

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

CIN: L26940MH1936PLC002515

Phone: +91 22 41593321
Fax: +91 22 6631 7458
www.acclimited.com

No. ACC/Sec./SE/21/023
March 11, 2021

**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: Disclosure under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 - Electronic copy of the Notice of the 85th Annual General Meeting ("AGM") of ACC Limited ("Company") along with Integrated Annual Report for the Financial Year ended December 31, 2020

Pursuant to the applicable provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, ("**Listing Regulations**"), we wish to inform that the 85th Annual General Meeting ("**AGM**") of the Company will be held on Wednesday, April 7, 2021 at 3.00 PM through Video Conferencing/Other Audio Visual Means ("**VC/OAVM**") facility.

Accordingly, in pursuance of Regulation 34(1) of the Listing Regulations, the Company hereby submits enclosed electronic copy of its Annual Report along with the Notice of 85th AGM including the financial statements for the year ended December 31, 2020 ("**Annual Report**") being sent by email to those Members whose e-mail addresses are registered with the Company/Depository Participant(s) and with the Company's Registrar and Transfer Agent, KFIN Technologies Private Limited ("**KFintech**") [*Formerly known as Karvy Fintech Private Limited*]. The requirements of sending physical copy of the Annual Report to the Members have been dispensed with vide MCA Circulars and SEBI Circulars.

In terms of Regulation 46 of the Listing Regulations, the said Annual Report and Notice of 85th AGM and other relevant documents has also been 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.

Also, further to the Newspaper Advertisements regarding the AGM through VC/OAVM Facility which was submitted to BSE Limited and National Stock Exchange of India Limited vide our letter dated March 08, 2021, Members of the Company holding shares in physical form who have not registered their e-mail 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 AADHAAR Card, Driving

License, Election Identity Card, Passport) in support of the address of the Member as registered with the Company, to the e-mail address of the Company at ACC-InvestorSupport@acclimited.com. Members holding shares in demat form can update their e-mail address with their Depository Participant.

Further, in terms of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and 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 85th 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 Wednesday, March 31, 2021 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 Wednesday, April 7, 2021 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 cut-off date of Wednesday, March 31, 2021.

We request you to take the above information on record.

Yours Sincerely
For **ACC Limited**

Rajiv Kumar
Choubey

Digitally signed by Rajiv Kumar Choubey
DN: cn=Rajiv Kumar Choubey, o=ACC Limited,
ou=Legal, email=rajiv.kumar@acclimited.com,
serialNumber=1, c=IN

Rajiv Choubey
Chief Legal Officer & Company Secretary
ACS-13063

Encl.: As above

Notice

ACC Limited

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

CIN: L26940MH1936PLC002515 **Phone No.:** +91 22 41593321

E-mail: ACC-InvestorSupport@acclimited.com **Website:** www.acclimited.com

NOTICE IS HEREBY GIVEN THAT THE 85th ANNUAL GENERAL MEETING OF ACC LIMITED ('the Company') will be held on **Wednesday, April 7, 2021 at 3:00 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 Statements of the Company for the Financial Year ended December 31, 2020, together with the Reports of the Board of Directors and the Auditors thereon; and
 - b) the Audited Consolidated Financial Statements of the Company for the Financial Year ended December 31, 2020, together with the Report of the Auditors thereon.
2. To declare Dividend on equity shares for the Financial Year ended December 31, 2020.
3. To appoint a Director in place of Mr Jan Jenisch (DIN: 07957196), 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 Narotam Sekhsaria (DIN: 00276351), 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 M. R. Kumar (DIN: 03628755) as a Director of the Company**

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), amendment(s) or re-enactment(s) thereof for the time being in force}, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, & subject to the provisions of Articles of Association of the Company and basis the recommendation of Nomination &

Remuneration Committee and the approval of the Board of Directors of the Company, Mr M. R. Kumar (DIN: 03628755), who was appointed as an Additional Director with effect from October 19, 2020 pursuant to the provisions of Section 161 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 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(s), modification(s) or variation(s) thereto, the Company hereby ratifies the remuneration of ₹7.00 Lakhs (Rupees Seven Lakhs) plus applicable taxes and reimbursement 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, 2021;

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

**By Order of the Board of Directors,
For ACC Limited**

Rajiv Choubey

Chief Legal Officer & Company Secretary
ACS No.: 13063

Mumbai
February 11, 2021

Registered Office:

Cement House
121, Maharshi Karve Road
Mumbai – 400 020

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, 20/2020 and 02/2021 dated April 8, 2020, April 13, 2020, May 5, 2020 and January 13, 2021, respectively issued by the Ministry of Corporate Affairs (**'MCA'**) (collectively referred to as **'MCA Circulars'**) and Circular Nos. SEBI/HO/CFD/CMD1/CIR/P/2020/79 and SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated May 12, 2020 and January 15, 2021, respectively issued by the Securities and Exchange Board of India (collectively referred to as **'SEBI Circulars'**) 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, as amended (**'the Listing Regulations'**), MCA Circulars and SEBI Circulars, 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 & 6, 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 5 of the Notice dated February 11, 2021 is annexed herewith as required under Regulation 36 of the Listing Regulations, as amended and the Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India (**'ICSI'**).
3. Since this AGM is being held through VC/OAVM, physical attendance of Members has been dispensed with in line with the MCA Circulars and the SEBI Circulars. 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/Authorisation etc., authorising its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-Voting. The said Resolution/Authorisation shall be sent to the Scrutiniser by e-mail through its registered e-mail address at atul@mehta-mehta.com with a copy marked at evoting@kfintech.com.
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 cut-off date of Wednesday, March 31, 2021.
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 held on March 29, 2017 on the 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. Dividend on Equity shares as recommended by the Board of Directors for the year ended December 31, 2020, if approved at the AGM, will be payable, to those Members of the Company who hold shares:
 - (i) In dematerialised (**'demat'**) mode, based on the beneficial ownership details to be received from National Securities Depository Limited and Central Depository Services (India) Limited as at the close of business hours on Wednesday, March 31, 2021.
 - (ii) In physical mode, if their names appear in the Company's Register of Members or its Registrar and Transfer Agents on Wednesday, March 31, 2021.

The dividend will be payable on or after April 21, 2021.
8. Under the Act, dividends that are unclaimed/unpaid for a period of seven (7) years from the date of their transfer to the unclaimed/unpaid dividend account are required to be transferred to the Investor Education and Protection Fund (**'IEPF'**) administered by the Central Government. An amount of ₹2,87,57,089 (Rupees Two Crore Eighty Seven Lakhs Fifty Seven Thousand and Eighty Nine) being unclaimed/unpaid Final Dividend of the Company for the financial year ended December 31, 2012 and ₹1,68,52,517 (Rupees One Crore Sixty Eight Lakhs Fifty Two Thousand Five Hundred and Seventeen) being unclaimed/unpaid Interim Dividend of the Company for the Financial Year ended December 31, 2013 were

transferred on September 24, 2020 and December 29, 2020 respectively to IEPF. The last date for claiming unclaimed and unpaid dividends declared by the Company for the Financial Year ended December 31, 2013 and thereafter is as under:

Financial Year ended	Date of declaration of Dividend	Last date of claiming unpaid/unclaimed Dividend
31.12.2013 (76 th Final)	09.04.2014	16.05.2021
31.12.2014 (77 th Interim)	24.07.2014	30.08.2021
31.12.2014 (77 th Final)	20.03.2015	26.04.2022
31.12.2015 (78 th Interim)	17.07.2015	23.08.2022
31.12.2015 (78 th Final)	13.04.2016	19.05.2023
31.12.2016 (79 th Interim)	26.07.2016	01.09.2023
31.12.2016 (79 th Final)	29.03.2017	05.05.2024
31.12.2017 (80 th Interim)	17.07.2017	23.08.2024
31.12.2017 (80 th Final)	13.06.2018	20.07.2025
31.12.2018 (81 st Final)	22.03.2019	28.04.2026
31.12.2019 (82 nd Interim)	12.05.2020	17.06.2027

Members who have not encashed their dividend warrants/demand drafts 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 (Accounting, Audit, Transfer and Refund) Rules, 2016, as amended ('IEPF Rules'), the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on July 6, 2020 (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 at 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 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 and has also published the details thereof in notices published in newspapers.

The Members whose dividend/shares are transferred to the IEPF may claim the dividend/

shares by making an application to the IEPF by following the procedure as detailed in the IEPF Rules and as enumerated on the website of IEPF at <http://www.iepf.gov.in/IEPF/refund.html>.

9. 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 ('DP') and holdings should be verified from time to time.
10. 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 DPs for availing this facility.
11. 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.
12. 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.
13. As per Regulation 40 of the Listing Regulations, securities of the 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.
14. Members are requested to note that SEBI, vide its circular no. SEBI/HO/MIRSD/RTAMB/CIR/P/2020/166 dated September 7, 2020 has fixed March 31, 2021 as the cut-off date for re-lodgment of physical share transfer requests and has stipulated that such transferred shares shall be issued only in demat mode.

- 15.** SEBI has made it mandatory for all Companies to use the bank account details furnished by the Depositories and the bank account details maintained by the RTA for payment of dividend to Members electronically. The Company has extended the facility of electronic credit of dividend directly to the respective bank accounts of the Member(s) through Electronic Clearing Service (ECS)/National Electronic Clearing Service (NECS)/ Real Time Gross Settlement (RTGS)/ Direct Credit/ IMPS/ NEFT etc.

In order to receive the dividend without loss of time, the Members holding shares in physical form are requested to submit particulars of their bank accounts along with the original cancelled cheque bearing the name of the Member to KFinTech/ Company to update their bank account details and all the eligible shareholders holding shares in demat mode are requested to update with their respective DPs before Wednesday, March 31, 2021, their correct Bank Account Number, including 9 Digit MICR Code and 11 digit IFSC Code, e-mail ID and Mobile No(s).

Members holding shares in physical form may communicate these details to the RTA viz. KFinTech having address at KFin Technologies Private Limited, Selenium Building, Tower B, Plot Nos. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032, before Wednesday, March 31, 2021 by quoting the reference folio number and attaching photocopy of the cheque leaf of their active bank account and a self-attested copy of their Permanent Account Number ('PAN') card.

This will facilitate the remittance of the dividend amount as directed by SEBI in the bank account electronically. Updation of e-mail IDs and Mobile No(s) will enable the Company in sending communication relating to credit of dividend, un-encashed dividend, etc.

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. 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.

- 16.** Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail

address, telephone/mobile numbers, 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 KFin Technologies Private Limited, Selenium Building, Tower B, Plot Nos. 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032, in case the shares are held by them in physical form.

- 17.** 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 Statement are requested to write to the Company on or before Friday, April 2, 2021 through e-mail on ACC-InvestorSupport@acclimited.com. The same will be replied by the Company suitably.

- 18.** In compliance with the aforesaid MCA Circulars and SEBI Circulars, the Notice of the AGM is being sent only through electronic mode to those Members whose e-mail addresses are registered with the Company/DPs. Members may note that the Notice of the AGM and the Annual Report for the Financial Year 2020 will also be available on the Company's website at www.acclimited.com, websites of the Stock Exchanges, i.e. BSE Limited and The National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of KFinTech at www.evoting.kfintech.com. Members may also note that pursuant to Sections 101 and 136 of the Act read with the Rules framed thereunder, the Notice calling the AGM along with the Annual Report for the Financial Year 2020 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.

- 19.** 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.

- 20.** Members are requested to send all communications relating to shares and unclaimed dividends, change of address, bank details, e-mail address etc. to the RTA at the following address:
- KFin Technologies Private Limited
(Formerly known as Karvy Fintech Private Limited)
Selenium Building, Tower B, Plot Nos. 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.
- 21.** Members are requested to
- Intimate to KFinTech, changes, if any, in their registered addresses, in case of shares held in physical form
 - Intimate to the respective DPs, changes, if any, in their registered addresses, in case of shares held in demat form
 - Quote their folio numbers/ Client ID/ DP ID in all correspondence
 - Consolidate their holdings into one folio in case they hold shares under multiple folios in the identical order of names
 - 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
- 22.** 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:
- Deletion of name of the deceased shareholder(s)
 - Transmission of shares to the legal heir(s) and
 - Transposition of shares
- 23.** Pursuant to the Finance Act, 2020, dividend income is taxable in the hands of shareholders with effect from April 1, 2020 and the Company is required to deduct tax at source from dividend paid to shareholders at the prescribed rates. For the prescribed rates for various categories, the shareholders are requested to refer to the Finance Act, 2020 and amendments thereof. The shareholders are requested to update their PAN with KFinTech (in case of shares held in physical mode) and DPs (in case of shares held in demat mode).
- 24.** A Resident individual shareholder with PAN and who is not liable to pay income tax can submit a yearly declaration in Form No. 15G/15H, to avail the benefit of non-deduction of tax at source by e-mail to HSSA-CompanySecretarial-Team@acclimited.com or einward.ris@kfintech.com latest by Saturday, April 3, 2021. Shareholders are requested to note that in case their PAN is not registered, the tax will be deducted at a higher rate of 20% excluding surcharge & cess.
- Non-resident shareholders can avail beneficial rates under tax treaty between India and their country of residence, subject to providing necessary documents, i.e. No Permanent Establishment and Beneficial Ownership Declaration, Tax Residency Certificate, Form 10F, any other document which may be required to avail the tax treaty benefits by sending an e-mail to HSSA-CompanySecretarial-Team@acclimited.com or einward.ris@kfintech.com latest by Saturday, April 3, 2021.
- 25.** Since the AGM will be held through VC/OAVM, the Route Map is not annexed with this Notice.
- 26. Instructions for e-Voting and joining the AGM are as follows**
- A. Voting Through Electronic Means**
- 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 Standards on General Meetings ('SS-2') issued by the ICSI and Regulation 44 of the Listing Regulations read with the MCA Circulars & the SEBI Circulars, the Members are provided with the facility to cast their vote electronically, through the e-Voting services provided by KFinTech, 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.
 - The remote e-Voting period commences on Saturday, April 3, 2021 (9:00 a.m. IST) and ends on Tuesday, April 6, 2021 (5:00 p.m. IST). During this period, Members holding shares either in physical form or in demat form, as on Wednesday, March 31, 2021, i.e. cut-off date, may cast their vote electronically. The e-Voting module shall be disabled by KFinTech 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. A person who is not a Member as on the cut-off date should treat this Notice for information purposes only.
- iii. The Board of Directors have appointed Mr Atul Mehta, Partner, failing him, Ms Ashwini Inamdar, Partner, of M/s Mehta & Mehta, Practicing Company Secretaries as a Scrutiniser to scrutinise 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 in the manner as mentioned below
 - a) If e-mail address or mobile number of the Member is registered against Folio No./ DP ID/Client ID, then on the home page of <https://evoting.kfintech.com>, the Member may click "Forgot Password" and enter Folio No. or DP ID Client ID and PAN to generate a password
 - b) Member may call KFinTech's toll free number 1-800-3454-001
 - c) Member may send an e-mail request to evoting@kfintech.com
 - vii. The details of the process and manner for remote e-Voting are explained herein below
 - a) Launch internet browser by typing the URL <https://evoting.kfintech.com>
 - b) Enter the login credentials (i.e. User ID and password). In case of physical folio, User ID will be EVEN followed by folio number. In case of Demat account, User ID will be your DP ID and Client ID. However, if you are already registered with KFinTech for e-Voting, you can login by using your existing User ID and password for casting your vote
 - c) After entering these details appropriately, click on "LOGIN"
 - d) You will now reach password change menu wherein you are required to mandatorily change your password. The new password shall comprise minimum 8 characters with at least one uppercase (A-Z), one lower case (a-z), one numeric value (0-9) and a special character (@, #, \$, %, etc). The system will prompt you to change your password and update your contact details like mobile number, e-mail ID etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and take utmost care to keep your password confidential
 - e) You need to log-in again with the new credentials
 - f) On successful log-in, the system will prompt you to select the "EVEN" for ACC Limited
 - g) If you are holding shares in demat form and had logged on to <https://evoting.kfintech.com> and casted your vote earlier for any other Company, then your existing login id and password are to be used
 - h) On the voting page, enter the number of shares (which represents the number of votes) as on the cut-off date under "FOR/AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR/AGAINST" taken together shall not exceed your total shareholding as on the cut-off date, **i.e. Wednesday, March 31, 2021**. You may also choose the option ABSTAIN. If the Member does not indicate "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head

- i) Voting has to be done for each item of the 85th AGM Notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained
- j) Members holding multiple folios/demat accounts shall vote separately for each folio/demat accounts
- k) You may then cast your vote by selecting an appropriate option and click on “SUBMIT”
- l) A confirmation box will be displayed. Click “OK” to confirm else “CANCEL” to modify. Once you have voted on the resolution(s), you will not be allowed to modify your vote
- m) During the voting period, Members can login any number of times till they cast their vote on the Resolution(s)
- n) Corporate/Institutional Members (i.e. other than individuals, HUF, NRI etc.), are required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail ID atul@mehta-mehta.com with a copy marked to evoting@kfintech.com. They may also upload the same in the e-Voting module in their login. The scanned image of the above-mentioned documents should be in the naming format **“ACC_EVEN”**. **The documents should reach the Scrutiniser and such other person on or before Friday, April 2, 2021 by 5.00 p.m. IST**
- o) In case of any query and/or grievance, in respect of e-Voting, Members may refer to the Frequently Asked Questions (**‘FAQs’**) and e-Voting user manual available at the download section of <https://evoting.kfintech.com> (KFintech website) or call KFintech’s toll free No. 1800 3454 001, at [Unit: ACC Limited] KFin Technologies Private Limited at Selenium Building, Tower B, Plot Nos. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana – 500 032 or at e-mail ID evoting@kfintech.com for any further clarifications

Process for registration of e-mail ID for obtaining Annual Report and user id/password for e-Voting and updation of bank account:

Physical Holding	Send a request to RTA of the Company, KFintech, at e-mail ID einward.ris@kfintech.com providing Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self-attested scanned copy of PAN card), AADHAAR (self-attested scanned copy of Aadhaar Card) for registering e-mail 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, e) 11 digit IFSC Code, and f) A scanned copy of the cancelled cheque bearing the name of the first shareholder.
Demat Holding	Please contact your DP and register your e-mail 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 (e-AGM) are as under

- i. The Company has appointed KFintech to provide VC facility for the 85th AGM of the Company
- ii. Members will be provided with a facility to attend the e-AGM through VC platform provided by KFintech. Members may access the same at <https://emeetings.kfintech.com> by clicking ‘Video Conference’ and login by using the e-Voting credentials. The link for e-AGM will be available in ‘shareholders’/members’ login where the EVEN and the Name of the Company can be selected
- iii. Please note that the 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 instructions provided in e-Voting in Note No. 26(A)
- iv. Members are encouraged to join the Meeting through Laptops with Google Chrome for better experience
- v. Further, Members will be required to allow access to the Camera, if any, and are requested to use Internet with good speed to avoid any disturbance during the meeting

- vi. Please note that participants using Mobile Devices or Tablets or Laptops and are accessing the internet via “Mobile Hotspot” may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate any kind of aforesaid glitches
- vii. Speaker registration before e-AGM: Members who wish to register as speakers are requested to visit at <https://emeetings.kfintech.com/> and click on ‘Speaker Registration’ from Friday, April 2, 2021 (9:00 a.m.) to Monday, April 5, 2021 (5:00 p.m.) by mentioning the demat account number/folio number, city, e-mail ID & mobile number and submit the same. Those Members who have registered themselves as a speaker will only be allowed to express their views/ask questions during the e-AGM. Due to limitations of transmission and coordination during the e-AGM, the Company may have to dispense with or curtail the Speaker Session. Hence, Members are encouraged to send their questions/queries in advance at e-mail ID ACC-InvestorSupport@acclimited.com. The Company reserves the right to restrict the number of speakers depending on the availability of time for the AGM
- viii. Facility of joining the e-AGM shall open thirty (30) 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 thirty (30) minutes after the scheduled time to start the 85th AGM
- ix. Members may note that the VC/OAVM Facility, provided by Kfintech, allows participation of 1,000 Members 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 & Remuneration Committee and Stakeholders’ Relationship

Committee, Auditors, etc. can attend the 85th AGM without any restriction on account of first-come-first-served principle

- x. During e-Voting on the day of AGM, the e-Voting “Thumb sign” on the left hand corner of the video screen shall be activated upon instructions of the Chairman during the e-AGM proceedings. Members may click on the same to take them to the “instapoll” page (e-Voting). Members may click on the “Instapoll” icon to reach the resolution page and follow the instructions to vote on the resolutions

27. Other Instructions

- i. The Scrutiniser shall, immediately after the conclusion of the voting at the AGM, first count the votes cast during the AGM, thereafter unblock the votes cast through remote e-Voting in the presence of at least two (2) witnesses not in the employment of the Company and provide, not later than forty eight (48) hours of conclusion of the AGM, a consolidated Scrutiniser’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
- ii. The result declared along with the Scrutiniser’s Report shall be placed on the Company’s website at www.acclimited.com and on the website of Kfintech at <https://www.evoting.kfintech.com> immediately. The Company shall simultaneously forward the results to The National Stock Exchange of India Limited and BSE Limited, where the shares of the Company are listed. Subject to receipt of the requisite number of votes, the resolutions shall be deemed to have been passed on the date of the AGM, i.e. Wednesday, April 7, 2021
- iii. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners 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

28. 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 e-mail 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

February 11, 2021

Registered Office:

Cement House
121, Maharshi Karve Road
Mumbai – 400 020

EXPLANATORY STATEMENTS IN RESPECT OF ITEMS OF SPECIAL BUSINESS

The following Explanatory Statements, 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 and 6 of the accompanying Notice dated February 11, 2021.

Item No. 5

Mr M. R. Kumar (DIN: 03628755), basis the recommendation of Nomination & Remuneration Committee, was appointed as an Additional Director of the Company with effect from October 19, 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 October 19, 2020.

Mr M. R. Kumar 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 M. R. Kumar for the office of a Director.

The detailed profile of Mr M. R. Kumar is provided under the head 'Additional Information of Directors being appointed/re-appointed as required under Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended 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 M. R. Kumar has furnished consent/declaration for his appointment as required under the Act and the Rules made thereunder.

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

Mr M. R. Kumar is not debarred from holding the office of Director by virtue of any order of SEBI or any other such Authority.

The Board of Directors, recommend the appointment of Mr M. R. Kumar (DIN: 03628755), as Director as set forth in Item No. 5 of this Notice, for approval by the Members of the Company.

Save and except Mr M. R. Kumar 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, except to the extent of their respective shareholding, if any, in the Company.

Item No. 6

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 (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, 2021 at a remuneration of INR 7.00 Lakhs (Rupees Seven Lakhs) 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.

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

None of the Directors, Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested financially or otherwise at Item No. 6 of the Notice, except to the extent of their shareholding, if any, in the Company.

