(1.99)**	**0.06**	**81.66**	**(0.35)**
Liabilities					
Non-current liabilities					
Provisions	-	-	-	-	0.97
Deferred tax liabilities (Net)	0.55	-	-	-	-
Total Non-current liabilities	**0.55**	**-**	**-**	**-**	**0.97**
Current liabilities					
Financial Liabilities					
Borrowing	-	0.09	1.62	-	0.70
Trade payables	4.25	-	-	3.91	0.20
Other financial liabilities	3.37	2.56	0.35	-	0.32
Other current liabilities	2.77	-	-	-	0.02
Current tax liabilities (Net)	0.59	-	-	-	-
Total Current liabilities	**10.98**	**2.65**	**1.97**	**3.91**	**1.24**
TOTAL EQUITY AND LIABILITIES	**69.27**	**0.66**	**2.03**	**85.57**	**1.86**

Statement containing extract of subsidiaries financial statements

₹ Crore

Particulars	Balance sheet as at December 31, 2018				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
ASSETS					
Non-current assets					
Fixed assets	22.56	-	0.05	5.97	0.20
Financial Assets					
Loans	0.25	-	1.09	6.57	-
Non current tax assets (Net)	1.56	0.21	0.12	0.07	-
Other non-current assets	0.10	-	-	0.15	-
Total Non-current assets	**24.47**	**0.21**	**1.26**	**12.76**	**0.20**
Current assets					
Inventories	0.47	-	0.36	-	
Financial Assets					
Trade receivables	3.87	-	-	-	0.02
Cash and cash equivalents	32.69	0.43	0.07	63.28	0.17
Loans	-	-	-	-	-
Other Financial Assets	3.71	-	-	0.64	-
Other current assets	0.02	-	0.01	2.07	1.01
Total Current assets	**40.76**	**0.43**	**0.44**	**65.99**	**1.20**
TOTAL ASSETS	**65.23**	**0.64**	**1.70**	**78.75**	**1.40**
EQUITY AND LIABILITIES					
Equity					
Equity Share Capital	33.64	3.25	2.00	121.95	0.52
Other Equity	21.68	(4.76)	(1.55)	(47.23)	(0.92)
Total Equity	**55.32**	**(1.51)**	**0.45**	**74.72**	**(0.40)**
Liabilities					
Non-current liabilities					
Provisions	-	-	-	-	0.78
Deferred tax liabilities (Net)	0.75	-	-	-	-
Total Non-current liabilities	**0.75**	**-**	**-**	**-**	**0.78**
Current liabilities					
Financial Liabilities					
Borrowing	-	0.05	0.87	-	0.64
Trade payables	3.74	-	0.22	4.03	0.33
Other financial liabilities	1.75	2.10	0.09	-	-
Other current liabilities	3.28	-	0.07	-	0.05
Current tax liabilities (Net)	0.39	-	-	-	-
Total Current liabilities	**9.16**	**2.15**	**1.25**	**4.03**	**1.02**
TOTAL EQUITY AND LIABILITIES	**65.23**	**0.64**	**1.70**	**78.75**	**1.40**

Statement containing extract of subsidiaries financial statements

₹ Crore

Particulars	Profit and Loss account for the year ended December 31, 2019				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
Income					
Revenue from operations	18.78	-	-	0.09	3.63
Other income	2.13	0.01	-	6.96	-
Total Income	**20.91**	**0.01**	**-**	**7.05**	**3.63**
Expenses					
Cost of materials consumed	-	-	-	-	1.92
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
Employee benefits expense	2.14	-	-	-	-
Power and Fuel	2.67	-	-	-	-
Freight and Forwarding expense	-	-	-	-	-
Finance costs	-	0.01	0.12	-	0.11
Depreciation and amortization expense	3.45	-	-	0.01	0.01
Other expenses	9.47	0.48	0.27	0.68	1.54
Total expenses	**17.73**	**0.49**	**0.39**	**0.69**	**3.58**
Profit before tax	**3.18**	**(0.48)**	**(0.39)**	**6.36**	**0.05**
Tax expenses	0.76	-	-	(0.58)	-
Profit after Tax	**2.42**	**(0.48)**	**(0.39)**	**6.94**	**0.05**

Statement containing extract of subsidiaries financial statements

₹ Crore

Particulars	Profit and Loss account for the year ended December 31, 2018				
	Bulk Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited	ACC Mineral Resources Limited	Singhania Minerals Private Limited
Income					
Revenue from operations	18.76	0.01	0.06	-	5.03
Other income	2.56	-	-	4.30	-
Total Income	**21.32**	**0.01**	**0.06**	**4.30**	**5.03**
Expenses					
Cost of materials consumed	-	-	-	-	2.94
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
Employee benefits expense	2.52	-	-	-	-
Power and Fuel	2.71	-	-	-	-
Freight and Forwarding expense	-	-	-	-	-
Finance costs	-	-	0.08		0.11
Depreciation and amortization expense	3.55	-	-	0.01	0.02
Other expenses	9.15	0.50	0.21	0.42	1.92
Total expenses	**17.93**	**0.50**	**0.29**	**0.43**	**4.99**
Profit before tax	**3.39**	**(0.49)**	**(0.23)**	**3.87**	**0.04**
Tax expenses	0.62	-	-	(0.45)	-
Profit after Tax	**2.77**	**(0.49)**	**(0.23)**	**4.32**	**0.04**

Performance Data Tables

Indicators	unit	2019	GRI Ref
Raw materials- Cement			
Limestone	Million tonnes	26.8	301-1
Gypsum	Million tonnes	1.5	
Alternative Raw material	Million tonnes	0.48	
Slag	Million tonnes	2.78	
Fly-ash	Million tonnes	6.42	
Additives	Million tonnes	0.14	
Others (Bauxite, Iron ore etc.)	Million tonnes	0.8	
Lubricating oil	tonnes	268.5	
Grease	tonnes	105.7	
Weight of bags consumed	tonnes	38,969.2	
% recycled materials used	%	24.8	301-2
Raw materials- RMX			
Cement	tonnes	9,89,286.4	301-1
Slag	tonnes	76,401.0	
Flyash	tonnes	1,85,392.0	
Sand	tonnes	5,64,212.50	
Additives	tonnes	10,366.6	
Aggregates	tonnes	36,89,929.4	
Lubricating oil	tonnes	11.1	
Grease	tonnes	8.5	
Crushed rock fines	tonnes	22,56,850.0	
GHG Emissions - Cement			
Total CO_2 Emissions - Gross	tonnes	1,47,32,304.5	
Total CO_2 Emissions - Net	tonnes	1,45,42,691.7	
Specific CO_2 Emissions - gross	kg/tonne of cement	512.0	305-4
Specific CO_2 Emissions - net	kg/tonne cement	505	
Scope 1 emissions (cement+CPP)	tonnes	1,67,72,265.6	305-1
Scope 2 emissions	tonnes	5,56,073.3	305-2
Scope 3 emissions	tonnes	5,91,171.4	305-3
GHG Emissions - Concrete			
Scope 1 emissions concrete	tCO_2	4,706.9	305-1
Scope 2 emissions concrete	tCO_2	4,831.3	305-2
Scope 3 emissions concrete	tCO_2	58,915.0	305-3
Overall CO2 reduction achieved (scope-1 &2)			
On account of thermal savings(1)	tCO_2	0.0	305-5
On account of electrical savings(2)	tCO_2	26,821.9	
On account of clinker factor improvement(3)	tCO_2	1,24,321.6	

Note:

(1) CO_2 emission reductions on account of thermal energy is calculated value.

(2) CM Emission Factor (CO_2 Baseline Database for the Indian Power Sector – V 13 – June 2018 – by Central Electricity Authority) was used for calculating the CO_2 emissions on account of electrical savings.