**By Order of the Board of Directors,
For ACC Limited**

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

Mumbai
February 11, 2021
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, as amended, 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 Jan Jenisch (Item No. 3)

Director Identification Number	07957196
Date of Birth	September 2, 1966
Nationality	German
Qualification	Graduate of the University of Fribourg, Switzerland and holds an MBA degree.
Date of Appointment on Board	October 17, 2017
Shareholding in ACC	NIL
Brief Profile of the 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 LH, 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.
Expertise in specific functional areas	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	NIL
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Report on Corporate Governance

There are no inter se relationship between the Board Members

2. Mr Narotam Sekhsaria (Item No. 4)

Director Identification Number	00276351
Date of Birth	September 21, 1949
Nationality	Indian
Qualification	Bachelor of Chemical Engineering from Bombay University
Date of Appointment on Board	December 27, 1999
Shareholding in ACC	NIL
Brief Profile of the Director	Mr Sekhsaria is a doyen of the Indian Cement Industry and one of the most respected business personalities in India. He has introduced new standards in management, marketing, efficiency and corporate social responsibility to an industry which he has helped transform. A first generation industrialist, Mr Sekhsaria obtained his Bachelors Degree in Chemical Engineering with honours and distinction from the University of Bombay. He is the Principal Founder-Promoter and current Chairman of Ambuja Cements Limited. Mr Sekhsaria was invited to join the ACC Board in 1999 and was appointed Deputy Chairman in January, 2000. In 2006, Mr Sekhsaria took over as the Board's Chairman. Mr Sekhsaria built Ambuja Cements Limited, setting up benchmarks for the Indian Cement Industry which had not been attained before. His acumen as an entrepreneur and technocrat transformed the Company into the most efficient and profitable cement company in the country and redefined industry practices by changing the perception of cement from a commodity to a branded product. Mr Sekhsaria has 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 ACC Board. Under his leadership, ACC has achieved significant improvements in the areas of project management, logistics and in overall cost-competitiveness. The impact of his guidance shows in the high growth trajectory ACC has experienced since 1999.
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; JM Financial Asset Reconstruction Company Limited; and Everest Industries Limited.
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	NIL
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Report on Corporate Governance.

There are no inter se relationship between the Board Members

3. Mr M. R. Kumar (Item No. 5)

Director Identification Number	03628755
Date of Birth	June 13, 1961
Nationality	Indian
Qualification	BSc, Licentiate
Date of Appointment on Board	October 19, 2020
Shareholding in ACC	NIL
Brief Profile of the Director	Mr M. R. Kumar, took charge as Chairman, LIC of India on March 14, 2019. He joined LIC of India in 1983 as a Direct Recruit Officer. In a career spanning more than three and a half decades, he has had the unique privilege of heading three Zones of LIC of India, viz., Southern Zone, North Central Zone and Northern Zone, head quartered at Chennai, Kanpur and Delhi, respectively. His rich experience working pan India, in different Zones and in different streams of insurance management has given him a deep insight into the demographics and insurance potential of the country. Mr Kumar also chairs the Boards of domestic and international subsidiaries of LIC of India viz., LIC Housing Finance Ltd, LIC Mutual Fund AMC, LIC Pension Fund Ltd, LIC Credit Card Services Ltd, IDBI Bank Ltd, as well as the Joint ventures on foreign soil viz., LIC (International) B.S.C.(c), Bahrain, LIC Lanka Ltd, LIC Nepal Ltd and LIC Singapore Pte Ltd. Mr Kumar is also a Director on the Board of Kenindia Assurance Ltd, which is a Life and Non-life Insurance Company, based in Kenya.
Expertise in specific functional areas	Insurance, Marketing, Human Resource & Pensions.
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	LIC Housing Finance Limited; LIC Cards Services Limited; LIC Pension Fund Limited; LIC Mutual Fund Asset Management Limited; IDBI Bank Limited
Memberships/Chairmanships of Audit and Stakeholders' Relationship Committees across Public companies including ACC Limited	NIL
Details of Board/Committee Meetings attended by the Directors during the year	Please refer the Report on Corporate Governance.
<i>There are no inter se relationship between the Board Members</i>	

Cementing relationships
through

ACC

SUSTAINABILITY



INNOVATION

INCLUSIVITY



ACC Limited
INTEGRATED REPORT 2020



Our purpose is

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

We realise this purpose through continued and targeted initiatives based on the fundamentals of sustainability, innovation and inclusivity.



SUSTAINABILITY

Progressing on our Sustainability Development 2030 (SD 2030) Plan, we continue to focus on climate action, building a circular economy, conserving resources and nature

9.3 MT

Usage of waste derived resources

3.7%

Reduction in specific CO₂ emissions

22%

Decrease in specific NOx emissions

27%

Reduction in specific dust emissions

SDGs impacted



40



INNOVATION

Leading with innovative best practices, we drive efficiency and deliver better value

6

New products launched

11%

Reduction in per tonnes cost of materials consumed

7%

Ready Mix Concrete contribution to top line

72%

Capacity utilisation

SDGs impacted



50



INCLUSIVITY

Taking forward our legacy of being a stakeholder-centric company, we are benefiting our key stakeholders

5,803

Number of employees trained

92.59%

Average employee retention rate

8.30 Lakh

CSR beneficiaries

~2,050

New dealers onboarded

SDGs impacted



54

2020 highlights

(Standalone)



₹13,487 Crore

Net Sales



₹1,415 Crore

Profit After Tax



₹2,481 Crore*

Operating EBITDA



16%*

Return on Capital Employed (RoCE)



25.53 MT

Cement Sales Volume



₹972*

EBITDA Per Tonne

*excluding charges of ₹129 Crore

85TH ANNUAL GENERAL MEETING

Through Video Conference/ Other Audio Visual Means
On Wednesday, April 7th, 2021 at 3.00 pm
Deemed Venue: Cement House, 121, Maharshi Karve Road,
Mumbai – 400 020 (Registered Office)

MT – Million Tonnes
All figures as on December 31, 2020

About our integrated report

Our Integrated Report 2020 <IR> provides relevant information to all our key stakeholders about our performance, governance, material risks and opportunities, strategy and future prospects.

SCOPE OF REPORTING

Reporting period

The report is published annually, for the period between January 1, 2020 and December 31, 2020. It provides material information relating to our strategy and business model, operating context, material risks, stakeholder interests, performance, prospects and governance.

Reporting boundary

This report covers information pertaining but not limited to cement plants, grinding units, ready mix concrete plants, limestone mines, captive power plants and our office premises and subsidiaries.

Financial and non-financial reporting

The information in this report extends beyond financial aspects and includes non-financial performance, opportunities, risks and outcomes attributable to or associated with our key stakeholders, which have a

significant influence on our ability to create value.

Materiality

Our material issues are those that matter most to our key stakeholders and have an impact on our ability to create value. These topics are influenced by the economic, social and environmental context in which we operate.

Our capitals

Our ability to create long-term value is interrelated and fundamentally dependent on various forms of capitals available to us (inputs), how we use them (value-accretive activities), our impact on them and the value we deliver (outputs and outcomes).

Targeted readers

This report is primarily intended to address the information requirements of investors (our equity and prospective investors). Our endeavour is to present this information in a manner that is also

relevant to the way we create value for other key stakeholders, including our customers, regulators, employees and the society at large.

FRAMEWORKS, GUIDELINES AND STANDARDS

This report has been prepared in accordance with the GRI Standards: Comprehensive option. It aligns with the principles and guidelines of:

- International <IR> framework of the International Integrated Reporting Council (IIRC)
- Global Cement and Concrete Association (GCCA) Sustainability Charter
- United Nations Sustainable Development Goals (UN SDGs)
- United Nations Global Compact Principles (UNGC)

GRI Index mapping document is available on the website

FRAMEWORKS, GUIDELINES AND STANDARDS (CONTD.)

- National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of business (NVG-SEE)
- Task Force on Climate-related Financial Disclosures (TCFD)
- The Companies Act, 2013 (and the rules made thereunder)
- Indian Accounting Standards
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015
- Secretarial Standards issued by the Institute of Company Secretaries of India

SUSTAINABILITY/ESG INDEX



BOARD RESPONSIBILITY STATEMENT

The Board of Directors acknowledges its responsibility to ensure the integrity of this Integrated Report. The Board has accordingly applied its collective mind and believes the report addresses all material issues and presents the integrated performance of ACC Limited and its impact in a fair and accurate manner.

Feedback

We welcome feedback on our report to ensure that we continue to disclose information that is pertinent and conducive to stakeholder decision-making. Please refer queries or suggestions to rashmi.khandelwal@acclimited.com santosh.bhandarkar@acclimited.com

REPORT NAVIGATION

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

Capitals



Financial capital



Manufactured capital



Intellectual capital



Material issues



Page reference



Natural capital



Social and relationship capital



Human capital



Strategic focus area

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Relationships that foster value

Incorporated in 1936, ACC Limited (ACC), is one of the leading players in the Indian building materials market with a pan-India presence.

Iconic landmarks testify to our experience, expertise and relentless drive to innovate.

For over eight decades, ACC has been synonymous with cement in India, emerging as a pioneer in a rapidly evolving industry scenario. It has always set new benchmarks in research and innovative product development and introduced industry-leading brands. ACC was also among the first Indian companies to include commitment to environmental protection as one of its core corporate objectives.

Over the years, we have integrated this commitment across all aspects of our operations. The result is that we now have one of the lowest carbon footprints in the cement industry. Consistent focus on sustainable business practices with greater use of technologically advanced processes, have enabled us to grow stakeholder value with a long-term focus and a relationships-first approach.

Cement House – ACC's Head Office in Mumbai, Maharashtra

ACC Limited | Integrated Report 2020



OUR VISION

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

ACC IN NUMBERS

33.05 MTPA

Installed cement capacity

17

Cement plants

9

Captive power plants

~6,400

Employees

56,000

Channel partners



OUR PARENTAGE

We became a part of the Holcim Group, Switzerland, in 2005. Subsequent to the merger of Lafarge and Holcim in 2015, we became integral to LafargeHolcim (LH) Group - the world's leading building materials player. Our well-balanced, nationwide footprint in India helps us serve our customers with speed and efficiency. Our Group's guidance in terms of the usage of best-in-class technologies enables us to thrive in a dynamic market.

LH KEY FACTS

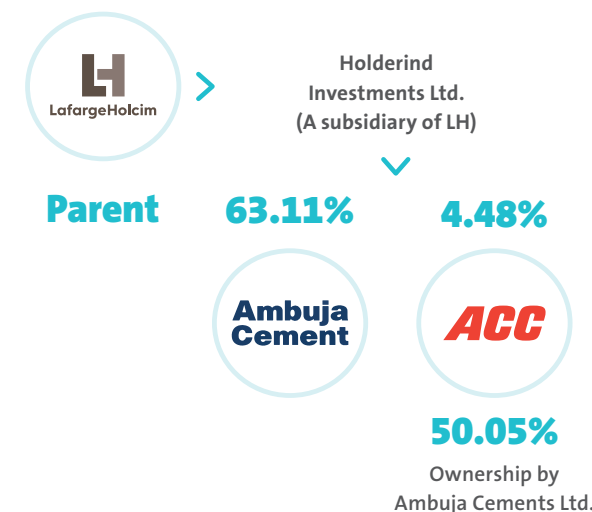
~70,000

Employees

269

Cement and grinding plants

Shareholding pattern



Cementing relationships through Sustainability. Innovation. Inclusivity.

OUR STRENGTHS



Trusted brand for over 80 years
ACC is a preferred brand of cement and concrete, which has set new standards for the industry to emulate.



Expansive offerings
As a customer-centric organisation, we promote a range of blended cements and value added concrete solutions with advanced features suitable for different applications and local conditions.



Financial strength and flexibility
Diverse revenue streams, healthy free cashflow and balance sheet, and integrated operations facilitate efficient allocation and management of capital.



Sustainable business model
To create long-term value, we embed sustainability principles across all aspects of our strategy and value-creation approach.



Strong emphasis on Environment, Sustainability and Governance (ESG)
The foundation of effective ESG management rests on robust and transparent governance and integration of these considerations into the way we conduct business. ESG is aligned with our overarching strategy and embedded into our risk management framework and service offerings.

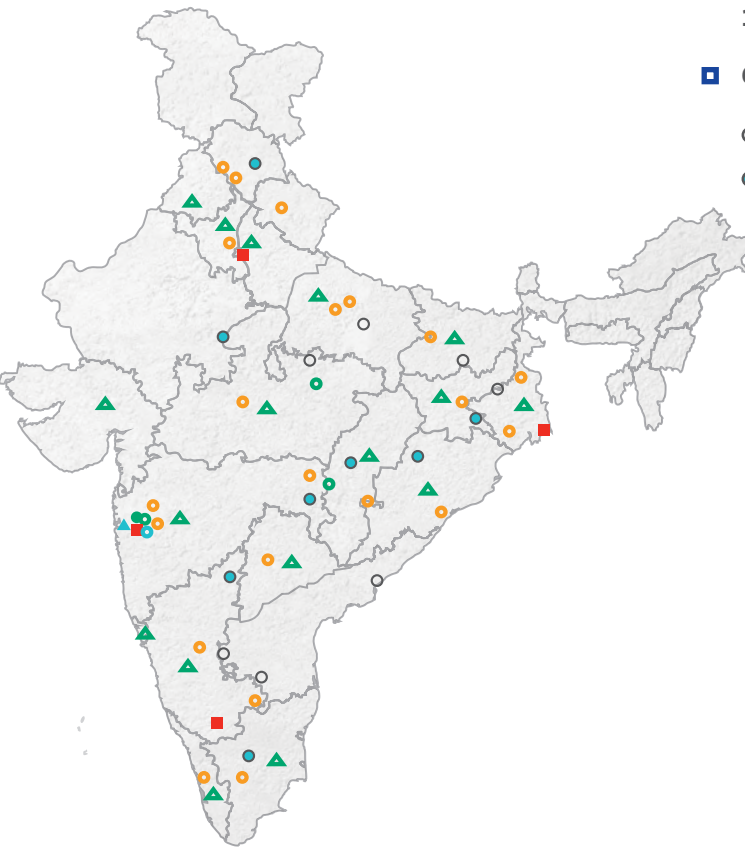


Experienced leadership and strong talent pipeline
ACC's world-class leadership team has a proven track record of performance delivery, underpinned by ongoing talent development and succession planning.



NATIONAL OUTREACH

Over the years, we have set up manufacturing and grinding units, and ready mix concrete plants across the length and breadth of India.



▲ Ready mix concrete plants: 80* across 17 states

■ Cement plants across 12 states

- Grinding unit
- Integrated plant
- Visakhapatnam
- Jamul
- Andhra Pradesh
- Gagal 1
- Chhattisgarh
- Gagal 2
- Himachal Pradesh
- Chaibasa
- Jharkhand
- 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

- ▲ Corporate office
Mumbai, Maharashtra
- Techport
Thane, Maharashtra
- Regional sales offices
 - Central and Eastern region:
Kolkata, West Bengal
 - Northern region:
New Delhi, NCR
 - Western region:
Thane, Maharashtra
 - Southern region:
Bengaluru, Karnataka
- Sales units
- Training centres
 - ACC ACL Leadership Academy
Thane, Maharashtra
 - ACC Cement Technology Institute
Jamul, Chhattisgarh
 - Sumant Moolgaokar Technical Institute
Kymore, Madhya Pradesh
- Geocycle India
Thane, Maharashtra

*Plants depicted with state highlights for representation on map

An expansive portfolio driven by innovation

Our ability to predict market requirements and identify consumer preferences has enabled us to launch products backed by intense research. Our diverse product bouquet ranges from cement and construction chemicals to ready mix concrete and dry mix products.

CEMENT

The Gold and Silver range of cement assure superior quality for specialised applications and environment besides being immensely suited for general construction.

GOLD RANGE



ACC Gold Water Shield

Premium cement with a unique water repellent formula, which acts as a shield against water seepage



ACC F2R Superfast

Scientifically developed with superior strength and superfine quality that enables robust construction in a short time



ACC Concrete+ Xtra Strong

Specially formulated cement with unique binding properties designed to provide higher strength

SILVER RANGE



ACC Suraksha Power

Loaded with unique strength multipliers providing homes with strength that increases over time



ACC Suraksha Power+

Developed with engineered Particle Size Distributor (PSD) technology, its advanced formula along with tamper-proof packaging, enhances the superior quality



ACC HPC Long Life

High-performance cement that forms strong bonds and makes dense concrete to provide the consumer with long-lasting homes



ACC Super Shaktimaan

Scientifically made keeping the consumer's need in mind of making their homes strong from the inside, year after year

READY MIX CONCRETE

Customised range of ready mix concrete to meet specific requirements of diverse clientele, from small homes to mega projects.



ACC Ultivacrete NX

Highest commercial (M 140) grade concrete available in India

ACC Structlitecrete

High density cement that ranges from 1,500-1,900 kg/cum and finds exceptional utility in structural concrete, making it a good insulation material

ACC Refraxcrete

Withstands high temperatures ranging from 200-250°C and can be used in refractories, where pits are heated

ACC Sustainocrete

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

ACC ready mix concrete has a vast portfolio of 24 value-added solutions designed to meet different stages of construction requirement from the foundation to the roof.

To know more please visit www.acclimited.com/products/concrete-value-added-products

CONSTRUCTION CHEMICALS

The ACC leak block range of construction chemicals helps provide 360° water resistance to structures.



ACC Leak Block Cement Mix LB 202

Integral waterproofing compound



ACC Leak Block Cement Coat LB 303

Advanced acrylic emulsion-based waterproofing and bonding compound

DRY MIX RANGE - FOR RETAIL CUSTOMERS

The dry mix range is designed to address key pain points of retail consumers. With consumer-friendly packaging and ease of usage, these aim to make the journey of home building easier.



ACC Leak Block Waterproof Plaster LB 101

Cementitious waterproof mortar and consists of well-graded sand and special waterproofing and self-curing additives



ACC Xtra Strong Tile Adhesive XT 111

A polymer modified, cementitious adhesive, suitable for fixing of tiles on floor and wall



ACC Xtra Strong Tile on Tile Adhesive XT 222

A grey cement based tile adhesive used for fixing medium sized tiles for internal walls and floors and tile on tile applications



ACC Xtra Strong Exterior Tile Adhesive XT 333

A grey cement based high polymer modified tile adhesive, suitable for external wall applications

DRY MIX RANGE – FOR INSTITUTIONAL CUSTOMERS

This dry mix range is designed to address key pain points of institutional consumers. With large 40 kg packs, these products provide customised solutions to suit various requirements of customers for fixing tiles and stones across the construction cycle.



ACC Suraksha Ready Use Plaster 101
Consists of well-proportioned blend of quality raw materials and well-graded sand



ACC Suraksha Waterproof Plaster 201
Consists of well-graded sand and special waterproofing and self-curing additives



ACC Suraksha Thin Bed Jointing Mortar 105
Consists of well-graded sand, ACC cement and special additives



ACC Suraksha Grout 275
High strength, shrinkage compensated and flowable cementitious grout



ACC Suraksha Tile Fix 111
A ready-to-use grey cement based tile adhesive used for fixing small-sized ceramic and mosaic tiles for internal application



ACC Suraksha Tile Fix 222
A grey cement based tile adhesive used for fixing medium size ceramic, mosaic and vitrified tiles for internal walls and floors and external floor application



ACC Suraksha Tile Fix 333
A grey cement based tile adhesive for fixing large format vitrified, ceramic mosaic tiles, stone, marbles and granite for internal and external, wall and floor applications

ACC ADMIX – RANGE OF CONCRETE ADMIXTURES



ACC ADMIX range are new generation super plasticiser based on modified poly carboxylic ether based polymers. Designed to impart exceptional performance in concrete.

ACC ADMIX LP-4300
Modified poly carboxylic ether

ACC ADMIX MP-5400
Poly Carboxylic Ether (PCE)

ACC ADMIX HP-6500
High range of super plasticiser (PCE)

ACC ADMIX HVF-7900
Special designed PCE to obtain desired rheology of fresh concrete

ACC GREEN BUILDING CENTRE

Green Building Centre is a sustainable business model designed to provide durable and affordable housing solutions to rural customers, thereby enhancing lives and enabling livelihoods.



ACC USER-FRIENDLY GREEN CONCRETE PRODUCTS

ACC Designer Garden Benches
Excellent usage facility for parks, railway, platforms, schools, gram panchayats, etc.

Pre-Cast Boundary Wall
High structural efficiency and cost benefit compared to normal construction of boundary wall

ACC Kerb Stones
High strength perfect corners coloured designs available

ACC Green Cement Doors and Window Frames
High durability and customisable

WALL CONSTRUCTION OFFERING

ACC Green Bricks
Produced by both vibro and compaction process and helps in safeguarding seepage and efflorescence

ACC Green Concrete Hollow & Solid Blocks
Cost-effective due to reduction in mortar use and superior fire resistance

ACC Green AAC Blocks
Provides superior protection to steel rebars from rust and corrosion and enhances the life of the roof

ACC+ Green AAC Blocks
Provides low density and high strength

PAVEMENT CONSTRUCTION OFFERING

ACC Interlocking Paver Blocks
A wide range of sizes, shapes, and strengths to suit usage requirements

ACC Green Cement Plain and Chequered Tiles
Usage in wet areas, stairways, entrances and driveways

ACC GREEN CONCRETE COVER BLOCKS

High Strength ACC Concrete Cover Block
Different sizes and shapes for use in various applications of a building i.e. footing, piles, beams and slabs

Staying ahead, with responsibility and resilience

ACC reflects India's new era of growth with a strong commitment to creating lasting value for all.

Dear Stakeholders,

I wish you all good health in these trying times. Adversity, they say, is a true test of character. At ACC, despite the unprecedented nature of the challenges we faced during the year, we delivered on the expectations of our stakeholders, thus cementing our relationship with them. We will continue to drive value creation with focus on sustainability, innovation, and inclusivity. We will continue to communicate our efforts on these three aspects as part of shaping the 'ACC of the future'.

ACC reflects India's new era of growth with a strong commitment to creating lasting value for all. We have built our legacy by prioritising inclusive growth based on mutual trust and strong relationships that stand the test of time.

THE YEAR IN RETROSPECT

2020 witnessed unprecedented disruptions in the lives and livelihoods of millions of people in India and across the world. After significant GDP contraction in the April to June quarter, the nation witnessed a gradual recovery in its economy. The Government has announced strong measures to bring the economy back on growth trajectory, thereby increasing the momentum of employment generation. The economy has begun to show growth in several core sectors.

A slow but sure recovery in demand growth has been in sight since the July-September quarter, which is expected to pick up further, supported by policy-driven initiatives. Aggregate demand has been better in the retail and rural segments with slower pick-up from the commercial segment.

The Government's impetus on low cost housing and infrastructure is expected to bolster cement demand in the coming quarters.

COVID-19 RESPONSE

During the reporting year, the Business Resilience Team (BRT) took proactive steps in guarding the safety of our employees, business partners and communities.

With help from our CSR arm – ACC TRUST we procured and distributed food and ration to the poorest of the poor from across the country. With the help of Self Help Groups (SHG's), ACC TRUST stitched and distributed over 4 Lakh cloth masks. Our teams across plant locations also partnered with local government authorities to disinfect communities and surroundings. Our employees and associated volunteers on the ground spread awareness about the need for social distancing, personal hygiene and need to wear mask to avoid the spread of the virus. To support daily-wagers, migrant labourers and slum-dwellers stranded across the country during the lockdown, ACC supported three NGOs Praja Foundation, Roti Bank and Goonj. These NGOs were at the forefront of disaster relief and distributed ration kits and cooked food to thousands of stranded migrant labourers. As the COVID-19 scenario is still evolving, we are mapping the developments on a real-time basis to ensure the health and safety of all our stakeholders.

ENVIRONMENTAL, SOCIAL AND GOVERNANCE (ESG) OBJECTIVES

The Board is committed to strong sustainability practices. This includes ethical, environmental and corporate social responsibility principles supported by a robust governance structure.

We are playing our part in addressing the risks that climate change poses to our business. At the same time, we are also involving our stakeholders in our overall ESG strategy and its

implementation. Our ESG agenda is supported by a detailed framework and comprehensive policies.