(3) CO_2 emission reductions on account of clinker factor improvement is calculated by multiplfyoing amount of clinker saved with Kg CO_2 / Tonne of Clinker

Emissions*			
NOx	g/t clinker	1,293.4	305-7
	g/t cement	816.6	
	t	22,759.4	
SOx	g/t clinker	101.7	
	g/t cement	64.2	
	t	1,789.8	
Dust	g/t clinker	26.8	
	g/t cement	16.9	
	t	472.0	

* The emissions reported are based on Kiln stacks only

Indicators	unit	2019	GRI Ref
Energy Consumption - Cement			
Kiln Fuel Consumption			
Coal+Petcoke	TJ	52,525.8	302-1
Diesel oil	TJ	44.7	
Alternative fossil and mixed fuels*	TJ	2,329.9	
Biomass fuels	TJ	748.0	
Non-Kiln Fuel Consumption			
Coal+petcoke	TJ	23,472.7	
Diesel oil	TJ	11.8	
Alternative Fuels	TJ	125.5	
Alternative biomass fuels	TJ	224.4	
Electricity Purchased/Imported	MWh	6,92,162.0	
Energy consumption outside the organisation**	TJ	7,978.0	302-2
Specifc Power consumption upto and including clinker prod	kWh/ton clinker	68.6	302-3
Specifc Power consumption upto and including cement grinding	kWh/ton cementitious material	76.4	
Specifc Power consumption upto and including cement grinding, colony auxillaries	kWh/ton cementitious material	78.4	

* As per WBCSD protocol, alternative fossil fuel comprises of waste oil, waste tyres, plastics, solvents, impregnated saw dust etc

** Considered diesel as fuel consumed in transportation

Energy Consumption - RMX			
Diesel Oil	TJ	63.1	302-1
Electricity purchased	MWh	5,251.4	
Energy consumption outside the organisation*	TJ	795.1	

* Considered diesel as fuel consumed in transportation

Total Direct & Indirect Energy			
Total Power Generation	TJ	6,134.7	302-1
Total Renewable Energy Generation	Million Units	35.5	
% of RE in total power consumption	%	3.5	
Renewable Energy Certificates Purchased	MWh	1,14,565.0	
Power and fuel expenses	₹ Crores	3,134.0	
Thermal energy efficiency	MJ/ton clinker	3,128.5	
Electrical energy efficiency	Kwh/ton cement	79.6	
Waste type			
Hazardous waste			306-1
Waste oil	litres	81,949.0	
Grease	Tonnes	42.6	
Others (Biomedical waste, e waste, used batteries)	Tonnes	48.7	
Non-hazardous waste		0.0	
Steel scrap	tonnes	9,235.9	
Others	tonnes	5,050.8	
Filter bags	no	26,729.0	

Note:

1. Steel Scrap includes castings, waste steel, MS drums, wrapper scrap, iron scrap, grinding balls, HC lining plate, table liner, HC grinding media, etc.
2. Others includes waste cement bags, conveyor belts, wood, copper, plastic bags, electrical cables, empty glass bottles, aluminum, tyres, paper, PVC drums, HDPE wrapper, etc.
3. Above mentioned figures does not include scrap generated from dismantling of old Jamul plant

Indicators	unit	2019	GRI Ref
Total water withdrawal in cement operations			
Surface water	million m^3	2.0	303-1
Harvested rainwater	million m^3	2.5	
municipal water	million m^3	0.0	
Ground water	million m^3	0.2	
Percentage of sites with water recycling	%	100.0	303-3
Total Quantity of Water Treated and Reused Annually	%	17.3	
Total Quantity of Water Treated and Reused Annually	million m^3	0.8	
Total water withdrawal in CPP operation			
Surface water	million m^3	1.3	303-1
Harvested rainwater	million m^3	4.4	
municipal water	million m^3	0.0	
Ground water	million m^3	0.4	
Total water withdrawal - RMX*			
Surface water - RMX	million m^3	0	303-1
Harvested rainwater - RMX	million m^3	0	
Municipal water - RMX	million m^3	0.68	
Ground water - RMX	million m^3	0.33	

*Water withdrawal quantity pertains to those RMX plants where we have operational control.