We are redefining the contours of the cement industry by bringing sustainable green products to India. We are committed to leading the way in sustainable construction. Our latest product ECOPact – the Green Concrete for high-performing, sustainable and circular construction was launched in Mumbai and Hyderabad. ECOPact range will be rolled out across India in a phased manner in the next few months.

COLLECTIVE ACTION

Building on our commitment to the United Nations Sustainable Development Goals (UN SDGs), we have formulated a set of sustainability targets with a 2030 vision. It supports our promise to build a better world and is aimed at helping solve some of the biggest challenges communities are facing today. We aim to establish leadership in energy performance, use a circular approach in the management of materials, waste and water, and intend to develop and deliver climate-resilient solutions.

REACHING OUT TO COMMUNITIES

We have worked diligently through ACC TRUST towards the social and economic welfare of our host communities. Our CSR journey included various initiatives and projects to provide livelihoods, quality education and water sanitation. The community development projects touched more than 8.3 Lakh people, residing in

166 villages and 15 municipal areas in the vicinity of our plants.

PEOPLE REMAIN AT OUR CORE

Our people continue to be our key strength and every member of our workforce played an important part in delivering the business objectives and goals. We are committed to developing our people and I would like to thank all our employees for their dedication.

INTO THE FUTURE

Our exciting journey of growth and holistic value creation will continue with the support and guidance of our customers, employees, shareholders, suppliers, bankers, government and the Board.

Taking a broader perspective, the next few months may still be riddled with challenges. However, we will continue to draw strength from our strong relationship with our customers and business partners, as well as our robust and resilient business model and our strong financials. As a strong player, we are well positioned to take advantage of the industry upcycle and contribute to nation-building.

As we look forward to a year of recovery, let us continue to prioritise health and safety and commit ourselves to supporting one another. I am optimistic about the work that we all are doing and the processes that we have put in place for sustainable value creation.

Best regards,

Narotam Sekhsaria



ACCelerating value creation

During the year, our core focus remained on 'Health, Cost and Cash'.

Dear Stakeholders,

I take pride in leading an organisation that continues to play a pivotal role in nation-building. It reflects the positive impact our teams continue to make in the face of unprecedented challenges.

During the year, we ensured the health and safety of our people. We connected more closely with our customers and reinforced our market leadership with value added products and services. We also optimised our operations for greater efficiency and strengthened our commitment to sustainability by driving focused efforts in the area.

MACRO DYNAMICS ARE TURNING FAVOURABLE

The government's focus on infrastructure and affordable housing is expected to bolster cement demand. Affordable housing initiatives are expected to pick up pace under the

Pradhan Mantri Awas Yojana (PMAY) with enhanced budgetary allocations. The Government spending on housing and infrastructure projects is expected to increase demand for cement and building materials. Good monsoon has helped to improve the agricultural output which also augurs well for increased cement demand.

As per the November 2020 India Brand Equity Foundation (IBEF) Report on Cement Industry, cement demand is expected to reach 550-600 MTPA by 2025, thanks to a gradual upswing in housing, commercial and industrial construction.

PERFORMANCE IN PERSPECTIVE

During the year, we reported net sales of ₹13,487 Crore and consolidated net profit of ₹1,430 Crore. We could ensure healthy cash flows due to rigorous working capital management.

On the project front, we completed and commissioned the new grinding unit at Sindri in the state of Jharkhand, which is one of the fastest capex projects to be implemented despite the challenges posed due to COVID-19 and other restrictions. The new facility will add 1.4 MTPA of cement capacity to its existing 3 MTPA unit at this site. The foundation stone for Sindri grinding unit Phase-2 was laid in December 2019 with the objective to service the expanding market, strengthen presence in the eastern region and add value to the overall business.

A sharp focus on sustainable development embodies safety, conservation of energy and natural resources, preserving environment and

biodiversity, water stewardship and the well-being of host communities. Our plan to set up Waste Heat Recovery System (WHRS)-based power plants at Jamul (Chhattisgarh) and Kymore (Madhya Pradesh), are a right step towards achieving efficiencies, while reducing CO₂ emissions.

STRATEGY AT PLAY

Although the disruption brought about by COVID-19 created short-term challenges, it also created medium-term opportunities. During the year, our core focus remained on 'Health, Cost and Cash'. Our operations continued to pave the way for business continuity and resilience as we drove cost efficiencies and prudently optimised cash flows to conserve liquidity.

We are innovating more than ever and investing in our people, technology and operations to develop solutions that take advantage of emerging trends in the industry. We continue to invest in areas of solutions and products, digital initiatives, technology, sustainability and in people development to build the ACC of tomorrow.

RE-IMAGINING THE FUTURE WITH TECHNOLOGY

The way business environment is changing, organisations which embrace technology and remain focused on digital innovation, intelligent use of data and excellence in customer services would be able to lead the way. Over the last few years, we have increasingly focused on transforming our business by leveraging IT and digital interventions. We are enhancing customer experience through upgraded versions of Dealer Connect App. This offers additional functionalities. The Concrete Club App comes with a singular social platform for construction professionals such as architects and engineers.

TRUST AND INTEGRITY HELP US THRIVE

Companies today are judged as much by their integrity and trustworthiness as by their financial performance. At ACC, doing business with integrity goes hand in hand with our strong corporate governance framework, excellent safety protocols, care and concern for all stakeholders.

INVESTING IN PEOPLE

In order to build the ACC of tomorrow, we believe in the importance of a diverse workforce and an inclusive environment. We are working towards attracting and developing a workforce that is diverse and have set up the ACC-Ambuja Leadership Academy (AALA) to make learning an everyday employee experience. ACC continues to strengthen its 'Zero Harm' journey, with the goal of zero injuries, onsite or offsite, in all its operations so that 'Every day is a Safe day at ACC'.

COMMITMENT TO TACKLING CLIMATE CHANGE

Our sustainability strategy is led by our Sustainable Development 2030 Plan, which focuses on four broad pillars of climate and energy, circular economy, environment, and people and communities. We are working intensively at our plants, to further reduce our CO₂ emissions. We are investing to improve the energy efficiency of our production facilities. This is ensured by using alternate raw materials and fuels and replacing CO₂ intensive clinker in our cement with waste derived resources such as fly ash and slag. This results in products, which have significantly lower carbon footprint.

Through the 'Geocycle' brand, we continue our efforts to provide safe waste management solutions to industries and municipalities, while meeting the highest standards of

health, safety and sustainability. Geocycle processes waste materials of various kinds to be used as kiln fuel, thereby offsetting the need for fossil fuel to an increasing extent.

ESG FOCUS – WORKING TOWARDS A BETTER WORLD

The long-term success of our business is rooted in our ability to keep sustainability at the core of our endeavours. Our unwavering commitment towards balancing business growth, environmental stewardship and social progress bears testimony to our concerted and responsible efforts towards transitioning to a brighter future.

REACHING OUT TO COMMUNITIES

ACC continues its social development initiatives to support our host communities as well as assist those affected by disasters in various parts of the country. The initiatives focused largely on our key impact areas — DISHA (Sustainable Livelihood), VIDYA UTKARSH (Quality Education) and WASH (Water, Sanitation, Health & Hygiene). In 2020, we kicked off malnutrition mitigation project in partnership with the State Government and district administration.

Since the COVID-19 outbreak, ACC touched millions of lives by manufacturing and distributing triple layered face-masks and food packets, sanitising villages, towns and hamlets and spreading awareness. ACC has taken steps to alter the attitude of the nearby communities towards health and hygiene through awareness campaigns.

Here's wishing you all a healthy, safe, and productive year ahead.

Regards,

Sridhar Balakrishnan

Delivering results through optimisation

DURING 2020, OUR CORE FOCUS WAS ON:



Health

Robust business continuity plan to ensure health and well-being of employees

6.83 Lakh

Lives touched with COVID-19 relief efforts

> 56



Cost

Cost management and operational efficiency programmes

₹250+ Crore

Total cost savings from Parvat programme

> 22



Cash

Significant improvement in cash conversion

> ₹5,800 Crore

Cash and cash equivalents

> 83

2020 OPERATIONAL HIGHLIGHTS



Parvat: Implemented several initiatives relating to efficiencies and input cost levers across the value chain. Cost savings on track from these initiatives



Ready mix concrete launched value added solutions: ACC Thermofillcrete, ACC Suraksha NX and ECOPact – the Green Concrete



Undertook capacity expansion through organic route to sustain and grow market share and capitalise on the growing demand for cement consumption in the eastern and central regions



Margin expansion driven by product mix optimisation and cost-efficiency initiatives



Generation of additional cash and cash equivalents driven mainly by strong working capital actions



Achieved specific carbon emissions of cementitious materials below 500 kg/t



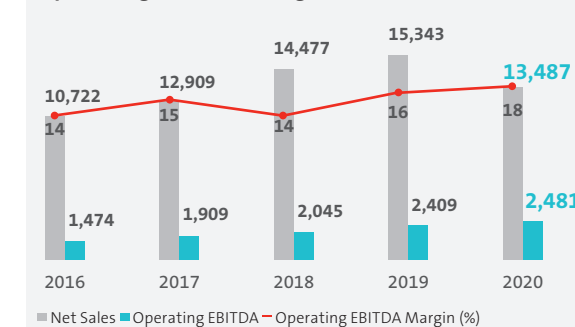
Rolled out a new digital-first campaign for our innovative product – Gold Water Shield, a water-repellent cement



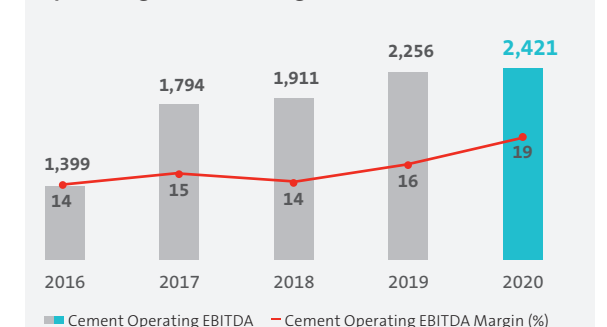
Initiated an AI-powered supply chain management platform 'Blue Yonder' to enable better predictability, prevent and resolve disruptions across business

PERFORMANCE HIGHLIGHTS (STANDALONE FINANCIALS)

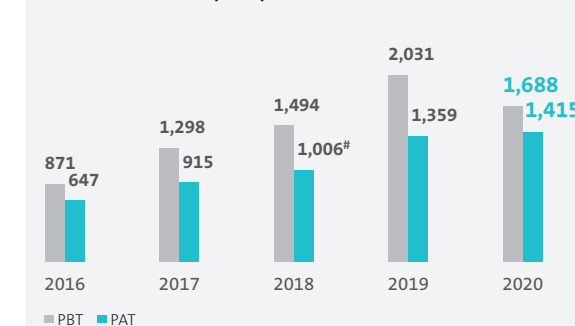
Net Sales, Operating EBITDA & Operating EBITDA Margin* (₹ Crore)



Cement Operating EBITDA & Operating EBITDA Margin* (₹ Crore)

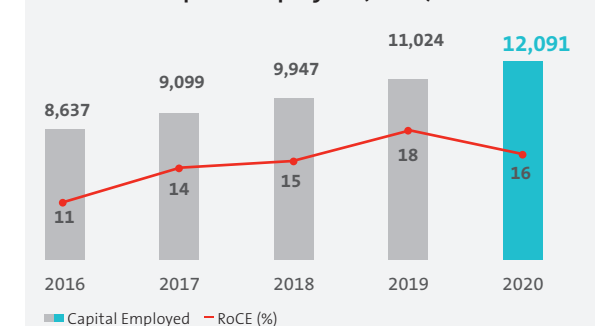


Profit Before Tax (PBT) & Profit After Tax (PAT)* (₹ Crore)

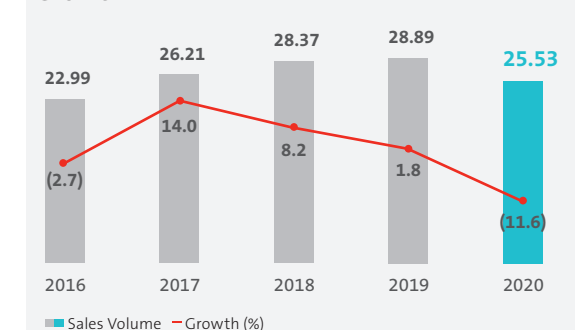


Excludes write-back of ₹501 Crore related to tax provision

Average Capital Employed & Return on Capital Employed (RoCE)* (₹ Crore)



Cement Sales Volume & Growth (MT)

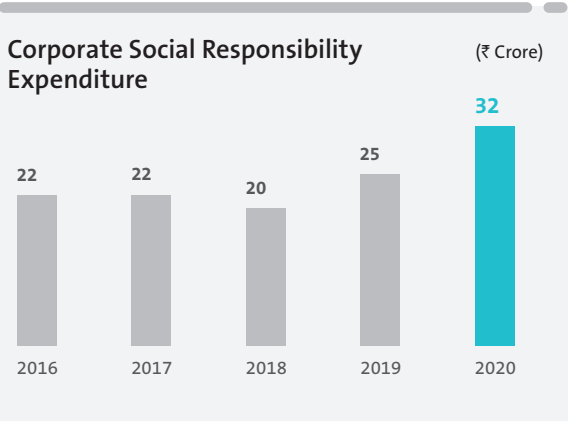
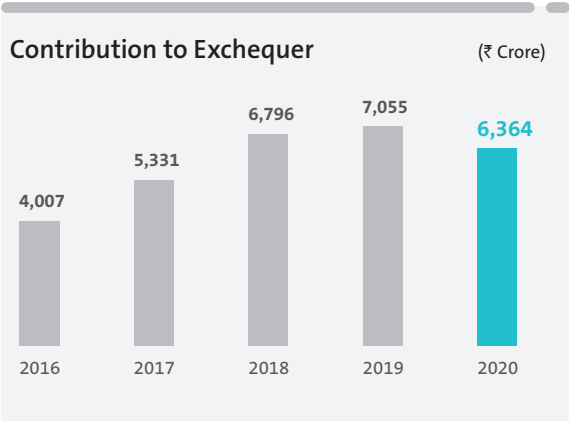
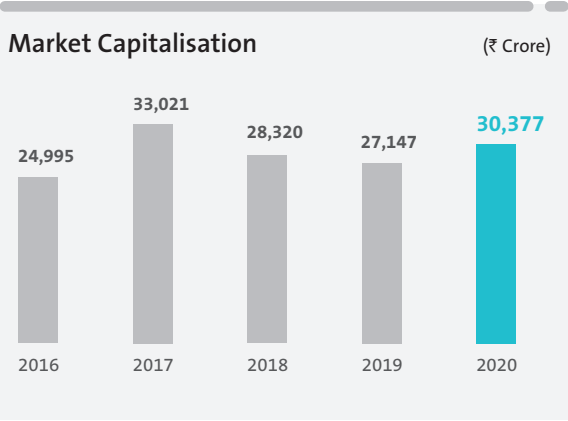
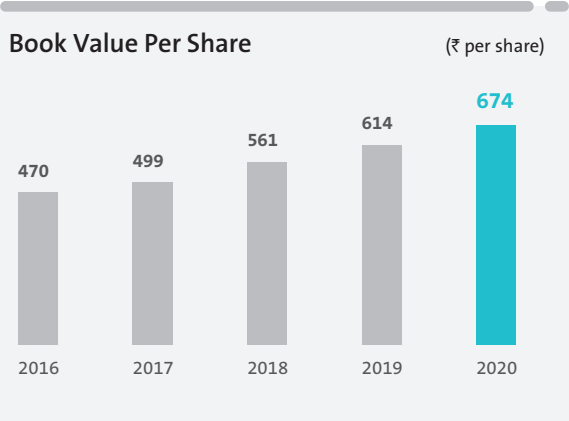
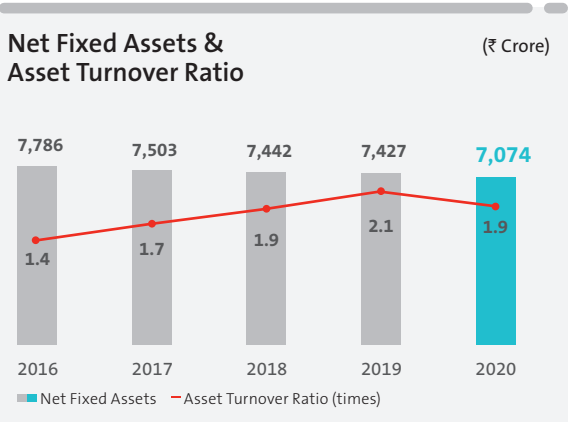
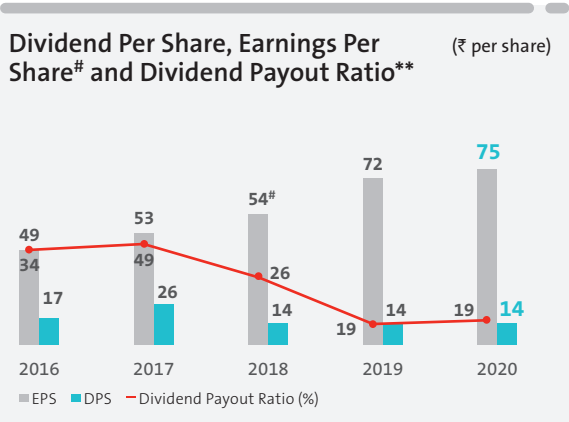


Ready Mix Concrete Operating EBITDA & Operating EBITDA Margin (₹ Crore)

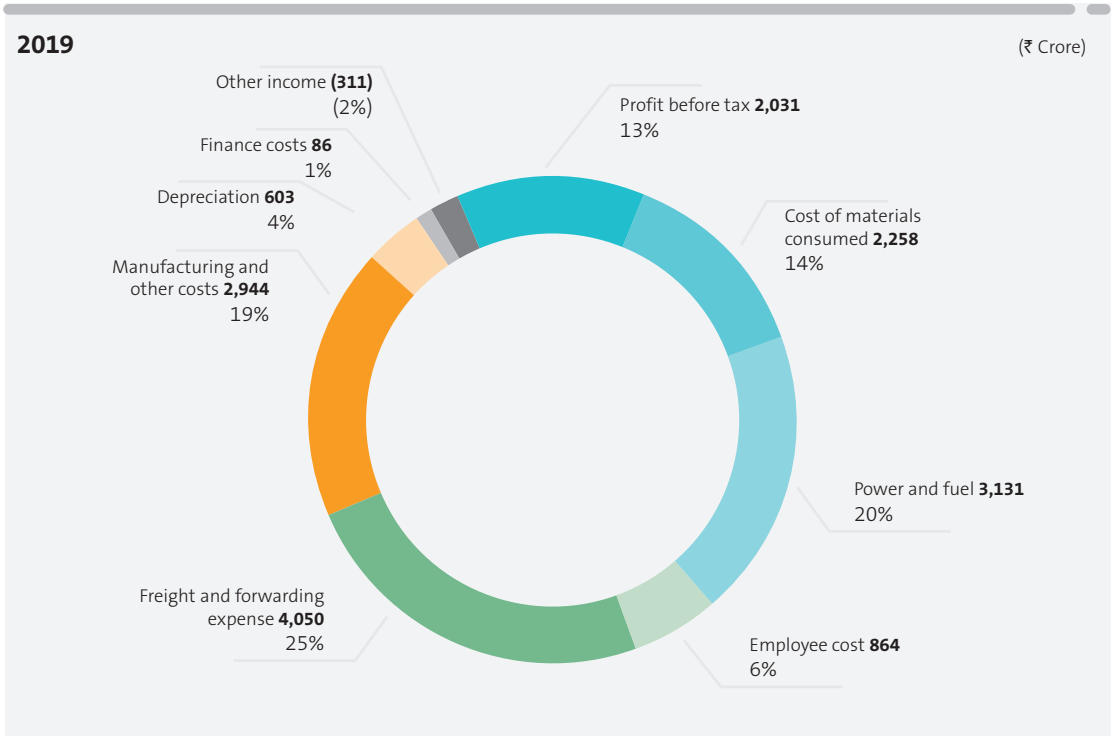
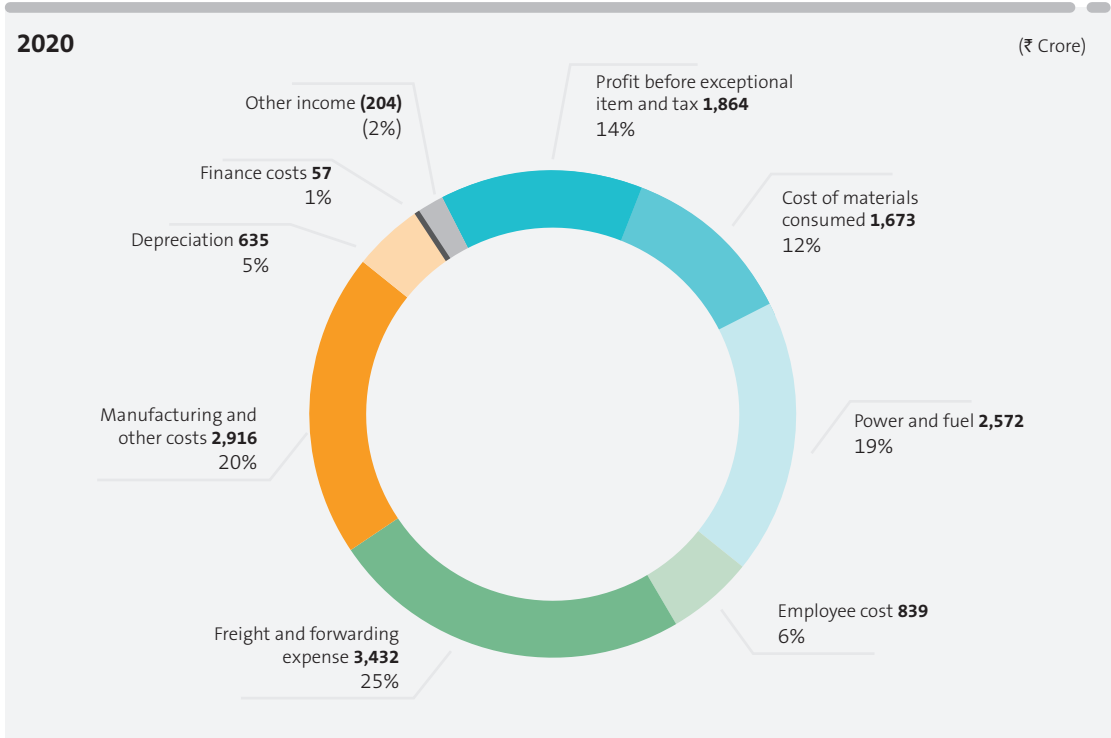


*Excluding charge of ₹129 Crore towards time value of money of Government incentives in 2020

PERFORMANCE HIGHLIGHTS (STANDALONE FINANCIALS)



COST AND PROFIT AS A PERCENTAGE OF REVENUE FROM OPERATIONS



Maximising our performance, with an eye to the future

We operated under challenging circumstances for the entire reporting period. The worst is definitely behind us, and business is gaining momentum. However, what deserves a mention is our strong will to deliver, despite the headwinds.

Our manufactured capital comprises our countrywide network of integrated cement manufacturing and grinding units, ready mix concrete plants, offices and other state-of-the-art movable and immovable infrastructure, including warehouses, machinery and vehicles. The management of these assets is a key business imperative and is considered an important element in

delivering manufacturing excellence and healthy operational performance. The COVID-19 crisis disrupted supply chains and operations across the country during Q2 2020. To serve the needs of our consumers, we resumed operations in a phased manner in line with prescribed safety protocols. While resuming operations, we put in place various safety measures, from

social distancing, touch-free handwashing to sanitisation of tools and vehicles to ensure the safety of our teams. Overall, our cement business demonstrated encouraging performance, driven by stringent cost optimisation, efficiency improvements and better price realisation.