Employees

Indicator	Unit	2019		GRI Ref
		Female	Male	
Total number of employees and their bifurcation				
Total Own Employees	No.	266	6377	102-8
Management Staff	No.	220	3624	
Non management staff	No.	46	2753	
Third party employees	No.	0	7378	
Total	No.	266	13755	
Age Wise - Own employee Break up				
<30	No.	104	1015	102-8
30-50	No.	135	3704	
>50	No.	27	1658	
Total	No.	266	6377	
Employee turnover - Age wise				
<30	No.	22	117	401-1
30-50	No.	21	313	
>50	No.	6	234	
Total	No.	49	664	
Employee turnover (%)	%	24%	12%	
Employee Hires - Age wise				
<30	No.	34	312	401-1
30-50	No.	0	90	
>50	No.	17	174	
Total	No.	51	576	
Parental Leaves				
No of maternal leave days	No.	180	0	401-3
Women took maternity leave	No.	11		
Women Reurned to work after maternal leave	No.	13		
Women still on after maternal leave	No.	2		
Women resigned after / during maternal leave		0		
Annual Performance				
Managers who Received annual performance review	No.	220	3624	404-3
Number of performance reviewes carried out	No	220	3624	

Employees

Indicator	Unit	2019 Female	2019 Male	GRI Ref
Training Hours				
For Health and safety	No	432	24894	404-1, 205-2, 403-5,
For IT training	No	24	120	
For Management skills	No	1101	24255	
For Environment & sustainability	No	1	134	
Anti-corruption policies & procedures	No	14	870	
Other Trainings	No	717	30360	
Total hours of training		2288	80633	
No of training hours for management staff	No.	2186	62405	
No of training hours for non management staff	No.	102	18228	
Amount spent of training	₹	1,83,83,150		
Employee Compensation				
Ratio of basic salary of men to women	%	0.84		405-2
Management Staff (Base salary)	INR	9,58,315	7,79,293	
Management Staff (Base salary + bonus etc)	INR	10,25,397	8,33,844	
Non-Management Staff (Base)	INR	4,95,858	4,85,452	

Health & Safety

Indicator	Unit	2019 Female	2019 Male	GRI Ref
Employee Fatalities (Nos.)	Nos	0	0	403-2
Fatality rates (directly employed)	#	0	0	
Contractor Fatalities (onsite)	Nos	0	4	
Contractors Fatalities (off site)	Nos	0	1	
Employee Lost Time Injury (LTI) - Permanent Emplyees	Nos	7		
Employee Lost Time Injury (LTI) - Contract employees	Nos	8		
Employee Lost Time Injury (LTI) - Total	Nos	15		
Employee Lost Time Injury Frequency Rate (LTIFR) - Permanent employees	#	0.47		
Employee Lost Time Injury Frequency Rate (LTIFR) - Contract employees	#	0.28		
Employee Lost Time Injury Frequency Rate (LTIFR) - Total	#	0.34		
Employee Injury Rate (IR) - Permanent employees	#	0.94		
Employee Injury Rate (IR) - Contract employees	#	0.76		
Employee Injury Rate (IR) - Total	#	0.92		
Employee Lost day rate (LDR) - Permanent employees	Nos	1.81		
Employee Lost day rate (LDR) - Contract employees	Nos	6.50		
Employee Lost day rate (LDR) - Total	Nos	4.83		
Number of Permanent employees undergone risk based health assessment	%	100	100	403-1
Number of Permanent employees undergone risk based health assessment	%	100	100	

Indicators	unit	2019	GRI Ref
Procurement			
Total No of suppliers	no	7,460.0	204-1
Indian suppliers (local)	no	7,435.0	
International suppliers	no	25.0	
% of suppliers identified as "High Risk" (for sustainability criteria aligned with Supplier Code of Conduct)	%	7.0	404-1, 308-1
Number of Suppliers screened through Self Assessment Questionnaire (socials, environmental aspects)	no	522.0	404-1, 308-1
Monetary value of payments made to suppliers	₹ Crores	12,796.0	204-1
Proportion of spending on local suppliers	%	98.3	204-1

KPMG

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Independent Limited Assurance Statement to ACC Limited on non-financial (Sustainability) disclosures in the Integrated Report for the year 2019

To

The Management of ACC Limited,
Cement House, 121 Maharshi Karve Road,
Churchgate, Mumbai 400 020.