*excluding charges of ₹129 Crore



CAPACITY EXPANSION AND CAPEX PROJECTS
With cement demand projected to rise significantly in India, development capex projects were kickstarted to increase clinker and cement capacities in the attractive and highly profitable central region of India. This, in turn, will ensure that we have ample capacity to cater to a rising demand scenario.

Clinker unit
2.7 MT
AMETHA, MP

Grinding unit
1.0 MT
AMETHA, MP

2.2 MT
SHONEBHADRA
DISTRICT, UP

1.6 MT
TIKARIA, UP

1.4 MT
SINDRI, JHARKHAND*

*Commissioned in January 2021

PARVAT

Parvat is an efficiency optimisation programme initiated in 2019 to bring radical changes in the cost structure and to improve delivered cost. Our plants help us deliver on the expectations of our esteemed customers. Therefore, it is only natural that the execution of ‘Parvat’ is in line with the requirements of our plants.

2020 saw us conducting workshops and brainstorming sessions, assisted by an external consulting agency at all our plants across the country. Simultaneously, the leadership took

turns to visit different plants to explain the underlying intent and the overarching objective of ‘Parvat’ to our people.

Once the direction was set, the potential savings from the identified initiatives were calculated by the finance department and projected as monthly targets. The ideas were reviewed in marathon sessions with cluster managers and plant directors. The ideas shortlisted were entered into a business intelligence tool, especially created for the management to review all initiatives.

Following the roll-out, progress across these initiatives was mapped every month and at various levels. These reviews helped pre-empt the roadblocks and remove bottlenecks and catalysed better decision-making. Even as the COVID-19-induced lockdown threatened to slow the progress, the teams were quick to resume in full spirit, as soon as the restrictions were lifted. As a result, in 2020, about 500 initiatives were implemented successfully in manufacturing alone.



SUPPLY CHAIN AND LOGISTICS

Our logistics strategy is based on four pillars, which include distribution safety, cost efficiency, use of technology and environmental sustainability. We engage with suppliers, governments, industry bodies, businesses and other partners to collaborate and find new ways to innovate and create positive change.

At ACC, we aspire to create a supply chain mechanism, which is agile, cost competitive and sustainable, leading to customer delight. Our logistics team drives various initiatives at each node to ensure that the distribution network is constantly evolving across services, cost and sustainability.

Case Study
Supply chain automation and optimisation

To accelerate automation and optimisation in our supply chain, ACC and Ambuja Cement launched a strategic and all-encompassing supply chain project in partnership with Blue Yonder – the world’s leading, end-to-end, digital supply chain platform provider.

The initiative is aimed at:

- Generating monthly demand plan based on forecast from grassroots level
- Consensus planning resulting in better capacity utilisation

- EBITDA maximisation by shifting volumes from low to high EBITDA markets
- Network optimisation to improve services and boost secondary distribution cost
- Framework for strategic simulation to facilitate decisions related to future expansions

The initiative will maximise EBITDA by effectively using technology for capacity utilisation improvement, shift from low to high EBITDA markets, and enable cost optimisation and improved customer services.

To modernise and enhance our supply chain, we:

- 1 Focused on digitalisation through the ‘Plants of tomorrow’ initiative. We implemented Technical Information Systems (TIS) that record minute-by-minute data from all key assets at the plants
- 2 Launched an integrated planning tool that enables, sales & operation planning and network optimisation to improve customer service, cost optimisation and organisational profitability
- 3 The extensive use of Transport Analytics Center (TAC) has helped in real-time information dissemination and analytics to improve distribution safety, cost optimisation and operational efficiencies
- 4 Enhanced the ‘Dealer Connect App’ with additional functionalities like real-time tracking of deliveries, faster ordering and improved and timely communication
- 5 Improved the functionalities of ‘Concrete Club app’, a singular social platform for construction professionals such as architects and engineers to connect, predictive maintenance of critical equipments like Vertical Roller Mill (VRM)
- 6 Utilised the digital platforms to share invites to knowledge series initiative, where experts from construction and building industry shared their learnings and expertise with these influencer segments through webinars
- 7 Developed digital kit comprising e-visiting cards, e-catalogues and posts to promote app adoption for the influencers and internal stakeholders
- 8 Undertook continual measures to build a better fuel mix by maximising the use of cheaper fuel through judicious procurement of coal from the market through e-auctions and imports; higher consumption of alternative fuels and improvement in competencies and efficiencies at plants

Strong basics, sustainable value creation

Inputs

	SUSTAINABILITY			
	Natural capital Natural resources impacted by the Company's activities	3.63 Million m³ Total water consumption in cement operations	85.27 Million units Total green energy consumed	0.57 MT Total waste co-processed
		17.4% Water recycled/reused in cement operations	0.29 MT Usage of alternative fuels	₹123 Crore Total expenditure for environment protection
	40			
	INNOVATION			
	Intellectual capital Intangible, knowledge-based assets	6 New products launched	₹0.61 Crore Total R&D expenditure	
	Manufactured capital Tangible assets used by ACC to conduct its business processes			
		11 Integrated plants	6 Grinding units	1 R&D facility
		400 Warehouses	3 Wind farms	5 Offices
		33.05 MTPA Installed capacity for cement manufacturing	82 MW Solar power portfolio (operational and under implementation)	
20				
	INCLUSIVITY			
	Financial capital Financial resources that the Company has or obtains through financing	₹188 Crore Equity	₹8,834 Crore Retained earnings	
		₹12,661 Crore Net worth	₹746 Crore Capital expenditure	
16				
	Human capital Employee knowledge, skills, experience and motivation			
		6,401 People on roll	5,002 People completing >5 years at ACC	
62				
	Social and relationship capital Ability to share, relate and collaborate with stakeholders, promoting community development and well-being			
		56,000 Channel partners	₹32 Crore CSR expenditure	~2,050 New dealers onboarded
		369 Suppliers assessed on human rights compliance	~6,700 New retailers onboarded	
	56			

Processes

Core activities



Mining



Raw material preparation

Inbound logistics



Drying and grinding of raw materials



Clinkerisation



Cement grinding



Packing and dispatch

Outbound logistics



Sales, marketing and distribution



After-sales service

Value generated



For providers of financial capital

Consistent, profitable and responsible growth



For customers

High-quality and sustainable products



For our people

Steady growth and stable career path with equal opportunities through consistent capacity building, and a safe work environment



For suppliers

Consistent growth through an optimum supply chain to support seamless operations. Close collaboration and a partnership-driven approach to value creation



For communities around us

Enhanced living conditions through our CSR activities while minimising the impact on the environment

Outputs



23.77 MT
Total cement production



100%
Cement products complying to BIS quality requirements



22.70 Lakh m³
Ready mix concrete production volume



Absolute air emissions

1,958 Tonnes
SOx

15,082 Tonnes
NOx

293 Tonnes
Dust



Waste generated

55,818 Litres
Waste oil

8,884 Tonnes
Steel scrap waste

Outcomes

3.7%

Reduction in specific CO₂ emissions

22%

Reduction in specific NOx emissions

27%

Reduction in specific dust emissions

9%

Reduction in specific water consumption in cement operations

₹34 Crore

Sales from solutions and new products category

Best-in-class ecosystem benefiting customers

72%

Average capacity utilisation of plants

1.37%

Average clinker factor reduction (2020 over 2019)

(Standalone Financials)

₹2,481 Crore
EBITDA

16%
RoCE

₹1,415 Crore
Profit After Tax

₹30,377 Crore
Market capitalisation

225

New joinees

₹12,14,452

Average employee cost

8.30 Lakh
Lives touched

Enhanced relationships with all key stakeholders

27,768 Man hours
Training for masons and contractors (online and offline)

Broad trends shaping our business

As a leading player in India's building materials business, we are aware of the forces shaping our industry. Climate change is growing as a critical concern leading to the need for sustainable solutions being more keenly felt. At ACC, we understand the challenges facing the industry and our business, and the prospects for us to make a difference and create value.

FAVOURABLE DEMAND-SUPPLY DYNAMICS

India is the world's second largest cement producer, with growing demand in the construction, infrastructure, and housing segments. The sector notably plays a critical role in the economic growth of the country in its journey towards inclusive growth. Although India is the second largest consumer of cement, its per capita cement consumption is significantly lower than the global average, which provides ample headroom for growth. Despite a recent slowdown in growth, the future remains quite positive, thanks to new government infrastructure initiatives and a fast-growing population.



KEY TRENDS



Rising urbanisation

India's growing population and the need for housing has been impacting cement demand for some time. India's urban population is expected to reach 525 Million by 2025, up from an estimated 463 Million in 2020. This is expected to translate into higher demand for housing and related amenities.

525 Million

India's urban population by 2025



Increasing working population

India has one of the largest young populations in the world, with a median age of 28 years. The young population is likely to drive demand for real estate in the country.

28 years

Median age



Continued focus on infrastructure and housing

As India gradually reboots its economy, increasing demand from affordable housing, infrastructure, roads, metros, airports, and irrigation bodes well for the cement sector. The infrastructure sector has received a big boost from the Government of India in the Union Budget of 2021-22. The National Infrastructure Pipeline (NIP), announced in December 2019 with a financial outlay of ₹ 111 Lakh Crore with 6,835 projects; the project pipeline has been expanded to 7,400 projects in the 2021-22 Union Budget.

The market for the affordable housing segment looks quite promising. Around 1.06 Crore homes have been sanctioned under the Pradhan Mantri Awas Yojana (PMAY), of which 33% are completed while another 66.23 Lakh units have been grounded for construction.

₹40,000 Crore

Government of India's budgetary allocation for rural infrastructure development in 2022 (From ₹30,000 Crore in 2021)

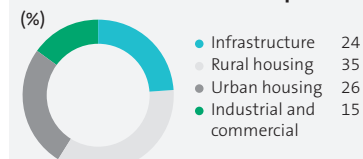
OUR RESPONSE

1 With cement demand projected to increase in India, we have started scaling our capacities in the attractive and highly profitable central region of India

2 Cement demand is closely linked to the overall economic growth, particularly of the housing and infrastructure sector

3 Our strong network has been instrumental in driving our retail portfolio, which contributes over 79% of revenue

Cement Sector Break-up



Source: CRISIL Research

Revenue



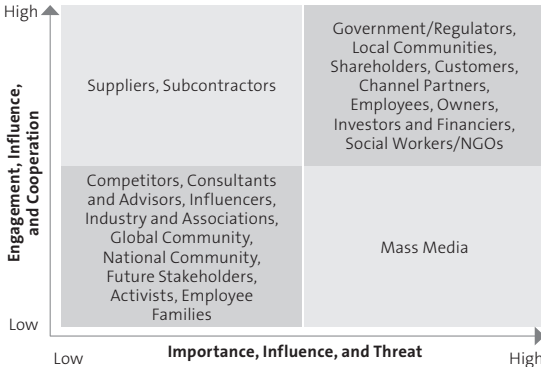
Continuous dialogues that guide our priorities

Our strong sense of purpose helps us connect more deeply with our stakeholders and align to the changing expectation of society. For ACC, stakeholder engagement is the key to long-term value creation and sustainability. These engagements shape the way we think, act and create value.

We have evolved a planned mechanism of engagement to ensure timely communication of precise and relevant information to the concerned stakeholder group in a consistent manner. Our conversations continue throughout the year, and the insights we garner help us improve the way we operate.

STAKEHOLDER EVALUATION

We conduct regular stakeholder analysis to identify relevant stakeholders of the organisation, map their interface and influence, which helps us to prioritise them. The priority matrix and the engagement mechanisms are presented here.



USING OUTCOMES OF STAKEHOLDER DIALOGUE

Stakeholder groups	Importance	Key concerns	Mode of engagement	Frequency
 Employees	Our employees are at the centre of all our operations. Their collaborative skill and expertise are essential for our growth	- Health and safety - Training and development - Performance evaluation and recognition - Sharing knowledge and best practices - Fair practices and work-life balance	- Town hall meetings and webcasts - Intranet portal, newsletter - Cultural events - Safety committees and toolbox talks - Trainings and performance management system - Reporting mechanisms	Continuous engagement
 Vendors and suppliers	Our operations are closely linked with the timely availability of supplies, quality of raw materials and services that we source. These, in turn, have a material impact on the efficiency of the production process	- Registration as approved vendor - Product specifications - Pricing and terms of payment - Delivery period - Product failures and user complaints - Compliance	- Ethical View Reporting - By phone, VC, email or in person - Suppliers' meet - Capacity building on supplier code of conduct - Surveys	High frequency and continuous contact visits
 Channel partners – dealers and retailers	As a key influence on how we operate our business, we seek a relationship of professional dependance while expecting adherence to high standards of conduct	- Assured quality - Support in sales promotion - Regular supply and timely delivery - Profitability and return on investment	- Webinars, Annual Dealer Meet - Sales calls - Relationship-building activities such as meets, events and engagements - Satisfaction survey	- Continuous contact visits - Dealer meets and satisfaction survey

Stakeholder groups	Importance	Key concerns	Mode of engagement	Frequency
 Consumers a) Trade-Individual home builders and contractors b) Institutional	Consumers are key stakeholders as they are direct users of our products. Their pain points and needs act as inputs to develop innovative products and unique service offerings of the brand Our institutional customers, through their project requirements, help us innovate to provide solutions for different applications, tailored to meet their specific needs	- Estimation of building cost - Assured quality - Selection of right cement category - Process of construction - Troubleshooting - Assured quality - Consistency in product - Regular supply and timely delivery - One-window solution for all cement and concrete needs - Testing if required	- Calls/visits by customer service engineers - Consumer meets and exhibitions - Mass media like TV and print to drive awareness - Website for giving information on products, service and advise - Digital and social media to advice on good construction practices - One-to-one sales calls - Technical after sales service - Key account management system	Regular customer visits; others based on needs and opportunities High frequency and regular
 Communities	Harmonious relationships with the communities where we have our assets are key to our social licence to operate. They are partners in our progress and are crucial to our operations	- Livelihood opportunities and income generation - Quality education - Preventive health and sanitation - Community environment - Infrastructure development	- CSR interventions and volunteering - Stakeholder engagement surveys and community advisory panels and meetings - Social audits	Programme-based and regular
 Investors	As providers of capital, they are key stakeholders in our growth and expansion plans	- Information on Company's performance - Company's financial health, growth and performance - Dividend payments	- Investor calls, conference and meets - Annual General Meetings - Stakeholders' Relationship Committee to addresses grievances of investor and shareholders - Email ID and toll-free number for investors	Quarterly/ annually/ as and when required
 Waste generators	Help in reducing the environmental impact of our operations and products, minimising our ecological footprint and in turn, decreasing our operational cost	- 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	We develop constructive relationships with policymakers and regulators. We respond and engage with the government during public consultations on issues that are relevant to our business	- Issues faced by the Company/ industry - Need for policy intervention	- Sharing best practices and benchmarks - Participating in regional and national events/ conclaves of industry bodies - Participating in regular meetings of various committees	As and when required and organised
 Government/regulators/ local authorities	Key for ensuring compliance, interpretation of regulations and key to uninterrupted operations, policy matters, changes in law, rules and regulations, as part of ease of doing business	- 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
 Media	Improving the understanding of industry's positive impact on sustainability and climate change and the drivers for further development	Transparent disclosure and information sharing	- Press releases - Publishing articles and news - Meetings and interviews	As and when required

Holistic view of aspects impacting our business

As a responsible corporate citizen, we place utmost importance on constantly improving our understanding of issues that are material to our stakeholders, based on continuous engagement.

Our material issues inform our strategy development, reporting approach, governance and strategy development.

During 2020, we did not undertake a new materiality assessment thus material issues, presented here are same as our last assessment which we did in 2018. We plan to do our next materiality assessment in 2021-2022. The material issues presented here are aligned to the aspects recognised by the Sustainability Development 2030 (SD 2030) Plan. Boundaries for each material topic are also mentioned within the materiality 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

- M23

M1

M7

M5

M15

M12
- M26

M6

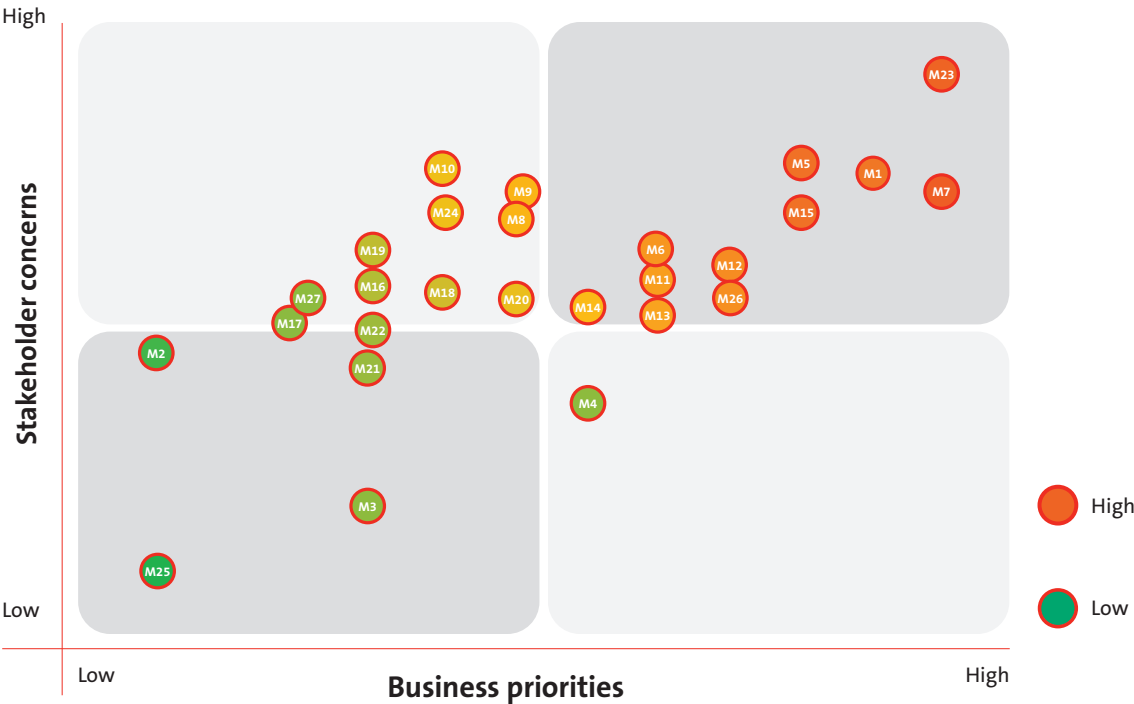
M11

M13

M14



Materiality Matrix



INTERNAL

- M8

Research and Product Innovation
- M10

Code of Conduct and Business Ethics
- M15

Energy
- M21

Attraction/Development/Talent Retention
- M22

Employee Training and Development

INTERNAL AND EXTERNAL

- M1

Economic Performance
- M2

Indirect Economic Impacts
- M3

Land Acquisition for Mines and New Projects
- M4

Supply Chain Management
- M5

Customer Relationship Management
- M6

Corporate Governance
- M9

Sustainable Construction
- M11

Risk Management
- M12

Climate Change*
- M13

Circular Economy
- M14

Biodiversity
- M16

Water Management
- M17

Effluent and Waste Management
- M18

Air Emissions
- M20

Employment and Labour Practices

EXTERNAL

- M7

Regulatory Compliance
- M19

Transport and Logistics
- M23

Health and Safety
- M24

Human Rights
- M25

Public Policy and Advocacy
- M26

Community Development
- M27

Grievance Management

*Climate Change and Global Warming has been renamed as Global Warming

Progressing on the long-term roadmap

Our strategy aims to deliver strong returns to shareholders, best-in-class and sustainable products to customers and create shared value for our communities and employees. Our business model is attuned to our strategic priorities of expanding and upgrading capacity, enhancing profitability, reimagining consumer value proposition and embedding ESG principles across operations.

STRATEGIC FOCUS AREA (SFA)	PROGRESS MADE DURING THE YEAR	KPIs	GOALS FOR 2021	CAPITALS IMPACTED	CRITICAL MATERIAL ISSUES
S1 Expanding and upgrading capacities	- Upgraded existing facilities with contemporary technology and new processes - Commissioned new 1.4 MTPA cement grinding unit at Sindri in Jharkhand	- Capacity increase (MT) - Cost of expansion - Average capital utilisation	- Leverage capacity to further value creation and to meet growing customer demand - Execution of Ametha and associated grinding units	   	M23 M1 M5 M15 Read our detailed coverage on our expansion efforts on Page 21
S2 Enhancing profitability	- Under Project Parvat, undertook several cost-saving projects like renegotiation of warehouse rents, increased direct dispatches of sales, and renegotiated fuel/freight mix - Investment in efficiency initiatives such as Waste Heat Recovery Plants (WHRPs) at Jamul and Kymore - Ensured healthy cash flows through rigorous working capital management	- Earnings Before Interest and Taxes (EBIT) - Free Cash Flow (FCF) - RoCE - Cost measures	- Improve operational efficiency of manufacturing and logistics network - Focus on growing the premium product portfolio and value added services (VAS) to achieve better margins - Focus on profitable markets and segments	   	M1 M15 Read our detailed coverage on cost efficiencies on Page 22
S3 Reimagining our business proposition	- Engaged with employees across levels by sharpening our approach to digital learning and through various engagement programmes - Continued focus on talent identification and succession planning - Embracing innovation and sustainability - ACC RMX introduced new low carbon range of concrete: ECOPact – the green concrete for high-performing, sustainable and circular construction	- Digital learning adoption rate - Growth of ready mix concrete – value added products and services - Growth of low carbon and sustainable product portfolio	- Continued focus on performance management and people development to create a future ready organisation - Focus on new product development to drive growth - Drive logistics excellence to achieve greater efficiencies - Enhance our brand equity	   	M5 M12 Read our detailed coverage on innovation and new product launches on Page 50
S4 Embedding ESG principles across our areas of operations	- Committed to ESG actions and on track to achieve SD 2030 plan - Improved performance on climate, water and other emissions - Healthy progress made on decarbonisation roadmap - Increase in share of blended cement	- Percentage of sales from green products and solutions - Specific CO₂ emissions intensity - Percentage of operations powered by renewable WHRS - Waste derived resources used - Thermal Substitution Rate (TSR) - Freshwater withdrawal - CSR spend, beneficiaries and impact - Percentage of Independent Directors on the Board	- Continue to build our sustainable product portfolio - Improve our ESG rating/ranking and enhance reputation - Promote strong ethical, environmental and corporate social responsibility principles - Continue our efforts towards achieving SD 2030 Plan	   	M5 M15 M13 M15 M26 M6 M11 M14 Read our detailed coverage on sustainability and ESG performance on Page 40, 54 and 34

Good governance in letter and spirit

With a decision-making process based on decentralisation, empowerment and meritocracy, we remain custodians of a strong stakeholder stewardship. Our governance practices are representative of this, mirroring our commitment towards the greater good.

Good governance, comprehensive risk management and operational excellence are integral to our business and sustainability. We have an active, experienced and a well-informed Board. The ACC Governance framework enables the Board and its Committees to deliver on strategy, risk management and long-term value creation. The Executive Committee and management is responsible for delivering in terms of business performance ensuring transparency, fair play and independent decision-making.