Introduction

We ('KPMG in India', or 'KPMG') have been engaged for the purpose of providing assurance on the non-financial disclosures presented in the Integrated Report ('the Report') for the reporting period covering 1st January 2019 to 31st December 2019 ("the Year") of ACC Limited ('ACC' or 'the Company'). Our responsibility was to provide limited assurance on the Report content as described in the scope, boundary and limitations.

Reporting Criteria

ACC applies non-financial performance criteria derived from the following:

- The International Integrated Reporting Council's The <IR> Framework.
- Global Reporting Initiative (GRI) Standards' in accordance – Comprehensive option.
- World Business Council for Sustainable Development (WBCSD) Cement Sustainability Initiative's Cement CO_2 and Energy Protocol.

Assurance Standards Used

We conducted our assurance in accordance with

- Limited Assurance requirements of International Federation of Accountants' (IFAC) International Standard on Assurance Engagement (ISAE) 3000 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. Under this standard, we have reviewed the information presented in the report against the characteristics of relevance, completeness, reliability, neutrality and understandability.
- Type-2, moderate level assurance as per AccountAbility 1000 Assurance Standard 2008 (AA1000AS 2008). Under this standard, we have reviewed the nature and extent of adherence to the AA1000AS principles mentioned below:
  a) **The Principle of Inclusivity:** Participation of stakeholders in developing and achieving an accountable and strategic response to sustainability.
  b) **The Principle of Materiality:** Relevance and significance of an issue to an organization and its stakeholders.
  c) **The Principle of Responsiveness:** Response to stakeholder issues that affect organizational sustainability performance.

KPMG

Scope, Boundary and Limitations

- The scope of assurance covers the non-financial (Sustainability) disclosures of ACC Limited for the period from 01 January 2019 to 31 December 2019.
- The boundary of the Report covers ACC Limited's operations in India which include 11 integrated Cement factories, 5 Cement Grinding units, and 85 Ready mix concrete facilities at the end of reporting period.
- Our assurance visits to review the sustainability performance was data was limited to the following locations
  - Integrated Plant at Jamul, Chhattisgarh;
  - Grinding unit at Thondebhavi, Karnataka;
  - RMX unit at Yelahanka, Bangalore, Karnataka; and
  - Corporate Office: Mumbai and Thane.

The non-financial (sustainability) disclosures subjected to assurance are as follows:

Universal Standard (2016)	
• Management Approach: 103-1 to 103-3.	
Topic Specific Standards (2016)	
Environmental • Materials: 301-1, 301-2. • Energy: 302-1, 302-2, 302-3, 302-4. • Water: 303-1, 303-3. • Biodiversity: 304-1, 304-3. • Emissions: 305-1, 305-2, 305-3#, 305-4, 305-5, 305-7. • Effluents and Waste: 306-1, 306-2, 306-3.	**Social** • Employment: 401-1, 401-2, 401-3. • Labour / Management relations: 402-1. • Occupational Health and Safety: 403-2, 403-5. • Training and Education: 404-1, 404-2, 404-3. • Diversity and Equal Opportunity: 405-1. • Human Rights Assessment: 412-2. • Local Communities: 413 -1.

The data for 305-3 (Scope-3 GHG Emissions) is restricted to inbound transportation (road and rail), outbound transportation (road and rail) and employee business travel (rail and air travel).

Limitations

The data verification and validation were restricted to Corporate offices and locations where site visits were carried out. We have not visited any location for review other than those mentioned under scope above.

The assurance scope excludes following:

- Disclosures other than those mentioned in the table above.
- Data and information outside the defined reporting period.
- The Company's statements that describe expression of opinion, belief, aspiration, expectation, aim to future intention provided by the Company and assertions related to Intellectual Property Rights and other competitive issues.

Assurance Procedures

Our assurance process involves performing procedures to obtain evidence about the reliability of specified disclosures. The nature, timing and extent of procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the selected sustainability disclosures whether due to fraud or error. In making those risk assessments, we have considered internal controls relevant to the preparation of the Report in order to design assurance procedures that are appropriate in the circumstances.

Our assurance procedures also included:

- Assessment of ACC Limited's reporting procedures regarding their consistency with the application of GRI Standards.
- Evaluating the appropriateness of the quantification methods used to arrive at the sustainability disclosures presented in the Report.
- Verification of systems and procedures used for quantification, collation, and analysis of sustainability disclosures included in the Report.
- Understanding the appropriateness of various assumptions, estimations and materiality thresholds used by ACC Limited for data analysis.
- Discussions with the personnel responsible for the evaluation of competence required to ensure reliability of data and information presented in the Report.
- Assessment of data reliability and accuracy.

Appropriate documentary evidences were obtained to support our conclusions on the information and data verified. Where such documentary evidence could not be collected due to sensitive nature of the information, our team verified the same with the relevant authority at the sites visited and at the corporate office.

Conclusions

We have reviewed selected non-financial (sustainability) disclosures in integrated report of ACC Limited for the year 2019. Based on our limited review and procedures performed, nothing has come to our attention that causes us not to believe that the non-financial (sustainability) data and information as per the scope of assurance mentioned above, presented in the Report is appropriately stated, in material aspects and in line with the reporting principles of GRI Standards.

We have provided our observations to the Company in a separate management letter. These, do not, however, affect our conclusions regarding the Report.

As per AA1000 AS 2008 principles:

- ***Principle of Inclusivity:*** We are not aware of any matter that would lead us to conclude that the Company has not applied principle of inclusivity while engaging with key stakeholder groups. The company may increase the participation of selected prioritized stakeholder groups across its operations to have balanced representation and inclusion
- ***Principle of Materiality:*** The materiality assessment by the Company was carried out in the year 2017. Nothing has come to our attention that causes us to believe that material topics so identified have been excluded by the company. The company may determine a periodic frequency for materiality assessment taking into account the changes in reporting frameworks, emerging regulations, and risks.
- ***Principle of Responsiveness:*** We are not aware of any matter that causes us to believe that the Company has not applied principle of responsiveness while engaging with stakeholders covering its environmental and social performance. The Company may consider setting up of goals and targets specific to its Key Performance Indicators (KPIs) and disclose the performance to its stakeholders.

KPMG

- ***Reliability*:** Nothing has come to our attention that causes us not to believe that the information has been presented fairly, in material respects, in keeping with the reporting principles and criteria as mentioned above. Data representation and calculation related errors were detected but the same were resolved during the assurance process. There is a scope for enhancing the understanding of the performance disclosures among the data owners. The monitoring mechanism can further be strengthened by development and implementation of standard operating protocols for each of the sustainability key performance indicator.

Independence

The assurance was conducted by a multidisciplinary team including professionals with suitable skills and experience in auditing environmental, social and economic information in as per requirements of ISAE 3000 (Revised) standard and AA1000AS (2008) standards.

Our work was performed in compliance with the requirements of the IFAC Code of Ethics for Professional Accountants, which requires, among other requirements, that the members of the assurance team (practitioners) be independent of the assurance client, in relation to the scope of this assurance engagement, including not being involved in writing the Report. The Code also includes detailed requirements for practitioners regarding integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. KPMG has systems and processes in place to monitor compliance with the Code and to prevent conflicts regarding independence. The firm applies ISQC 1 and the practitioner complies with the applicable independence and other ethical requirements of the IESBA code.

Responsibilities

ACC Limited is responsible for developing the Report contents. The Company is also responsible for identification of material sustainability topics, establishing and maintaining appropriate performance management and internal control systems and derivation of performance data reported. This statement is made solely to the Management of ACC Limited in accordance with the terms of our engagement and as per scope of assurance. Our work has been undertaken so that we might state to the Company those matters for which we have been engaged to state in this statement and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company for our work, for this report, or for the conclusions expressed in this independent assurance statement. The assurance engagement is based on the assumption that the data and information provided to us is complete and true. We expressly disclaim any liability or co-responsibility for any decision a person or entity would make based on this assurance statement. By reading this assurance statement, stakeholders acknowledge and agree to the limitations and disclaimers mentioned above.