ACC's first Board meeting on August 1, 1936 at Esplanade House, Fort, Mumbai

Our core principles of governance



Trusteeship



Strategic oversight



Sustainability



Reinforcing a risk culture



Accountability



Compliance with laws and regulations

COMMITMENT TO ETHICAL AND EFFECTIVE GOVERNANCE

The Board is dedicated to good governance and international best practices. It is committed to ensuring a decisive attitude from the top that requires a commitment from all Directors and employees to the values of integrity, transparency and continuous oversight of the Company's performance.

We conduct our business with the highest standards of business ethics. We have an obligation to our business partners, employees, investors, and other stakeholders to be honest, fair, and sincere in all our business activities. EthicalView Reporting Policy ('EVRP') is the vigil mechanism we have instituted to report concerns about unethical behaviour, in compliance with the requirements of the Companies Act, 2013 and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. A dedicated 'ACC Ethics Helpline' has been set up which is managed by an independent professional organisation. You can access the details of the EthicalView Reporting Policy here www.acclimited.com/sh/ERP.pdf

ACC BUSINESS RESILIENCE TEAM

We constituted a Business Resilience Team ('BRT') in early March 2020 to address the COVID-19 challenges, comprising experts from Human Resources, Health & Safety, Communications, Operations, Procurement, IT, Legal, and Security to provide guidance, advice, monitoring and reporting on the preparedness of our India operations. Our response was prepared using a four alert level Trigger Action Response Plan (TARP), with specific actions at each alert level. The team works closely with the BRT at LafargeHolcim.

BOARD'S COMMITMENT TO ESG

Our Board has integrated ESG considerations into the policies and principles that govern our business.

These include:

- Having robust governance systems, risk management and controls
- Serving our customers remarkably and transparently
- Investing in our employees and nurturing a diverse and inclusive work environment

- Strengthening the communities in which we live and work
- Expanding sustainable solutions for our customers and within our operations

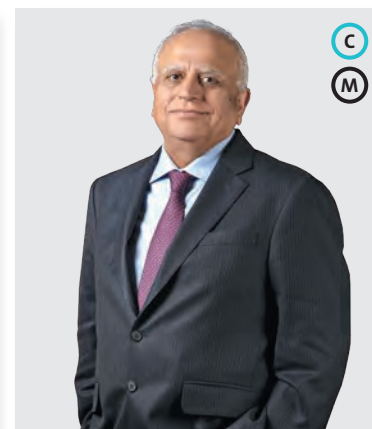
INTERNAL CONTROL FRAMEWORK

Our internal control framework covers financial, operational, compliance and information technology controls, as well as risk management policies and systems. The system diligently records all transaction details towards ensuring regulatory compliance. Our robust risk management processes embedded within the business enable us to identify, evaluate, record, and monitor significant risks.

ACCOUNTABILITY AND TRANSPARENCY

Our Board is committed to transparency and the highest levels of accountability with regard to disclosures and compliance, through internal and/or external assurance and governance procedures.

BOARD OF DIRECTORS

**Mr N S Sekhsaria**Non-Executive and
Non-Independent Director**Qualifications:** Bachelors Degree
in Chemical Engineering from
University of Mumbai (erstwhile
Bombay)**Mr Jan Jenisch**Non-Executive and
Non-Independent Director**Qualifications:** Bachelors Degree
from University of Fribourg and an
MBA degree**Mr Martin Kriegner**Non-Executive and
Non-Independent Director**Qualifications:** Graduate from Vienna
University with Doctorate in Law and
MBA from University of Economics
in Vienna**Mr Sridhar Balakrishnan**Managing Director and
Chief Executive Officer**Qualifications:** Engineering graduate
from Institute of Technology, Varanasi
and Diploma in Business Management
from XLRI, Jamshedpur**Mr Neeraj Akhoury**Non-Executive and
Non-Independent Director**Qualifications:** Bachelors Degree in
Economics and MBA from University
of Liverpool, General Management
from XLRI, Jamshedpur and alumni of
Harvard Business School (GMP)**Ms Falguni Nayar**Non-Executive and
Independent Director**Qualifications:** Graduate from
Sydenham College of Commerce
and Economics; postgraduate from
Indian Institute of Management,
Ahmedabad**Mr Vinayak Chatterjee**Non-Executive and
Independent Director**Qualifications:** Economics (Hons)
from St. Stephen's College, Delhi
University and an alumni of
Indian Institute of Management,
Ahmedabad**Mr Shailesh Haribhakti**Non-Executive and
Independent Director**Qualifications:** Chartered
Accountant, Cost Accountant,
Certified Internal Auditor, Financial
Planner and Fraud Examiner**Mr S K Roongta**Non-Executive and
Independent Director**Qualifications:** Bachelor of
Engineering from the Birla Institute of
Technology & Science (BITS), Pilani and
PG Diploma in Business Management-
International Trade from IIFT, New
Delhi, Fellow member of All India
Management Association (AIMA)**Mr Damodarannair Sundaram**Non-Executive and
Independent Director**Qualifications:** Postgraduate in
Management Studies (MMS), Fellow,
Institute of Cost Accountants,
Harvard Business School's Advanced
Management Programme**Mr Sunil Mehta**Non-Executive and
Independent Director**Qualifications:** Graduate from Shri
Ram College of Commerce, Delhi
University, Fellow Member of the
Institute of Chartered Accountants
of India, Alumni of the Wharton
School of Management, University
of Pennsylvania**Mr M. R. Kumar**Non-Executive and
Non-Independent Director**Qualifications:** Bachelor
of Science, Licentiate

○ Audit Committee

C Committee Chairperson

○ Stakeholders' Relationship
Committee

M Committee Member

○ Nomination & Remuneration
Committee (N&RC)○ Corporate Social Responsibility
& Sustainability Committee
(CSR & Sustainability)

○ Risk Management Committee

○ Compliance Committee

LEADERSHIP

Role of the Board

The Board is responsible for the adoption and implementation of strategic plans, monitoring of operational performance and development of appropriate and effective risk management policies and processes. The Board stewards our efforts to deliver sustainable value to our key stakeholders, and encourages a culture of risk awareness, openness and debate.

Board committees

The Board has delegated its authority to various Board committees with the mandate to deal with governance issues and report to the Board on their activities on a quarterly basis. Each committee operates under terms of reference/Charter which set out their respective roles and responsibilities, composition and scope of authority. The following are the Board Committees:

- Audit Committee
- Nomination & Remuneration Committee (N&RC)
- Risk Management Committee
- Corporate Social Responsibility & Sustainability Committee (CSR & Sustainability)
- Stakeholders' Relationship Committee
- Compliance Committee

Skills and experience

ACC's Board brings together a wealth of knowledge, perspectives, professionalism, diverse thinking and experience. Our Board members have a deep understanding of governance, technical, financial and non-financial issues.

Independence

Our Board currently comprises six (6) Independent Directors, bringing further objectivity and diverse mindsets to the boardroom.

Board balance chart



- Non-Executive and Independent Directors – 6 (including woman Director)
- Other Non-Executive Directors – 5
- Executive Director – 1

Skill, knowledge and experience

The core skills/expertise/competence possessed by the existing Directors are detailed as under:

➤ For Core Expertise of the Directors, please refer to the Report on Corporate Governance page 126

Areas of expertise/number of Board members

Governance Risk & Compliance (GRC)

12

Finance & Internal Controls

12

Strategy, Business & General Management

11

Talent & People Management

11

ESG & Sustainability

10

Sales & Marketing

8

Supply Chain & Logistics

7

Infrastructure

4

How the Board spent its time in 2020 (%)



- Governance – 35
- Financial overview and internal controls – 29
- ESG and stakeholder management – 8
- IT and innovation – 3
- Strategy and operations – 15
- Risk management – 10

EXECUTIVE COMMITTEE



Mr Sridhar Balakrishnan
Managing Director and Chief Executive Officer



Mr Yatin Malhotra
Chief Financial Officer



Mr Bhogendra Mishra
Head of Human Resources



Mr Ashish Prasad
Chief Marketing Officer & Strategic Initiatives - India



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



Mr Kiran Patil
Chief Manufacturing Officer



Mr Suresh Rathi
Chief Supply Chain Officer and Head – Fuel, Raw Materials & Inbound Logistics



Mr Rajiv Choubey
Chief Legal Officer and Company Secretary



Mr Deepak Mehra
Chief Commercial Officer



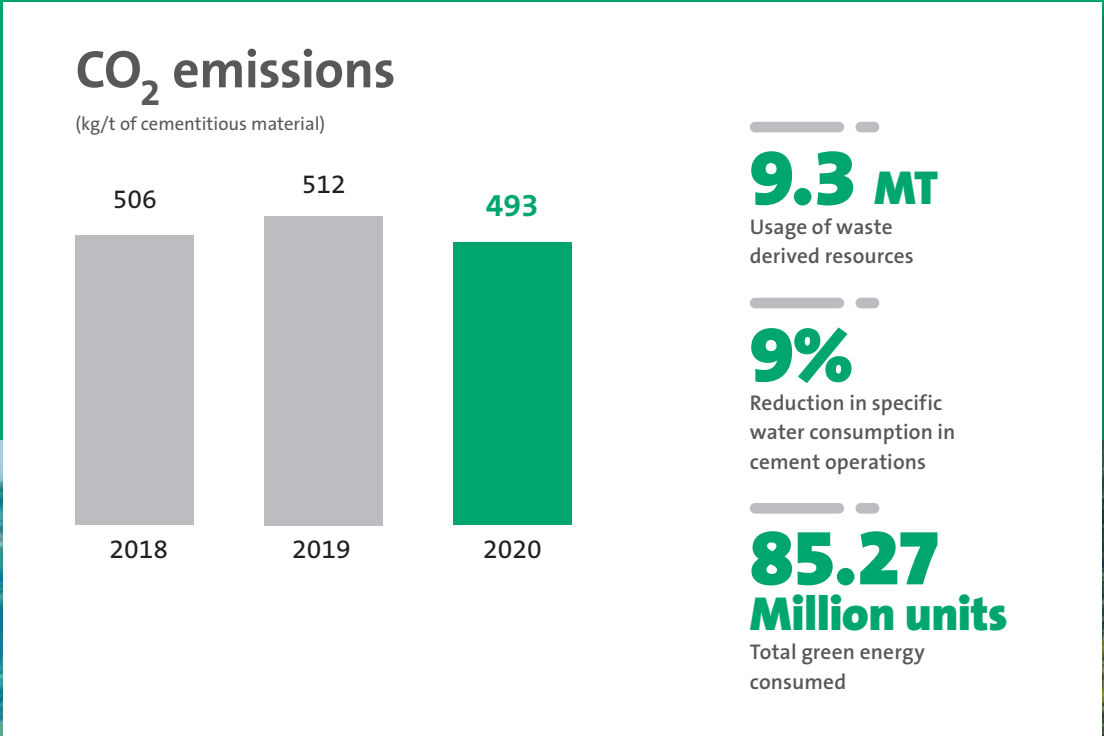
Mr Rajeev Mehta
Chief Logistics Officer



Mr Manoj Chhura
Chief Procurement Officer

SUSTAINABILITY, A COMMITMENT

At ACC, being a responsible and sustainable company forms the foundation of our business. We are committed to make a tangible difference in the areas of carbon footprint reduction, circular economy, protection of natural resources, and enabling progress and welfare of our communities.



Note: From 2020, we have been reporting the specific CO₂ emissions in kg/t of cementitious material (instead of kg/t of cement).



Our approach to sustainability

We are constantly incorporating best practices to achieve our sustainability goals and targets.

Our SD 2030 Plan focuses on four priority areas, namely Climate and Energy, Circular Economy, Environment, and People and Community. Of these, we have earmarked Climate and Energy, Circular Economy and Environment for action aimed at preservation of natural capital and minimisation of negative impact on the same.

Climate and energy

Climate change is among the most pressing issues facing humanity, with all nations being urged to meet the goals of UN SDG 13 Climate Action. As a leading building materials company, we are committed to meeting the rising demands for sustainable cities, while conforming to a low-carbon circular economy. While ACC has already committed to the Science Based Targets initiative (SBTi), we are also gearing up to follow in the footsteps of our parent LafargeHolcim, which has signed the net-zero pledge with SBTi.



STRATEGIC FOCUS AREAS

S3 S4

MATERIAL ISSUES ADDRESSED

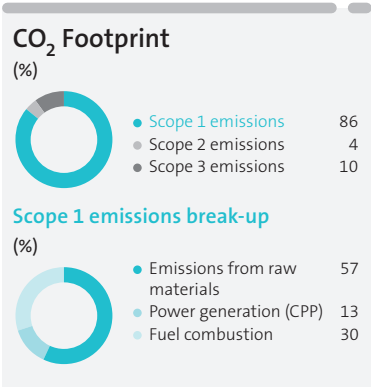
M7 M26

SDGs IMPACTED



REDUCTION OF CO₂ EMISSIONS

ACC's SD 2030 Plan, aligning with that of LafargeHolcim, has adopted ambitious targets for reduction of specific CO₂ emissions to 400 kg/t of cementitious material*. We reduced our specific CO₂ emissions to 493 kg/t of cementitious material in 2020, from 512 kg/t of cementitious material in 2019.



Initiatives

Reducing clinker factor

We continued to reduce average clinker factor across the full range of our cement portfolio. During the year, we increased the blended cement portfolio from 89% to 90%. All these initiatives helped in significant reduction of average clinker factor by 1.37%.

1.37%

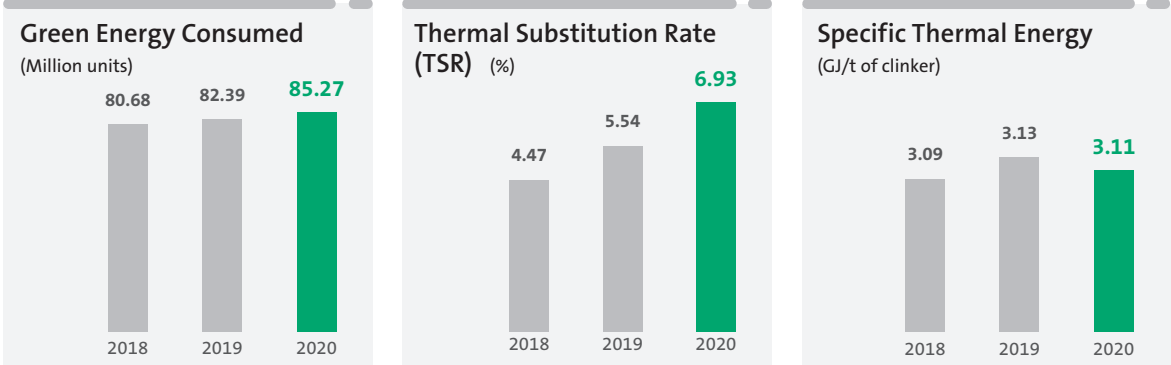
Reduction of average clinker factor in 2020

Thermal energy

We continue to reduce our thermal energy consumption through a range of ongoing conservation projects, process optimisations and by improving Thermal Substitution Rate (TSR). During the year, we reduced our thermal energy consumption to 742 kcal/kg of clinker from 748 kcal/kg of clinker in 2019. This was despite the disruption across manufacturing processes due to the pandemic.

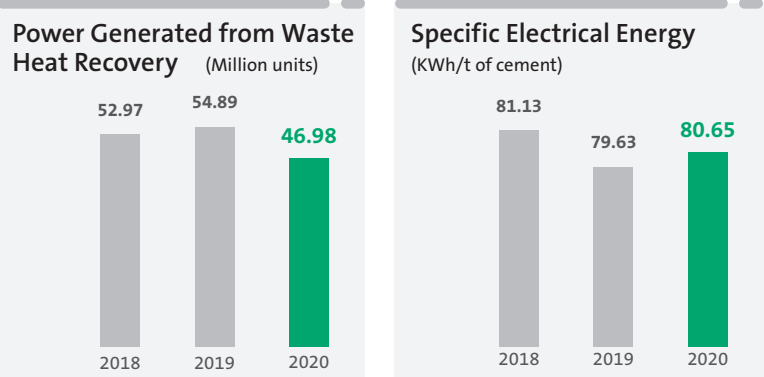
Green energy and power generation through WHRS

With an objective to further enhance our renewable energy portfolio, we have installed two solar power plants comprising 5.35 MWp solar photovoltaic plant at Jamul Cement Works, Chhattisgarh and 380 kWp at Kymore, Madhya Pradesh. These two plants have together generated 2.37 Million units in 2020. Thus, we continued to increase our consumption of green energy during 2020, touching 85.27 Million units in all.



Challenges

Power generated from waste heat recovery decreased by ~14% due to reduced operation of kilns owing to COVID-19. There was a marginal increase in specific electrical energy because of the fluctuations in operations during the pandemic.



Case Study Energy conservation efforts at Bargarh

ACC Bargarh has undertaken various technology-driven measures towards improving its performance on sustainability, such as:

- Replaced preheater, bughouse and cooler ESP fans, with new efficient fans
- Installed Variable Frequency Drives (VFD) in coal mill dedusting bag filter, CF silo bag filter, packing house silo top bag filter and cement mill dedusting bag filter fans
- Replaced old cooler with new kiln cooler to improve thermal and electrical energy and kiln output

Cautious of depleting raw materials and to ensure sustainable growth, the plant is utilising 30% medium grade limestone, red mud waste from aluminium industry, slag from steel industry, fly ash from power plant (after 100% utilisation of our own Captive Power Plant (CPP) generated fly ash and bed ash).

*Note: From 2020, we have been reporting the specific CO₂ emissions in kg/t of cementitious material (instead of kg/t of cement).

Circular economy

Producing lower-carbon cement and concrete is not only about using new technologies; it is also about making proven technologies more effective. We are working to enhance the reuse of waste materials from other sectors to increase our contribution to circular economy.

BLENDED CEMENT

Around 90% of our product portfolio comprises blended cements (PPC, PSC and Composite cements) which use fly ash and slag to replace clinker. Also, we have modified the process of manufacturing PPC by using wet fly ash (pond ash), which is usually dumped and remains unutilised.

During the year, we consumed 5.33 MT of fly ash and 2.82 MT of slag, 0.4 MT synthetic gypsum, including phosphogypsum and 0.57 MT of alternative fuels and raw materials in cement manufacturing. Additionally, 0.16 MT of waste derived resources comprising fly ash, slag and so on were consumed in concrete production.

ALTERNATIVE FUELS AND RAW MATERIALS

We use advanced technology to provide eco-friendly solutions for waste management, which also helps in substituting traditional raw materials and fossil fuels.



Going plastic neutral with Geocycle

According to World Wildlife Fund report, plastic pollution worldwide will double by 2030. With the alarming numbers, government bodies are becoming cautious and are emphasising on 'Plastic Neutrality' by making the producers compliant and responsible for their products and packaging.

Geocycle, a global waste management brand of LafargeHolcim Group is a leading provider of industrial, agricultural, municipal and plastic waste management services worldwide.

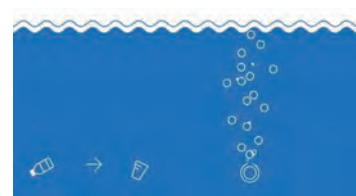
Co-processing and innovative technologies for plastic waste management

Co-processing is a globally recognised technology through which waste is treated in energy intensive industries such as cement. Co-processing is positioned as a recovery solution and the preferred technology for achieving sustainability in waste management with zero residue providing the end-to-end solution.

99,517

Tonnes

Plastic waste/Refuse Derived Fuel (RDF) co-processed at cement plants



Geocycle Bubble Barrier Technology

The Geocycle Bubble Barrier concept, derived from bubble curtain technology, is a non-invasive solution to stop plastic from entering oceans. The bubble screen is created by pumping air through a tube with holes, located at the bottom of the waterway. The upward flow of the bubble barrier brings waste to the surface of the water.

The natural current is used to guide the plastic on the riverside making it accessible for collection and removal. In this process, ships and fish can pass through but plastics will be stopped. Geocycle has partnered with Canadian Pond to implement the 'bubble curtain' technology.



Case Study Freeing Agra from plastic

Using the first-of-its-kind 'Geocycle Bubble Barrier' concept, Geocycle India launched the 'Plastic Free Agra' Mission in Agra city, Uttar Pradesh. This project was conducted under the aegis of the United Nations Environment Programme (UNEP) in line with its initiative of 'Air Pollution Control Plan of Agra'. The project involved collecting non-recycled plastic waste from the drain (near Taj Mahal) leading to Yamuna river.

The plastic waste thus collected was segregated into recyclable and non-recyclable waste. Further, the non-recyclable plastic waste was transported and co-processed at one of our cement manufacturing plants. Additionally, the project was also traced through a digital platform to ensure zero leakage of the plastic waste throughout the disposal process.

IMPROVING WASTE MANAGEMENT

While our industry does not generate any process-related waste, there are ancillary activities like maintenance, housekeeping and so on, which generate waste materials like oil-soaked cotton waste, steel scrap, used oil, used filter bags, electrical waste such as used bulbs, batteries and others. We mostly adopt a 3R (Reduce, Reuse and Recycle) approach for managing our waste, wherever practically possible.

We are dedicated to complying with all regulations concerning the safe and responsible management of waste materials. Waste, including waste oil and grease, electrical, electronic waste and steel scrap, is sold to the authorised recyclers. For hazardous waste, the relevant returns are filed with the respective regulatory authorities from time to time.

9.3 MT

Waste-derived resources consumed in 2020

(as compared to 9.90 MT* in 2019)

Case Study A greener, cleaner Kerala

Kerala is well-known for its natural beauty, spices, wildlife and scenic landscapes, making it a major tourist destination in India. However, with significant increase in industrial and commercial centres, there has been a noteworthy rise in plastic waste, e-waste, construction sector waste and household waste. The Government of Kerala launched the Haritha Keralam (Green Kerala), an umbrella mission to integrate waste management, organic farming, and water resources management.

Geocycle India signed an MoU with Clean Kerala Company for disposal of non-recyclable plastic waste.

Geocycle's impact and benefits

- Helping the Clean Kerala Company and the government achieve zero waste to landfill using a sustainable way of waste disposal at ACC's cement plants
- Aiding the customer in finding solutions for the complexities and problems involved in waste management
- With its world-class facilities providing end-to-end service,

Geocycle also saves a huge investment from being borne by the government for setting up waste treatment plants

- Conducted workshops for creating awareness on safe and scientific waste disposal methods. Additionally, educating and promoting household waste segregation

100+

Resource Recovery Centres (RRCs) across the state

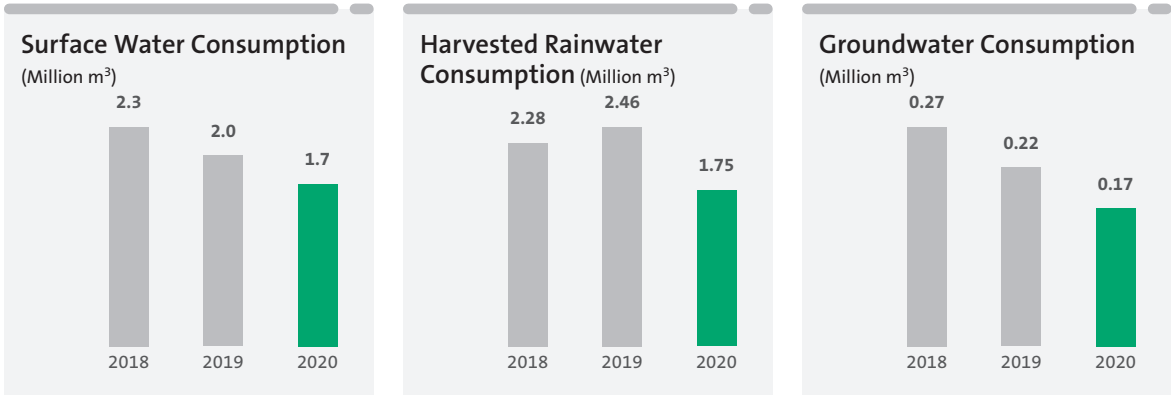
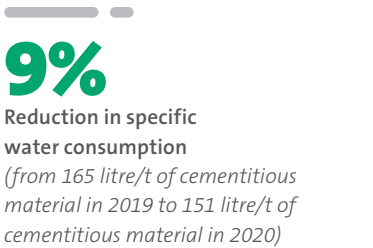
*Note: Last year, the reported figure was 12.47 MT which included Crushed Rock Fines but this year onwards it is excluded.

Environment

PROTECTING WATER RESOURCES

Freshwater is critical for sustaining healthy communities and natural ecosystems. During the year, we continued our efforts to conserve water and improve our water harvesting capacities. We comply with stringent environmental regulations to ensure that our activities, in particular raw material quarrying, do not endanger local water bodies and groundwater. During the year, various efforts were made for strengthening water

conservation and harvesting to closely monitor water consumption, augmenting water harvesting structures in communities and optimising processes. While specific freshwater consumption in cement operations remained almost the same as in 2019 with 77.8 litre/t of cementitious material, we consumed ~1.75 Million m³ of harvested rainwater in our cement operations, which is ~50% of the total water consumption.



Case Study
Stepping up rainwater harvesting

Jamul Cement Works decided to develop rainwater harvesting structures in nearby village schools to help conserve water to solve acute water crisis faced by the community. While it rains heavily in the area during the monsoon, the communities are unable to store the runoff water. Also, school premises witness heavy waterlogging during monsoons. Thus, a solution was devised to help address both the issues at once.

The plant installed three rainwater harvesting structures at Government Primary School, Pathariya and Government Primary School Nandini Khundini, which solved the problem. This initiative conveyed an important message to the students and community members about the conservation of a precious resource in a cost-effective manner.

ENHANCING BIODIVERSITY

During the year, we continued our efforts to conserve nature and preserve biodiversity. Our initiatives focused on the conservation of particular floral/faunal group at some plant locations under the ‘B-Buzz’ project. As part of the B-Buzz programme, while one unit worked towards improving avian biodiversity by creating a fruit garden, two units developed a herbal garden – ‘Aushadi Udyan’ at their locations. Some of our sites have also initiated their ‘B-Buzz’ with a Butterfly Garden within their own premises.



Case Study
Adopting innovative plantation techniques

‘Van Upvan’ is an initiative under the B-Buzz programme, which focuses on creating a forest by adopting Miyawaki methodology. This is a Japanese afforestation technique that helps plants grow 10 times faster and ensures that the resulting plantation is 30 times denser than usual. In 2020, Chanda Cement Works tried Miyawaki plantation method in a small area of 300 sq m on a trial basis. Steps followed in this process included:

- Layout of land for plantations
- Preparing the soil
 - (i) Mulching the biomass solution over the plantation area
 - (ii) Mixing the perforator (rice husk) and water retainer
- Filing the soil on top of mixing materials
- Plantation of saplings
- Covering the plantation area with rice straw
- Monitoring the plantation

Similarly, Wadi Cement Works has also developed a small Miyawaki forest near the truck parking yard area. In 2019, the site planted 1,200+ plants (comprising 12 local species) over an area of 500 sq m. The small forest has grown to an approximate height of 12 feet by the end of 2020.



GREEN BUILDING CENTRES (GBCs)

During the year, we set up 43 new GBCs totalling 187 by the end of December 2020. GBCs have collectively helped utilise 70,740 tonnes of fly ash, conservation of 1,53,271 tonnes of the Earth’s natural topsoil and avoidance of 10,788 MT of CO₂ emission during the year.

31,477

Low cost housing projects facilitated through GBCs



EMISSIONS

We have a long and successful track record of meeting ambitious targets for reducing CO₂ emissions from our activities. We report on our CO₂ emissions in line with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development (WBCSD).

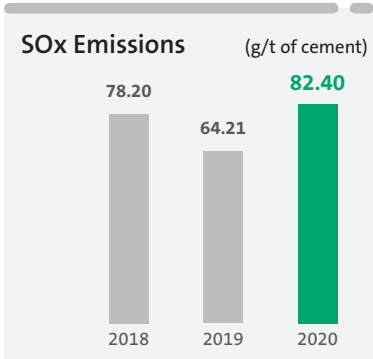
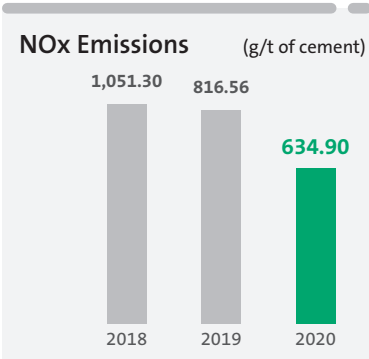
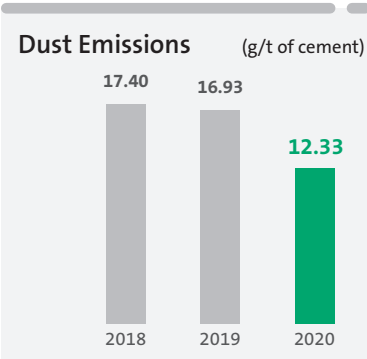
To control other air emissions, we invest in advanced technologies such as filter systems and ensure regular maintenance of equipment at our manufacturing operations.

Dust emission control: Various maintenance activities were undertaken through in-house and third-party teams for rectification of Electrostatic Precipitator (ESP) internals, replacement of damaged bags, etc. These resulted in ensuring stack dust emissions in cement plants was <30mg/Nm³.

NOx emission control: NOx emission compliance was ensured through primary and secondary measures for NOx control and

implementation of Systematic Non-Catalytic Reduction (SNCR) systems in integrated cement plants.

SOx emission control: SOx emissions are well within the specified regulatory limits. There is a significant increase in SOx emissions intensity in the year 2020 as compared to 2019. This is due to change in raw material quality and change in fuel at Chanda. Appropriate measures are being taken to keep SOx emission within regulatory limits.



PERFORMANCE AGAINST THE SD 2030 PLAN

SUSTAINABILITY PILLARS	CLIMATE AND ENERGY	CIRCULAR ECONOMY	ENVIRONMENT	PEOPLE AND COMMUNITY
Lead Metrics	CO ₂ emitted (kg/t cementitious material)	Waste re-used (Million tonnes)	Water Positivity Index (No. of times)	No. of new beneficiaries (Million new beneficiaries)
Objectives	Reduction of CO ₂ emissions	Enhanced reuse of waste derived resources	Creating a positive impact on environment	Creation of shared value
2020 Actual	493	9.3	1.1 [#]	0.4
2030 Target	400*	30	5	0.9

[#]Not externally verified.
*Note: From 2020, we have been reporting the specific CO₂ emissions in kg/t of cementitious material (instead of kg/t of cement).



CDP rating

During the year, we attained CDP – B rating which is the management band, indicating that a company is taking coordinated action on climate issues.

AWARDS

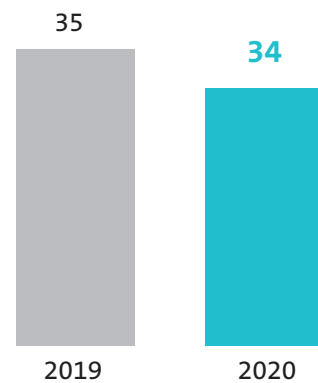
- ACC Bargarh team was adjudged Excellent Energy Efficient Unit during the 21st edition of the National Award for Excellence in Energy Management
- Won the Climate Action Programme (CAP) 2.0 Degrees – Oriented award in EMHM Sector for 2019-20, by the Confederation of Indian Industry (CII)

DELIVERING SOLUTIONS THROUGH INNOVATION

Our environment is evolving faster than ever before. Our ability to deliver sustainable and profitable growth hinges on our ability to pre-empt and act on the megatrends and deliver the right product to the consumer at the right time.

Sales from value added products

(₹ Crore)



6

New products launched

100%

Reduction in CO₂ emissions (ECOPact – the Green Concrete)



Our approach to innovation

Our building solutions enhance durability of constructions and are environmentally compliant. This is in line with our overall sustainability commitment. At a time when physical proximity to customers was a challenge, our digital presence facilitated constant engagement with customers to know their side of the story and enrich the solutions they need.

Unveiling possibilities

We have recently added several new products that have widened our portfolio of value added and eco-friendly varieties of cement and concrete for special and customised applications. These have received favourable market acceptance.



Case Study New-age solutions help attain higher quality standards

Our solutions are now an important part of several landmarks across India. Due to its ability to dissipate heat, ACC Thermofillcrete, our newly launched product, was the preferred solution for a greenfield airport, as normal concrete failed to dissipate the heat from the power conduits.

During the construction, underground high-tension electrical power conduits with 220 KW voltage had to be laid. The heat generation from the high-tension power cables and inability of the conduits to dissipate the heat, caused overheating of the cables, thereby reducing cable life. Additionally, replacing the non-operating cables by breaking the concrete structure laid above the power conduits was a cumbersome task. It was also difficult to replace the non-operative power cables by breaking concrete surface.

ACC Thermofillcrete led to efficient laying of underground power transmission cables and duct insulation. As it can dissipate heat, power conduits do not suffer any damage. The shallow trenches also help lower the cost associated with excavation, backfilling and compaction.

STRATEGIC FOCUS AREAS



MATERIAL ISSUES ADDRESSED



SDGs IMPACTED



Case Study Reaching out and deepening connect

The foundation for construction in areas with high-water table needs to be made carefully, so that the groundwater does not exert pressure on the foundation or cause dampness in future.

We have brought to the market ACC Suraksha NX Antiwashout Concrete, a high-performance anti-washout concrete, which enables customers to pour the concrete without worrying about the high-water table in their foundation. The innovative product mix maintains

the desired properties of concrete even when poured on surfaces with high-water content.

With the help of advanced R&D, ACC is developing an innovative range of ready mix concrete solutions to cater to the varied requirements of our customers. These solutions enjoy rapid setting time of ~2 hours. Therefore, these products are finding wide market acceptance. Innovative products like ACC Suraksha NX anti-washout concrete is helping us create a stronger brand equity in Tier-II cities.

ECOPact – Making a #PositiveImPACT



ECOPact The Green Concrete

The ready mix concrete division launched a new low carbon range of concrete: ECOPact – the Green Concrete for high-performing, sustainable and circular construction. With ECOPact, we are equipped to make a #PositiveImPACT on our community of builders and on every Eco-conscious home builder. The innovative manufacturing process of the ECOPact range reduces CO₂ emissions by up to 100% and further enhances our sustainable offerings for the construction industry.

Investing in digital capabilities

During the reporting period, we continued to invest in digital assets to step up the level of automation in our operations. Artificial Intelligence, big data, cloud, and systems integration are some of the new technology horizons that we are currently focusing on. During the year, we worked on the following:

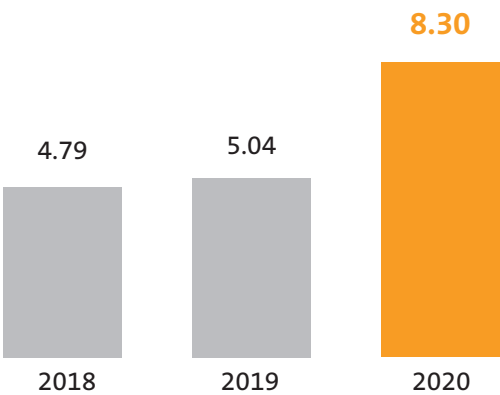
- 1 Strengthening online presence through websites, social media campaigns and other digital mediums
- 2 Introduced real-time journey visibility and tracking
- 3 Integrated dashboards and in-time data for key insights into our business
- 4 Improved workforce mobility through digital tools
- 5 Deployed smart assets with sensors, tracking devices and real-time communications both internally and for our customers
- 6 Enforced integrated planning and workforce management, which enabled optimisation and key efficiencies in the business for planning and scheduling to best meet demand



INCLUSIVITY, THROUGH GROWTH FOR ALL

Through our responsible business strategy, we foster wide-ranging transformation in ACC and the communities in which we operate. We closely collaborate with employees, partners, and stakeholders for shared value creation.

CSR beneficiaries
(Lakh)



6.83 Lakh

COVID-19 relief beneficiaries

7,87,233

Total Boots on Ground (BoG) hours conducted at manufacturing sites



Our approach to inclusivity

We aim to use our reach and influence to grow our positive impact. We are committed to creating inclusive, sustainable and empowering workplaces where employees can reach their potential. Our community initiatives are designed to enable community members to live a better and fulfilling life.



1. Corporate social responsibility

We aim to build more capable, inclusive and resilient communities through a shared approach that takes into cognisance the specific needs of each community. Our social strategy aligns with our core business strategy to empower communities and provide opportunities for us to create common value across our footprint.

ACC TRUST is the Corporate Social Responsibility (CSR) arm of ACC, committed to fuelling the development of communities around ACC's business presence. Its initiatives are focused on our key impact areas—DISHA (Sustainable Livelihood), VIDYA UTKARSH (Quality Education) and WASH (Water, Sanitation, Health & Hygiene).



STRATEGIC FOCUS AREAS



MATERIAL ISSUES ADDRESSED



SDGs IMPACTED



OUR CSR FOOTPRINT IN 2020

During the year, our community development projects touched more than 8.30 Lakh people, residing in 166 villages and 15 municipal areas in the vicinity of our plants. We undertook major interventions and projects to provide quality education, sustainable livelihood and WASH.



VIDYA UTKARSH (Quality Education)

34,801 Lives touched	186 Schools supported for quality education
65 Government schools equipped with e-learning systems	13,576 Children supported through Anganwadis

DISHA (Sustainable Livelihood)

14,304 Lives touched	1,737 Youth benefitted through employability-linked skill training
7,695 Women empowered through Self Help Groups (SHGs)	2 Farmer Producer Organisations (FPOs) made operational
₹4.52 Crore Savings and bank loan mobilised through SHGs	



Water, Sanitation, Health & Hygiene (WASH)

2.26 Lakh Lives touched	90 Water harvesting structures erected
29,293 People covered through safe drinking water projects	9 Villages supported for achieving Open Defecation Free (ODF) status
38,339 People reached through health camps	26,923 People benefitted through solid waste management projects
5,654 People combated HIV/AIDS through ART/STI centres	

KEY INITIATIVES

**‘POSHAN Abhiyaan’ to make India malnutrition free by 2022**

ACC TRUST has been playing an active role in ‘POSHAN Abhiyaan’, a flagship programme of the Government of India, to improve nutritional outcomes for children, pregnant women and lactating mothers and achieve the goal to make India malnutrition free by 2022. The TRUST is working closely on 14 Integrated Child Development Services (ICDS) projects around our

manufacturing units. Among the steps undertaken under the Malnutrition Eradication Project is closely working with government health workers to create Model Anganwadi Centres (Childcare Centres) around our plants, benefiting ~30,000 children (under six years), adolescent girls and pregnant and lactating women.

13,576

Children benefitted through Anganwadi centres

**Water positivity**

Foreseeing the risk of water scarcity in the communities, ACC TRUST designed a programme Low External Inputs for Sustainable Agriculture (LEISA) and Sanrakshit Paryavaran. These programmes include interventions towards water conservation and also stress on the importance of water management. In partnership with community members, the government’s irrigation department and civil society organisations,

ACC TRUST took several steps to ensure that lives and livelihoods in surrounding communities flourish. In 2020, ACC TRUST undertook various projects such as construction of check dams, renovation and pond desiltation activities.

90

Rainwater harvesting structures created

Case Study

Rehabilitating and empowering vulnerable rural women

Amid the challenges posed by the pandemic, ACC TRUST Chaibasa (Jharkhand) and ACC TRUST Madukkarai (Tamil Nadu) swiftly sprang into action and rescued a group of 24 women stranded in Coimbatore. These women were victims of human trafficking and faced unfair labour practices.

Approached by the state’s COVID-19 Response Team and Department of Labour, Employment & Training, ACC TRUST Chaibasa swiftly coordinated and made arrangements to airlift these women from Coimbatore and bring them home safely.

In association with NGOs PHIA and ASRA, our team initiated counselling and provided psychological support to these women. The women will now be trained in livelihood skills at ACC TRUST DISHA centre.

Upon safe arrival of the rescued women, Deputy Commissioner West Singhbhum, Mr Arwa Raj Kamal appreciated the support received from ACC at a press conference which was also attended by ACC Chaibasa Director Plant, Mr Raj Gurung and Mr Lalit Biswal, CSR co-ordinator, ACC TRUST Chaibasa.

PUTTING UP AN AGILE COVID RESPONSE

At ACC, we stepped up our efforts to protect and support communities in the wake of the sudden outbreak of the pandemic. Across large parts of the country, we focused on multiple initiatives: from distributing food and provisions, to disinfecting rural areas; from facilitating the production of cotton masks to educating people on the need for social distancing, washing hands and maintaining respiratory hygiene.

**Safeguarding frontline workers**

As the outbreak continued to intensify, India faced an acute dearth of face masks. ACC TRUST engaged its associate SHGs across its countrywide network to produce cotton masks.

4,00,000

Cotton masks produced and distributed

Offering support to migrant workers

Lives and livelihoods of migrant workers living away from their families, were severely impacted as India imposed one of the most stringent lockdowns in the world. ACC provided fuel wood to brick kiln labourers stuck in Medersara village in Chhattisgarh and collaborated with the local gram panchayat to make food arrangements for these labourers.

**Aiding vulnerable communities**

The nationwide lockdown on account of COVID-19 and absence of daily wages badly affected workers at Wadi in Karnataka’s Gulbarga district, forcing them to take shelter in public areas having insufficient basic facilities. During the quarantine period, our volunteers provided food and provisions as well as basic necessities.

2,81,000

Packets of cooked food distributed

30,000

Packets of foodgrains distributed





Supporting communities in trouble

ACC and Ambuja Cements together contributed ₹3.30 Crore to three NGOs - Goonj, Praja Foundation and Mumbai Roti Bank, to support daily wage earners and migrant labourers trapped due to the lockdown, with food and ration kits. Our volunteers also distributed food and provisions to such migrants in areas near our operations.

Expanding sanitisation drive

The COVID-19 induced lockdown disturbed lives in many villages of India. This also included the largest village of Himachal Pradesh-Dehlan-with a population of over 13,000 inhabitants. ACC TRUST tied up with the local village authorities of Dehlan to sanitise the entire village comprising ~250 households.

4,45,000

People benefited through sanitisation drives



Creating social-distancing awareness

At Khushberiya and Simatand villages in Sindri, Jharkhand, our volunteers used microphones to educate people about COVID-19 and social distancing.

4,59,000

People educated about social distancing



Case Study Doorstep rural banking during the lockdown

Dungri Gram Panchayat is one of the remotest areas of Bargarh district (Odisha). There is a single bank named Utkal Gramya Bank, which caters banking services to 10,000 people. The nearest SBI branch is at Ambabhona Block headquarter, 20 kms from Dungri village.

During September 2019, kiosk banking service was initiated by Pratigya Trust, a registered body for a women federation, supported by ACC TRUST.

During the lockdown, volunteers like Smt Sulekha Nair, from Pratigya Trust, were trained on the operating procedure of POS. Sulekha started providing banking services to Dungri, Sauntamal and Badmal villages benefiting ~5,500 households.

Sulekha Nair and her co-workers are unsung warriors whose relentless efforts made rural banking services possible during the lockdown and offered support to thousands of villagers.

~5,500

Households benefitted through banking services

AWARDS

- ACC's 'Together For Communities' initiative won a Bronze trophy in the Social Responsibility Communication category at the 59th Association of Business Communicators of India Annual Awards

2. Human resources



At ACC, we offer our teams a defined talent value proposition to enrich and fulfil their aspirations so that they can realise their true potential to ‘make a difference’.

DIVERSITY AND INCLUSION
Our values underpin our commitment to be an equal opportunity employer that ensures respect, dignity, fairness and human rights for all our members. ACC is committed to:

- Creating and sustaining a diverse and inclusive workplace with zero tolerance for any form of discrimination/harassment

- Ensuring there is no bias and all members have equal access to information and opportunity
- Accepting and appreciating diverse points of view/new ideas/unpopular opinions leading to enhanced creativity, innovation and high performance

PEOPLE STRATEGY IS CRITICAL
Our people matter to us. We empower them and they empower the business. We are always learning, and this process helps our teams to deliver better, faster and accelerate their professional development.

The team worked on a few employee learning engagement levers to help employees stay anchored to learning during the pandemic.

Building a common cause and purpose for learning during the pandemic: The Business Resilience Team (BRT) was constituted to direct, guide and monitor the organisation during the pandemic with regard to employee well-being, health and safety. It was with the BRT inputs that the ACC-Ambuja Leadership Academy (AALA) started some of its first outreach programmes to establish a meaningful connect with the employees.

Building internal championship, volunteership and encouraging internal experts: AALA partnered with over 200 internal experts to build various large business sessions. During the year, 94% of the programmes conducted were created in-house.

An inclusive approach to learning: AALA took a step further during the lockdown by opening 90% of its large webinar sessions to employees across the organisation. Employees across different levels, functions and locations could register for a topic of their choice. Senior leaders, team leaders and individual contributors could participate in the learning programmes. The topics and the themes drove the audience – not their designation.

Learning format: One of the key drivers of success was the simple and intuitive approach that the team called the Learning Model or Learning Format. This model proved to be critical for effective employee engagement through learning during the lockdown.

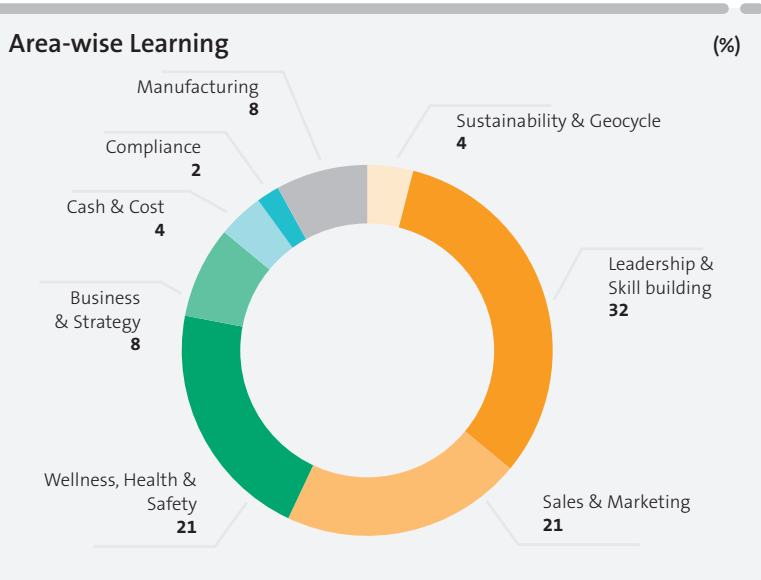
AALA leveraged technology and crafted its bespoke programmes in the following three formats:

1. Large instructor-led virtual webinars – master classes mostly open to all levels, across the organisation
2. Smaller virtual instructor-led sessions and programmes tailored to the needs of a specific team
3. Programmes that supported key organisational development initiatives (successor development/creating culture of safety, and more)

E-learning modules: Videos were also used to complement training done through the above three formats. The entire learning format was housed on Super Assisted Intelligent Learning (SAIL), the in-house LXP platform.