Prathmesh Raichura
Executive Director
KPMG in India
09-Mar-2020

AA1000
Licensed Assurance Provider
000-25

ACC Wadi Plant

ACC

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GLOBAL REPORTING INITIATIVE (GRI) CONTENT INDEX 2019

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102-28	Evaluating the highest governance body's performance	54, 85	
102-29	Identifying and managing economic, environmental, and social impacts	8-9, 18-19	
102-30	Effectiveness of risk management processes	86	
102-31	Review of economic, environmental, and social topics	18-19	
102-32	Highest governance body's role in sustainability reporting	96	
102-33	Communicating critical concerns	18	
102-34	Nature and total number of critical concerns	18	
102-35	Remuneration policies	99-100	
102-36	Process for determining remuneration	99-100	
102-37	Stakeholders' involvement in remuneration	100	
102-38	Annual total compensation ratio	369-370	
102-39	Percentage increase in annual total compensation ratio	369-370	
5. Stakeholder Engagement			
102-40	List of stakeholder groups	16-17	
102-41	Collective bargaining agreements	50	
102-42	Identifying and selecting stakeholders	16-17	
102-43	Approach to stakeholder engagement	16-17	
102-44	Key topics and concerns raised	16-17	

Code	Disclosure	Report Page Ref.	Comment/ Performance
6. Reporting practice			
102-45	Entities included in the consolidated financial statements	82, 308	
102-46	Defining report content and topic Boundaries	Inside Front Cover	
102-47	List of material topics	18-19	
102-48	Restatements of information	NA	
102-49	Changes in reporting	Inside Front Cover	
102-50	Reporting period		
102-51	Date of most recent report		
102-52	Reporting cycle		
102-53	Contact point for questions regarding the report	140, AGM Notice	
102-54	Claims of reporting in accordance with the GRI Standards	Inside Front Cover	
102-55	GRI content index	367-370	
102-56	External assurance	371-374	
103: Management approach			
103-1	Explanation of the material topic and its Boundary	18-19	
103-2	The management approach and its components	21-23	
103-3	Evaluation of the management approach	MDA	
201: Economic performance			
201-1	Direct economic value generated and distributed	8, 74	
201-2	Financial implications and other risks and opportunities due to climate change.	36	
201-3	Defined benefit plan obligations and other retirement plans	74, 298-299	
201-4	Financial assistance received from government		There was no financial assistance received from the government.
202: Market presence			
202-1	Ratios of standard entry level wage by gender compared to local minimum wage	370	
202-2	Proportion of senior management hired from the local community		Senior management staff is hired within the country, while non-management staff at most operations is drawn from the local communities.
203: Indirect economic impacts			
203-1	Infrastructure investments and services supported	41, 45-47, 65, 158	
203-2	Significant indirect economic impacts	44-47	
204: Procurement practices			
204-1	Proportion of spending on local suppliers	370	
205: Anti corruption			
205-1	Operations assessed for risks related to corruption	81, 129, 137, 156-157	
205-2	Communication and training about anti-corruption policies and procedures		
205-3	Confirmed incidents of corruption and actions taken		
206: Anti competitive behavior			
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	87	
301: Materials			
301-1	Materials used by weight or volume	367	
301-2	Percentage of recycled input materials used to manufacture the organization's primary products and services.	367	
301-3	Reclaimed products and their packaging materials	40	

Code	Disclosure	Report Page Ref.	Comment/ Performance
302: Energy			
302-1	Energy consumption within the organization	368	
302-2	Energy consumption outside the organisation		
302-3	Energy Intensity		
302-4	Reduction of energy consumption	37, 91-93	
302-5	Reductions in energy requirements of product and services	91-93	
303: Water			
303-1	Water withdrawal by source	40-41, 369	
303-2	Water sources significantly affected by withdrawal of water.		
303-3	Water recycled and reused		
304: Biodiversity			
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	42	
304-2	Significant impacts of activities, products, and services on biodiversity		
304-3	Habitats protected or restored.		
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations		
305: Emissions			
305-1	Direct (Scope 1) GHG emissions	42-43, 367	
305-2	Energy indirect (Scope 2) GHG emissions		
305-3	Other indirect (Scope 3) GHG emissions		
305-4	GHG emissions intensity		
305-5	Reduction of GHG emissions		
305-6	Emissions of ozone-depleting substances (ODS)		
305-7	NOx, SOx, and other significant air emissions		
306: Effluents and Waste			
306-1	water discharge by quality and destination.	40, 368	In the main report, on page 368, 306-2 is wrongly referred as 306-1.
306-2	Waste by type and disposal method		
306-3	Significant spills		
306-4	Transport of hazardous waste		
306-5	Water bodies affected by water discharges and/or runoff		
307: Compliance			
307-1	Non-compliance with environmental laws and regulations	162	
308: Supplier Environmental Assessment			
308-1	Report the percentage of new suppliers that were screened using environmnetal criteria	12, 158, 370	
308-2	Negative environmental impacts in the supply chain and actions taken		
401: Employment			
401-1	New employee hires and employee turnover	48	
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	74, 231, 235, 296,	
401-3	Parental leave	369	
402: Labor/management relations			
402-1	Minimum notice periods regarding operational changes		
403: Occupational health and safety			
403-1	Workers representation in formal joint management–worker health and safety committees	67, 68	Occupational Health and Safety guidelines are available on ACC's website.
403-2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities	370	
403-3	Workers with high incidence or high risk of diseases related to their occupation	52-53	
403-4	Health and safety topics covered in formal agreements with trade unions		Several health and safety topics are covered in formal agreements with the trade unions

ACC

Code	Disclosure	Report Page Ref.	Comment/ Performance
404: Training and education			
404-1	Average hours of training per year per employee		12.5 hours
404-2	Programs for upgrading employee skills and transition assistance programs	49, 51-53	
404-3	Percentage of total employees by gender and by employee category who received a regular performance and career development review during the reporting period.	369	
405: Diversity and equal opportunity			
405-1	Diversity of governance bodies and employees	82, 369	
405-2	Ratio of basic salary and remuneration of women to men	370	
406: Non-discrimination			
406-1	Incidents of discrimination and corrective actions taken	50	
407: Freedom of association and collective bargaining			
407-1	Operations and suppliers in which the right to freedom of association and collective bargaining may be at risk	50	
408: Child labor			
408-1	Operations and suppliers at significant risk for incidents of child labor	50	
409: Forced or compulsory labor			
409-1	Operations and suppliers at significant risk for incidents of forced or compulsory labor	50	
410: Security practices			
410-1	Security personnel trained in human rights policies or procedures	50	
411: Rights of Indigenous Peoples			
411-1	Incidents of violations involving rights of indigenous peoples	50	
412: Human Right Assessment			
412-1	Total number and percentage of operations that have been subject to human rights reviews or human rights impact assessments, by country	62	
412-2	Employee training on human rights policies or procedures	50	
412-3	Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening	50	
413: Local communities			
413-1	Operations with local community engagement, impact assessments, and development programs	44-47	
413-2	Operations with significant potential or actual negative impacts on local communities.	163-164	
414: Supplier Social Assessment			
414-1	Percentage of new suppliers that were screened using social criteria	47, 370	
414-2	Negative social impacts in the supply chain and actions taken	47, 370	
415: Public Policy			
415-1	Political contributions		We are a Politically Neutral Company
416: Customer health and safety			
416-1	Assessment of the health and safety impacts of product and service categories		We assess the impact of the products and services as per the local regulations.
416-2	Incidents of non-compliance concerning the health and safety impacts of products and services		No non compliance
417: Marketing and Labeling			
417-1	Requirements for product and service information and labeling		We follow BIS standards
417-2	Incidents of non-compliance concerning product and service information and labeling		There were no such incidents reported
417-3	Incidents of non-compliance concerning marketing communications		
418: Customer privacy		9, 164	
419: Socioeconomic compliance			We haven't identified any non-compliance with laws or regulations.