When AALA introduced SAIL – a learning experience platform in 2019, it gave the Learning and Development (L&D) team a lot of insights into individual-driven learning. The team learnt that technology had to adapt to the learner and not the other way around, paving the way for the utilisation of SAIL during the pandemic.

The AALA learning experience platform was unique in a way that it could be owned by every function, department and team. Teams could also have their own coaches through the platform with whom they connect.



AALA used SAIL to complement all the earlier-mentioned formats of learning in the following manner:

- To accommodate pre-work and assessments for certification programmes
- As a repository for keeping all recorded webinars and presentations of the master classes, so that employees can use them at a later date
- To house company-created modules on COVID safety, office productivity, road safety – defensive driving, as there was a probability of increased road accidents post lockdown

Different strokes for different folks: Other learning engagement initiatives

In addition to hosting various learning options, AALA also provided other learning-oriented services:

- a) Library services and free e-learning modules
- b) E-graduation of certified LOTOTO champions
- c) Celebrating learning through e-felicitation of all internal experts and faculty
- d) Emotional Intelligence Club: Community of Practice

SAIL – A learning experience platform + Mobile app

10,733
Total ACC people logged in SAIL

240
Contents created/uploaded on SAIL

13,816
Total ACC learning hours in SAIL

06
In-house courses/e-modules created at no cost

Learning engagement statistics

26,771
No. of ACC employees participated in webinars

125
Total topics covered

698
Total sessions

225
Total internal/external faculty involved

STRATEGIC FOCUS AREAS



MATERIAL ISSUES ADDRESSED



SDGs IMPACTED





CULTURE OF COMMUNICATION

We foster a culture of open communication, which drives understanding of the needs of our employees while enabling them to acquire the information and skills needed to deliver on our strategy.

'Pratibha Ke Rang' was a great platform for all our employees and their family members to showcase their diverse talent in photography, drawing and performing arts to a wider audience. With the help of digital technology, the spectacular event turned out to be a resounding success.

EMPLOYEE WELL-BEING

We implement employee health and well-being programmes, providing incentives, tools, social support and strategies on physical and mental health.

The programmes mentioned below help our employees maintain health and general well-being:

- Well-designed and transparent communications plan for critical messaging and sharing of accurate information
- Emotional and professional coaching via industry leaders and life coaches
- Mental health support with the help of counsellors, psychologists and psychiatrists via dedicated helplines

- Engaging, empowering and energising the workforce via motivational speakers, experts from various walks of life through webinars, and dedicated organisational communication channels
- A continuous employee awareness campaign to promote hygiene across multiple organisation communication channels

HEALTH AND SAFETY

At ACC, Health & Safety (H&S) is a core value and our declared ambition is to achieve zero harm in our operations. The culture of H&S is driven by our employees at every level, as we work to achieve our common goal that – Every Employees should go Back Home Safely Every Day.

Health and Safety Improvement Plan (HSIP) was developed for the year 2020 to further improve Leadership involvement in H&S. Specific actions were executed to ensure health management, risk management, Lock out Tag out and Try out (LOTOTO), and road safety. During the year, we implemented several leading measures to improve our H&S performance, including the following:

- All cement and ready mix concrete plants were audited for health and safety management
- systems to provide assurance on the implementation and effectiveness of these systems
- We implemented Boots on Ground – a landmark initiative to improve risk management and engagement on shop floor
- Health & Safety Culture Perception survey was conducted covering all management staff, Shop Floor Associates (SFAs) and contract employees at manufacturing units to understand and address the issues
- Certification training process implemented across the organisation for LOTOTO, rail safety and working at height
- Critical risks associated with coal shop, conventional fuels, mining operation, hot meal handling, structural stability were addressed

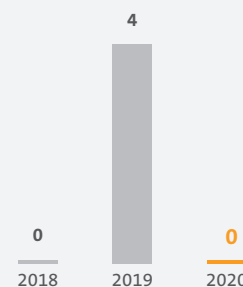


in a phased manner to improve our H&S performance

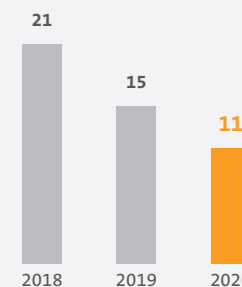
0.31

Lost Time Injury Frequency Rate (LTIFR)

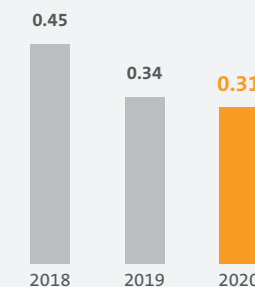
Fatalities



Lost Time Injury (LTI)

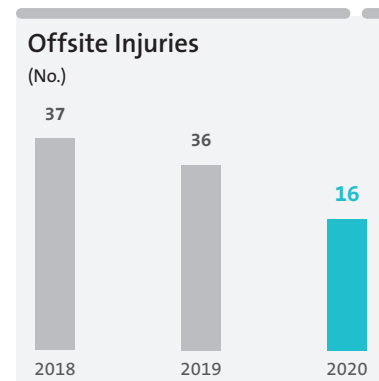
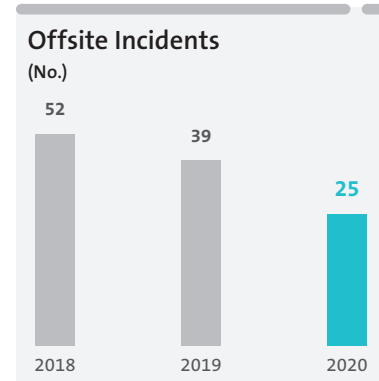


Lost Time Injury Frequency Rate (LTIFR)



ROAD SAFETY

We achieved significant progress in road safety with focus on skill development and driving behaviour management. By leveraging technology, data analytics and assessment of capabilities of drivers, we achieved 60% decline in offsite incidents against 2019.



Key achievements

- The three key focus area continued to be **'driving behaviour management'** through in-Vehicle Monitoring System (iVMS) data and DMC counselling and **'skill management'** through In-cab training and assessment, and **'engagement'** with drivers and transporters, especially post opening up after COVID disruption
- 7,700+ iVMS devices were installed by the end of 2020

- Voice-box was installed in all vehicles to give real-time alerts to drivers, thus helping them improve their driving behaviour on the go. The voiceover is available in multiple languages such as Hindi, Kannada, Tamil and Malayalam. Our efforts resulted in 38% decrease in harsh driving, 18% decrease in harsh acceleration and 2% decrease in over speeding count
- e-Passport documents were issued to enable capturing through Near Field Communication (NFC) tags and tablets. This document includes all details of the driver (trainings and licence, among others) and details of the vehicle (legal requirements and vehicle check points like under run protection, visibility, seat belt, among others) that are checked every time the trucker or the vehicle enters the plant to ensure safe delivery of consignment

23%

Of total kms by approved driver

- 23% of the total number of kms driven for movement of raw material and finished goods across the plants were driven by drivers qualified under the LH skilling programme. This is an important measure towards helping them avoid risk situations while in transit



Vidyasarathi Scholarship scheme launched through ACC TRUST, which benefited over 50 truck driver's children to pursue higher education.



53%

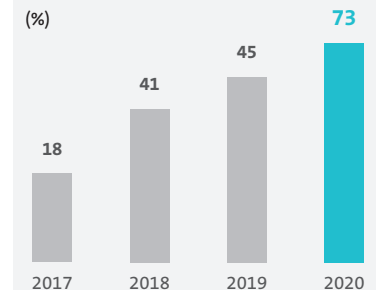
Of total kms moved by iVMS fleet

- 53% of the total number of kms driven for movement of goods is driven with an active iVMS that monitors the driving behaviour. More the distance covered under this monitoring tool, better it is for us to make intervention and make our trips safer. While we have surpassed the targets we had set for ourselves, we are striving to cross 80% in the future
- 73% of the total number of kms are safe from any skill or behaviour violations

73%

safe kms driven

Improvement in safe kilometres driven (%)



3. Relationship management

We undertake various initiatives to empower, educate and engage with our stakeholders, to continue cementing relationships with them.

Initiatives



- New Gold Water Shield Campaign:** Takes forward the last year's mother brand campaign that portrayed the process of home-building and the different stages involved in it. The film focuses on the unique value proposition (water repellency) of Gold Water Cement to help consumer find a solution to the problem of leakage and dampness through the use of our premium product offering



- Kamaal Ki Kahani:** ACC Kamaal Ki Kahani is a video series chronicling real-life motivational stories of resilience to engage with consumers
- Kamaal Ki Baat:** A knowledge series where experts from construction and building industry share their learnings, experiences and key expertise with our influencer segments

- Kamaal Ka Sawaal:** An engaging series on social media to provide construction-related knowledge to our stakeholders
- Newsletters/Journals**
 - (i) **ACC Sambandh:** It is a bi-monthly digital channel partner newsletter, published in six regional languages. This is a relationship building tool that celebrates excellence of our channel partners, and provides them unique insights into ACC's achievements, new launches, recent innovations and customer service initiatives



- (ii) **Bandhan:** It is a monthly contractor newsletter, published in 10 regional languages, engages with the contractor fraternity by sharing inspiring contractor stories, construction tips, and so on



- (iii) **India Concrete Journal:** This is a monthly journal published since 1927. It endeavours to present its readership, academia and professionals with contributions that are relevant, contemporary, and forward-looking



STRATEGIC FOCUS AREAS



MATERIAL ISSUES ADDRESSED



SDGs IMPACTED



Supporting the United Nations Sustainable Development Goals (UN SDGs)

The United Nations (UN) Sustainable Development Goals (SDGs) provide an ambitious and urgent call-to-action and a practical framework for businesses to chart their sustainability journey. At ACC, each sustainability initiative is linked to one or more of the UN SDGs.



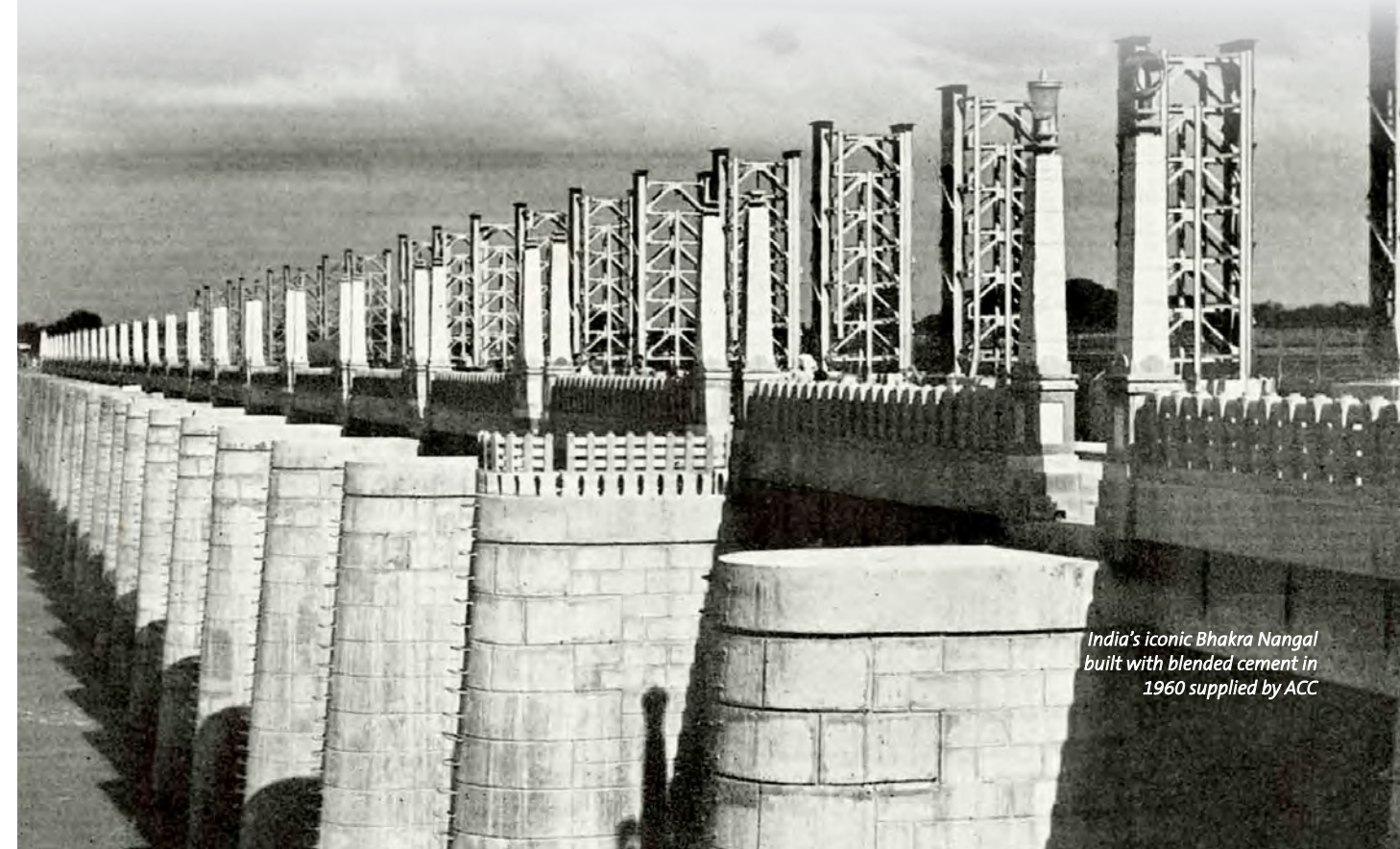
SDGs with significant contributions (highlighted in the above diagram):
SDG 1, SDG 4, SDG 6, SDG 8, SDG 9, SDG 11, SDG 12, SDG 13, SDG 15 and SDG 17

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India's iconic Bhakra Nangal built with blended cement in 1960 supplied by ACC

ECONOMIC SCENARIO AND OUTLOOK

India's economic growth fell from 6.5% in fiscal 2018-19 to 4.0% in fiscal 2019-20, reflecting an 11-year low. Due to the impact of COVID-19, the Gross Domestic Product ('GDP') is expected to contract by 7.7% in fiscal 2020-21, as per the first advance estimates released by the National Statistical Office. While the full impact of the COVID-19 lockdown was felt in the April-June quarter, the worst may have been avoided with a faster than expected recovery of the manufacturing sector in the July-September quarter, and a revival of consumer demand sentiment during the festive season.

"The outlook for fiscal 2021-22 is firmly positive with an estimated GDP growth of around 11%. The Union Budget 2021 focuses on continued spending to stimulate growth as the economy tries to recover from the impact of COVID-19."

4%

Economic growth in 2019-20

Even as the economy negotiated a temporary recession, it witnessed an uptrend in inflation posing a policy challenge. The nationwide lockdown and supply disruption resulted in overall inflation reaching 7.6% in October 2020. Decline in food prices and high base effect of last year brought the Consumer Price Index-based inflation ('CPI inflation') back within the Reserve Bank of India's ('RBI's') target band of 2-6% in December 2020 to a below-consensus rate of 4.6%. The CPI inflation for fiscal 2020-21 is expected to be between 6-7%.

The support package announced by the Government of India (including monetary measures by the RBI in response to the COVID-19 crisis) is estimated at an overall 15% of GDP, with direct spend in the current fiscal at ~2% of GDP. The fiscal deficit of the Central Government is expected to touch 9.5% of GDP in 2020-21, largely due to lower revenues on the back of sharp contraction in economic activity in the first quarter of fiscal 2020. Monetary policy has responded aggressively to the crisis and the repo rates are at a record low of 4%, with a 115 basis point cut in 2020.

The outlook for fiscal 2021-22 is firmly positive with an estimated GDP growth of ~11%. The Union Budget 2021 focuses on continued spending to stimulate growth as the economy tries to recover from the impact of COVID-19. The outlay for capital expenditure for Financial Year 2021-22 has been increased by 26% YoY with a specific emphasis on infrastructure which, in turn, will provide a boost to the employment numbers. While this would stretch the fiscal consolidation path in the near to medium term, the fiscal deficit is budgeted to improve to 6.8% of GDP in 2021-22.

CEMENT INDUSTRY – OUTLOOK AND OPPORTUNITIES

India is the world's second largest cement producer with a cumulative production capacity of 540 Million tonnes per annum ('MTPA') in 2020. The pandemic led to a slowdown and delay in capacity expansion projects.

Cement demand fell by an estimated 10-12% YoY in 2020 owing to the COVID-19 outbreak. Lockdown-led demand disruption was the highest in the second quarter of 2020 on the back of suspension of production, stalled construction activities and mass exodus of labour. However, starting early June, pent-up and pre-monsoon construction requirement cushioned demand de-growth to a large extent.

Rural demand continues to be the silver lining for cement consumption while that from the infrastructure sector was in a slower lane. Infrastructure demand witnessed gradual pickup from September onwards on the back of improving government spending, coupled with gradual normalisation in labour availability.

11%

Estimated GDP growth for 2021-22

Rural incomes increased YoY in 2020 led by agricultural profitability and Mahatma Gandhi National Rural Employment Guarantee Act ('MGNREGA') allocations. The highest-ever grant of more than ₹1 Lakh Crore was made under the scheme after earmarking an additional ~₹40,000 Crore to the earlier budget estimate of ₹61,000 Crore.

The outlook for the cement sector in 2021 is robust, with growth estimated at more than 10% YoY over that in 2020. The country's demand revival is likely to be led by the North, East and Central regions. The primary drivers of growth will be infrastructure and affordable housing. Highways and roads, metro rail projects and dedicated freight corridors are expected to see increased levels of activity with sharply higher budgetary allocations in the next year. The continued focus on affordable housing will also ensure healthy demand for cement in the coming year.



SALES VOLUME

In 2020, the Company’s cement sales de-grew by 11.6% from 28.89 Million tonnes in 2019 to 25.53 Million tonnes. Overall, the industry witnessed de-growth of ~10-12% due to the COVID-19 pandemic. However, in the second half of 2020, the industry showed signs of early recovery.

In the retail segment, individual home builders and ground plus three storey (G+3) buildings continue to remain the Company’s largest customer segment in terms of volume and profitability. With growing urbanisation and rural empowerment, the demand from these sectors is expected to accelerate.



DETAILS OF SIGNIFICANT CHANGES IN KEY FINANCIAL RATIOS

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

Ratios	2020	2019	Change	Change%
Debtors Turnover (Days)	15	18	(3)	(18)
Inventory Turnover (Days)	28	34	(6)	(18)
Interest Coverage Ratio	-	-	-	-
Current Ratio (Times)	1.00	1.04	(0.04)	(4)
Debt Equity Ratio	-	-	-	-
Operating EBITDA Margin (%)	18	16	2	17
Net Profit Margin (%)	10	9	1	18
Return on Net Worth (%)	11	12	(1)	(8)

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

MARKET DEVELOPMENT

ACC is the first and among the largest producers of cement in the country. For over eight (8) decades, the Company has been playing an active role in the progress and development of the country and has enjoyed a loyal customer base. The Company also has a strong pan-India channel network

of 12,000 dealers and 56,000 channel partners, which is servicing the nation’s requirement of high-quality cement and building materials. This strong network has been instrumental in driving over 79% of the cement sales in the retail segment for 2020.

Strong distribution network

Over the years, the Company’s Sales and Marketing teams have developed a deep understanding of customer preferences and requirements. This enables ACC to maximise the utilisation of its existing capacity on ‘product value-based volume strategy’.



The Company has taken significant steps to be a sustainable organisation. As part of the overall sustainability strategy, ACC has also reduced the percentage contribution of Ordinary Portland Cement (‘OPC’) to the Company’s volumes. It has undertaken various steps for effective dealer channel management to drive growth in key relevant markets. The strategy is to appoint new channel partners, enhance wallet share per counter and to remain connected with the channel and retail customers, who are serviced through the strong dealer channel.



GOLD WATER SHIELD

Water repellent cement

The Company continues to drive the sale of revolutionary cement, ‘GOLD WATER SHIELD’, which has been creating waves in the cement market. The unique water repelling feature of the cement is achieved by minutely controlling the process changes under sustainable environment, along with adjustments in the raw material dosage. Our blended cement products have also got CII-GreenPro certification.

Beyond Cement and Ready Mix Concrete

ACC has diversified into creating new revenue lines beyond cement and concrete to new building material categories like construction chemicals, dry mix products and admixtures for Ready Mix Concreting solutions. ACC ADMIX, a concrete additive mixture range, was also launched under the Company’s Solutions & Products vertical. In precast, premium offerings such as ACC+ premium blocks and bricks, along with customised designer cover blocks, railway platform copings, colour bricks were developed and launched. Specialised grated manhole covers and precast panel-based boundary walls (for faster implementation) were also conceptualised. ACC has expanded the geographical footprint of new products that it had launched in 2019 under construction chemicals, and the cement coat and dry mix range. The first-ever Company owned Dry Mix Mortar plant was inaugurated in Damodar Cement Works located at Madhukunda, West Bengal in October 2020.

Relationship management

ACC engages with its stakeholders and keeps them updated about launches and adds value to their business through its newsletters and journals like Bandhan and India Concrete Journal. Bandhan is a newsletter that is published in ten (10) languages and focuses on creating engagement with the contractor fraternity through inspiring stories, tips and so on. India Concrete Journal is a monthly journal published since 1927, presenting its readership, academia and professionals with contributions that are relevant, contemporary, and futuristic.

The Company uses digital means to connect with its consumers through various routes and has been focusing on building up its engagement on a regular basis. Creating content around various aspects has been one of the ways to scale up brand visibility on the digital platforms. Building on the brand promise, ‘Kamaal Ki Kahani’ is an intriguing series, which focuses on celebrating the journey/achievement of its stakeholders. The thought leadership series of ‘Kamaal Ki Baat’ also builds up interactions between the Company and its stakeholders. In addition, strong presence on social media and digital marketing through platforms like Google and Facebook have helped the Company in driving visibility for the mother brand and respective products.

The Company has also been focusing on enhancing the experience level of its customers through enhanced versions of ‘Dealer Connect App’, which offers additional functionalities, and ‘Concrete Club App’, which comes with a singular social platform for construction professionals such as architects and engineers. These platforms enable the Company to share its knowledge series initiatives, where experts from the industry share details and insights into

various aspects of construction through webinars. Through these digital channels, ACC has stayed connected with its channel partners and influencers even during the COVID-19 lockdown. Dealer engagement has been stepped up through a bi-monthly newsletter—ACC Sambandh—published in six (6) regional languages, which celebrates the excellence of the Company’s channel partners. This empowers dealers with corporate and regional information that gives them insights into the Company’s achievements, new launches, latest innovations and customer service initiatives.



Innovation

ACC has been a pioneering brand with a history of ‘Category first’ innovations that have gone on to set new benchmarks. It continues in its endeavour to be an innovative and responsive organisation by building sustainable, innovative and differentiated solutions aligned with its vision to transition to a ‘Building Materials Company’. This

has been made possible through the global R&D framework and knowhow of the LafargeHolcim Innovation Centre, combined with the local expertise of the India Innovation Centre. The thrust on experimenting with new ideas and creating new prototypes is further strengthened by the Company’s institutional partnership with leading B-schools, design schools and engineering colleges and tie-ups with start-ups in related fields. The spirit of innovativeness has reaped significant benefits and helped the Company achieve cost efficiencies in the areas of energy, raw materials sourcing, logistics, customer excellence and manpower optimisation, thereby leading to productivity improvement.

Digital technology and digitisation are strong pillars of innovation. The Company has leveraged digital technologies across the curve, from targeting increase in its operational efficiencies to strategic data-driven decision-making. The ‘Plants of Tomorrow’ initiative has been a great example of the Company focusing on digitisation in manufacturing, where technical information systems record minute-by-minute data from all key assets at the plants. This enables improving operations, generating automatic alerts, and has also laid the foundation for implementing Industrial Internet of Things (‘IIoT’) use cases. The Company has piloted the use of ‘Artificial Intelligence/Machine Learning’ (‘AI/ML’) into predicting cement strength and quality. Within logistics, the Company has launched an integrated planning tool that enables demand consolidation, constraint-based supply plan and network optimisation. The Transport Analytics Center has helped deliver significant savings with route and lead correction.

The Company has immensely benefited from the Technology Know How (‘TKH’) of the LafargeHolcim, the Parent Company in terms of access to best in class testing processes for upgradation of local labs, new ideas on specially formulated application oriented innovative cement products and bringing global brands like ECOPact, the Green Concrete, to the Indian market.

CEMENT BUSINESS – PERFORMANCE

Particulars	2020	2019	Change%
Production (Million tonnes)	23.77	27.87	(15)
Sales Volume (Million tonnes)	25.53	28.89	(12)
Net Sale Value (₹ in Crore)	12,658.17	14,060.31	(10)
Operating EBITDA (₹ in Crore)	2,421.00*	2,256.30	7
Operating EBITDA Margin (%)	19.13*	16.05	3.08PP

* excluding charge of ₹129 Crore

Costs – Cement business

During 2020, the Company undertook various initiatives towards effective cost management.

a) Cost of materials consumed

The Company’s raw materials cost is lower by 11% per tonne of cement vis-à-vis 2019 through overall improvement in supply chain efficiencies and source mix optimisation. The landed slag cost is lower by 21%, fly ash landed cost is lower by 6% and gypsum landed cost is lower by 13% as compared to previous year.

b) Power and Fuel

Power & Fuel cost dropped by 7% in 2020 vs 2019 and efforts are being made to reduce the same YoY. Kiln fuel cost has dropped by 6% and CPP fuel by 3% in 2020 vs 2019. Continuous focus has been there to reduce Power & Fuel cost by taking various measures such as fuel flexibility between coal and petcoke, new sources and alternative fuels replacing fossil fuels etc. Maximum utilisation of available assets is also key to reducing the cost per tonne of cement.

The Company is undertaking sustained measures to build a better power mix by maximising the use of renewable power sources, including solar, wind and hydro power.

ACC has stabilised its 5.35 MWp onsite solar operation in Jamul, Chhattisgarh, and power supply from offsite solar project ~14.01MWp has started for ACC Tikaria plant in Uttar Pradesh.

The Company’s plants at Thondebhavi and Kudithini in Karnataka have sourced ~60% of plants’ power requirement in 2020 from renewable sources (solar and wind) and another 34% from the spot market (Indian Energy Exchange).

During the pandemic, the Company took measures to reduce the power cost by sourcing short-term wind and hydro power in Karnataka and Himachal Pradesh.

In accordance with LafargeHolcim’s ‘Net Zero’ pledge and reducing carbon emissions, the Company is expanding its waste heat recovery capacity by adding 22.5 MW in addition to its current capacity of 7.5 MW. The new capacities will be operational in the year 2022.

c) Freight and forwarding expenses

The Company undertook various cost improvement initiatives during the year 2020. During the pandemic, business disruptions were compounded by an unprecedented hike in fuel prices. Confronted with a cost increase scenario, the Company achieved a 3% reduction in freight and forwarding expenses. Rigorous implementation of efficiency improvement initiatives, reduction in wasteful expenditure, improved direct dispatches, optimising the warehouse network, higher MSA volumes were some of the key drivers. The Company aims to leverage technology and network optimisation tools to integrate its supply chain for a sustainable competitive edge.

CAPACITY EXPANSION

To effectively manage the Company’s manufactured capital, ACC regularly undertakes both capacity augmentation projects and engages efficiency capex initiatives.



4.4 MTPA

Sindri plant’s total capacity in 2021

Starting 2021, ACC has added 1.4 MTPA to the existing 3.0 MTPA unit, taking the total capacity at Sindri, Jharkhand to 4.4 MTPA. The Company has commenced cement production in a record time, setting a new benchmark at ACC with meticulous planning and collaborative approach even in these unprecedented times.

With cement demand projected to increase in India, development capex projects are being kickstarted to increase clinker and cement capacities at ACC in the attractive and profitable Central region of India. This ensures that ACC has ample capacity to cater to a rising demand scenario.

In this regard, the Company has undertaken to increase capacity by 2.7 MT of clinker and 4.8 MTPA of cement by 2024 in the following manner:

- 1. Setting up a greenfield integrated cement plant in Ametha, Madhya Pradesh, with a clinker capacity of 2.7 MTPA and a cement capacity of 1 MTPA
- 2. Expansion of the existing grinding unit in Tikaria, Uttar Pradesh, with a 1.6 MTPA PPC cement capacity
- 3. Setting up a greenfield cement plant in Shonebhadra Dist., Uttar Pradesh, with a grinding capacity of 2.2 MTPA PPC cement capacity

READY MIX CONCRETE BUSINESS

Commendable show of organisational resilience and mettle

The year 2020 has been extremely challenging for the Ready Mix Concrete business, since many key markets (including the metros) remained severely affected due to COVID-19. Enforced lockdowns brought construction activities to a complete standstill and issues of labour migration made the situation worse for Q2 & Q3 of the Financial Year 2020 for the Ready Mix Concrete business.

In order to mitigate the impact of the situation, an action plan focused on ‘Health, Cost and Cash’ was devised.

It is in such extraordinary situations that an organisation’s capabilities, resilience and mettle are tested. In these difficult times, the Ready Mix Concrete team managed to sail through. Be it in crisis management, ensuring the well-being of all employees and workers, implementation of stringent standards of procedure for plant resumptions, maintaining social distancing or management of the

Particulars	Unit	2020	2019	% Change
Ready Mix Concrete Production Volume	Lakh m ³	22.70	35.24	(35.59)
Ready Mix Concrete Sales Volume	Lakh m ³	22.70	35.32	(35.73)
Net Sale Value	₹ Crore	955.42	1,473.03	(35.14)
Operating EBITDA	₹ Crore	60.08	153.15	(60.77)
Op. EBITDA Margin	%	6.29	10.40	(4.11PP)

Value Added Solutions (‘VAS’)

The Ready Mix Concrete business, with its technical capabilities and a wide range of value-added solutions, stands out as the preferred partner for varied construction requirements. This vertical successfully launched two (2) new VAS—ACC Thermofillcrete and ACC Suraksha NX—during the year and ACC’s R&D team is working on various new initiatives.

8 Eco-labelled/Green products

Green concrete

ACC Ready Mix Concrete has both Environmental Product Declaration (‘EPD’) and GreenPro certification. As on date, ACC Ready Mix Concrete offers eight (8) products which have been certified by the Confederation of Indian Industry (‘CII’) as eco-labelled/green products. The Ready Mix Concrete team is now diligently working on developing Carbon Neutral/Net Zero Concrete and Ultra High Performance Concrete (‘UHPC’).

The Company has a nationwide network of eighty (80) state-of-the-art Ready Mix Concrete plants. For the past

receivables during lockdowns, the Ready Mix Concrete team’s performance was commendable.

Proactive measures were laid down to curtail cost and minimise losses, along with strict monitoring of the receivables. The YoY Ready Mix Concrete business receivables have been reduced by 32%.

The Ready Mix Concrete business saw a considerable revival in demand and market sentiments in the last quarter, and the business is back on delivering better EBITDA performance.

Despite a considerable drop of 35.7% in the top line for 2020, the Ready Mix Concrete business was able to close the year with a positive EBITDA of 6.29%. The focus on ‘Health, Cost and Cash’ amid COVID-19, resulted in satisfactory performance and the Company is confident that with the demand revival in 2021, the Ready Mix Concrete business will certainly bounce back and continue on its growth path and ambition of becoming ‘The Best and the Biggest’.

twenty-eight (28) years, ACC Ready Mix Concrete 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.

DISCUSSIONS ON FINANCIAL PERFORMANCE VIS-À-VIS OPERATIONAL PERFORMANCE

For details on financial performance vis à vis operational performance:

Please refer to the Board’s Report 94

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on Internal Control Systems and their Adequacy.

Please refer to the Board’s Report 95

SUSTAINABLE DEVELOPMENT

Since inception, ACC has been working towards achieving sustainability across its operations. During the year, the Company’s efforts continued with the same rigour. It conducted its business maintaining high standards of governance, respecting nature and demonstrating

social responsiveness towards its communities. Due to the growing awareness among stakeholders and their ever-increasing expectations from businesses, ACC has enhanced its focus on the key material issues, i.e. CO₂ emissions and circular economy. In line with the Parent Company, LafargeHolcim, which has signed the Net Zero pledge with Science Based Targets Initiative (SBTi), ACC has also committed to the SBTi in July 2020.

INDUSTRY RECOGNITION

Owing to the Company’s efforts at reducing carbon emissions, in 2020, ACC won the CII’s Climate Action Plan (CAP 2.0) Award in the Orient Category.

SD 2030 plan – Building for tomorrow

During 2019, ACC revisited its sustainability strategy and restated its targets for each pillar – Climate & Energy, Circular Economy, Environment and Communities. While COVID-19 impacted the Company’s overall operations in CY 2020, ACC performed well on most of these parameters.

For more details, refer to pages 49

A. Climate & Energy

During 2020, ACC reduced its specific CO₂ emissions to 493 kg/t of cementitious materials in comparison to 512 kg/t of cementitious material in 2019. While some of the levers affecting the CO₂ emissions, such as clinker factor, Thermal Substitution Rate (‘TSR’) and specific thermal energy have improved over last year, resulting in significant reduction of carbon footprint, there is a marginal increase in electrical energy consumption in 2020. This is mainly on account of the disruption across manufacturing processes due to COVID-19.

493 kg

CO₂ emissions per tonne of cementitious material

- Clinker factor
The Company’s efforts continued to further reduce its average clinker factor across its full range of the cement portfolio. During 2020, the Company increased its blended cement portfolio from 89-90%. All these initiatives helped ACC to significantly reduce the average clinker factor by 1.37%.



- Thermal energy
In 2020, owing to various efforts at energy conservation and process optimisation, ACC reduced its thermal energy consumption by 0.73% from 748 kcal/kg of clinker in 2019 to 742 kcal/kg of clinker in 2020. These efforts will continue to remain a focus area in 2021, also because they are an important lever for carbon emissions reduction.

- Green energy and power generation through waste heat recovery system
During 2020, the Company’s three (3) captive wind farms in Maharashtra, Tamil Nadu and Rajasthan together generated ~32.30 Million units of renewable energy. To further enhance its renewable energy portfolio, the Company has installed two (2) solar power plants comprising 5.35 MWp solar photovoltaic plant at Jamul Cement Works, Chhattisgarh, and 380 kWp Solar PV plant at Kymore mines, Madhya Pradesh. These two (2) plants have together generated 2.49 Million units in 2020. Additionally, the Company consumed 49 Million units of solar power and 5 Million units of wind power through Power Purchase Agreement (PPA).

Thus a total of 85.27 Million units of green energy was consumed in 2020, which is slightly higher than last year’s consumption. The waste heat recovery system at Galgal Cement Works also generated ~47 Million units of electrical energy during the year. ACC’s waste heat recovery projects at two (2) plants in Jamul and Kymore are in an advanced stage and slated to be completed by 2022.

For more details, refer to pages 43



- **Alternative fuels and raw materials**
Co-processing of waste in cement manufacturing is gaining momentum in the country as the preferred option as it addresses multiple benefits. It not only conserves traditional fuels and raw materials but also helps in reducing carbon footprint. It saves public funds by minimising the requirement of waste disposal facilities such as landfilling and incineration. On the social front, it generates employment and indirectly reduces the possibility of disease outbreak (due to municipal solid waste dumping). To enhance its co-processing capacity, the Company has set up two (2) pre-processing units and facilitated co-processing at eight (8) plants for the disposal of hazardous and non-hazardous waste, municipal solid waste for use as Refuse Derived Fuel (RDF) and biomass (non-cattle feed) in its kilns wherever permissible by law.

Through the 'Geocycle' brand, ACC 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 in cement kilns through advocacy at appropriate forums, thereby building stakeholders' awareness in this regard. The Government's 'Swachh Bharat' programme,

coupled with the mega city growth solution to manage municipal waste through co-processing, is expected to get greater traction in future. With increased consumption of alternative fuels—0.29 Million tonnes—the Company has achieved TSR of 6.9% in 2020 compared to 5.6% in 2019.

6.9%

Thermal Substitution Rate in 2020

➤ For more details, refer to pages 43

B. Circular Economy

The concept of circular economy is being widely talked about, and ACC encourages the same by utilising various types of waste from other industries, termed Waste Derived Resources ('WDR'), into the cement manufacturing process. Besides, by using waste materials from power and steel industries, such as fly ash and slag to replace the clinker in the cement, the Company is facilitating co-processing of wastes and contributing to circular economy. During 2020, ACC consumed 5.33 Million tonnes of fly ash and 2.82 Million tonnes of slag, 0.43 Million tonnes of synthetic gypsum including Phosphogypsum and 0.57 Million tonnes of alternative fuels and raw materials in cement manufacturing. Additionally, 0.16 Million tonnes of WDR, comprising fly ash and slag were consumed in concrete production. Thus, overall, the Company has consumed 9.3 Million tonnes* of WDR in the year 2020.

**Excluding crushed rock fines used in concrete*

9.3 MT

Total waste derived resources consumed in 2020

➤ For more details, refer to pages 44

C. Environment Water

During the year, various efforts were made to promote water conservation and harvesting through close monitoring and augmenting water harvesting structures in communities, and by optimising

processes. While specific freshwater consumption in cement operations remained almost same as 2019 with 77.8 litre/t of cementitious material, ACC reduced its specific water consumption in cement operations by ~9% from 165 litre/t of cementitious material in 2019 to 151 litre/t of cementitious material. The Company also consumed ~1.75 Million m³ of harvested rainwater in its cement operations, which is ~50% of its total water consumption.

9%

Reduction in specific water consumption in 2020

➤ For more details, refer to pages 46

Biodiversity

The Company continued its efforts to conserve nature and preserve biodiversity. Under the 'B-Buzz' project, initiatives focused on the conservation of particular floral/faunal groups were undertaken. Additionally, in 2020, the Company planted ~76,000 trees at its various mining locations. Apart from this, plantations were also done at many plant locations and colonies.



➤ For more details, refer to pages 47

Emissions

Air emissions are a key environmental aspect of cement production. As an operating principle, the Company ensures that all its sites measure and manage air emissions to the extent possible. During the year, ACC has undertaken several initiatives to help bring emissions under control.

- **Dust emission control**
Various maintenance activities were undertaken through in-house and third-party teams for rectification of ESP internals, replacement of damaged bags and so on. All the above

measures have together resulted in ensuring stack dust emissions in cement plants at <30mg/Nm³. There is ~27% reduction in specific dust emissions from 16.9 gm/t of cement in 2019 to 12.3 gm/t of cement in 2020.

- **NOx emission control**

NOx emission compliance was ensured through primary and secondary measures for NOx control and implementation of Selective Non-Catalytic Reduction (SNCR) systems in integrated cement plants in previous years. There is ~22% reduction in specific NOx emissions from 816 gm/t of cement in 2019 to 635 gm/t of cement in 2020.

- **SOx emission control**

The Company's SOx emissions are well within the specified regulatory limits and do not require major emission control measures. However, there is ~28% increase in specific SOx emissions from 64.2 gm/t of cement in 2019 to 82.4 gm/t of cement in 2020. This change is primarily due to the variation in the raw material quantity and change of fuel at one of our locations.

All of 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 ACC has complied with this requirement. Monitoring of major stacks emissions (dust, NOx and SOx) of the Company's plants is done through the Technical Information System (TIS) commissioned at most of the plants, providing access to process and emission parameters to senior management at the plant and the corporate office.

Green Building Centres ('GBCs')

During 2020, the Company assisted in setting up 43 new GBCs to bring the total number of GBCs to 187 by the end of December 2020. All the GBCs have collectively helped in utilisation of 70,740 tonnes of fly ash, conservation of 1,53,271 tonnes of the Earth's natural topsoil and avoidance of 10,788 MT of CO₂ emissions during the year. Further, through this initiative, 31,477 low-cost houses have been facilitated through GBC products. In 2020, the total number of beneficiaries at GBC, who got direct livelihood support were ~3,150.

D. People & Communities

Aspects related to this pillar are covered in the following sections:

CORPORATE SOCIAL RESPONSIBILITY INITIATIVES

ACC structured its social development interventions through ACC TRUST in alignment with United Nations Sustainable Development Goals (UN SDGs). Community development interventions undertaken in previous years continued with vigour with a widening portfolio of projects. During the reporting year, the focus was on malnutrition mitigation, water conservation and combating the COVID-19 pandemic in addition to regular broad thematic areas.

₹32.33 Crore

2020 Corporate Social Responsibility expenditure

The Company's total CSR expenditure during the year was to the tune of ₹32.33 Crore. This was 2.05% of the average net profit of the last three years. The Company's CSR projects primarily focused on the following broad thematic areas: Sustainable Livelihood, Quality of Education and Water, Sanitation, Health & Hygiene ('WASH'), which pertained to Schedule VII of the Companies Act, 2013 and are aligned to the UN SDGs.

The Company's community development projects reached 8.30 Lakh people in 166 villages and 15 municipal areas across the country. The sustainable livelihood initiative has helped 14,304 lives, including youth, women and farmers.



8.30 Lakh

Lives touched

The initiative has helped farmers to conserve water, enhance agricultural production and generate livelihood through animal husbandry. Youths were made employable through skill enhancement and women were organised into Self-Help Groups ('SHGs') and provided continued grooming for sustenance and bank linkages.

Many SHGs have set up micro enterprises and institutionalised as registered federations to achieve the larger common good. Education initiatives in the vicinity of plants reached out to 38,401 students during the year. Contemporary learning modules such as digital education, smart classes and interactive kiosks, home-based learning, benefited students of 65 rural schools.

The Company continued to support seven (7) government-run Industrial Training Institutes (ITIs) under the public-private partnership scheme with the Government of India.

WASH initiatives touched ~2.26 Lakh lives. The project addresses community requirements for safe drinking water, better health through malnutrition mitigation, health camps and waste management in collaboration with municipal bodies. Rainwater harvesting structures were created in villages across plant locations to conserve water and ensure its availability during lean periods for irrigation and drinking purpose. It has also helped recharging of defunct borewells, dry well and in-situ moisture conservation which increases farm yields.

The Company's initiatives to eradicate malnutrition have reached out to 13,576 children, providing them with access to better health and nutrition through the support provided to 484 Anganwadi centres. Through the ART Centre and Sexually Transmitted Infections clinics, the Company provided valuable support to 5,654+ patients through OPD, counselling, testing and treatment for HIV/AIDS.

The Company responded promptly, providing relief to families affected by the super cyclone Amphan, which caused widespread damage in West Bengal. With the support of channel networks, dealers and Carry and Forward Agents along with the Sales and Marketing team of ACC, 5,160 families of West Bengal were provided relief kits and ration.

COVID EFFORTS

During the COVID-19 pandemic, the Company joined hands with the district administration near plant locations and reached out to 6.83 Lakh lives. ACC provided 30,084 families dry ration and 2,42,234 cooked food packets as immediate relief to migrants and stranded workers mostly in Delhi/NCR and Mumbai. ACC TRUST, through its empowered SHGs, stitched and distributed over 4,00,000 cotton masks to the underprivileged. Regular disinfection and sanitisation drives were carried out within host communities. Mass-scale awareness drives in communities were conducted on the usage of masks, social distancing and on hand washing. Government hospitals of Maharashtra were provided seven (7) ventilators to strengthen their service to patients. Frontline health workers were provided hand gloves, sanitisers and N95 masks to help them serve without fear of infection. As many as 265 employees from various departments of the Company voluntarily served communities in need during the pandemic.

**HEALTH AND SAFETY ('H&S')**

The 'More Boots on Ground' initiative of the Company has continued to be an integral part of the H&S governance and assurance system. This has reinforced focus on the ground level and leadership engagement through interaction with frontline workers. This initiative has now become a way of life at ACC and its implementation has improved safety performance in the Company.

7,87,233

Total Boots on Ground hours in 2020

Moreover, engagement on the shop floor has increased, which has built the confidence of employees on the ground and line managers, who are spending more time on field. This has helped the Company improve the Field Level Risk Assessment ('FLRA'), resulting in safe completion of jobs. Boots on Ground ('BOG') hour count has improved and become part of the daily routine at ACC. In 2019, the total BOG hours was 1,54,598 hours as against 7,87,233 hours in 2020.

- Health and Safety Improvement Plan ('HSIP') 2020**

The HSIP was developed at the beginning of 2020 through a brainstorming session to identify key activities as the year's focus area. The plan contains five H&S objectives with clear ownership of the top management. Each objective of HSIP has been developed to build on improvements in the areas of H&S leadership, health management, risk management, Lock-Out, Tag-Out and Try-Out ('LOTOTO') and road safety. The Company has worked relentlessly for the effective implementation of these objectives in difficult situations during the pandemic.

- LOTOTO Train the Trainer Certification Programme**

The Company identified 28 LOTOTO champions who would need to qualify in order to take this certification. It partnered with the in-house learning team ACC ACL Leadership Academy ('AALA') to design learning and make it interesting and engaging for the champions. Train the Trainer programme was designed as a virtual training programme to ensure continuous learning in the COVID-19 environment. Over 6,000 people were

covered in this roll out in all the three (3) categories (Management Staff, Shop Floor Associate and Third Party) and was promoted by certified trainers from the plants. In addition to this, ~80 co-facilitators were trained in shorter modules on LOTOTO so that they could join the propagation and knowledge sharing on LOTOTO.

- **H&S Audit**

The normal H&S Audit programme was heavily impacted this year due to the COVID-19 pandemic. As a result, finding alternative ways to conduct the audit was a challenge for the Company. However, ACC faced two (2) Group audits at Sindri and Chaibasa in Jharkhand and five (5) internal audits were conducted virtually in 2020. Due to the pandemic, audit programme for 2020 was restructured with three (3) man-days of remote audit with the audit team members and auditees around the globe with a reduced scope of audit covering seven (7) Group standards. Audit was conducted using digital technology such as Google Meet/Zoom meeting for interviews, with camera phones and hands-free strap and headsets for remote visit.

- **Railway Safety Risk Management Programme**

Two (2) critical Lost Time Injury ('LTIs') in 2019 and one critical LTI at the beginning of 2020 related to rail operations, which triggered the need to design this programme. The Company identified 49 participants (champions and co-champions) who needed to qualify in order to take this certification. Train the Trainer certification programme was designed in collaboration with in-house learning team AALA to make learning interesting and engaging. During 2020, 25 trainers were certified as Rail Safety Trainers.

- **Working at Heights ('WAH') implementation**

As per HSMS Audit in 2019, 25% of the total findings were related to WAH and this has emerged as the top-most grey area for the Company. To target this area, a robust WAH training programme was put in place in which 30 WAH champions across the Company were trained.

- **Process Safety Management ('PSM') programme**

The programme includes identifying gaps in areas like coal shop and conventional fuels, mining operation, hot meal handling, Design Safety and Construction Quality Programme (DSCQP) and electrical safety. The Company is gradually stepping

up the implementation programme through monthly monitoring and follow up with ~89% compliance level.

- **Global H&S Days**

Global H&S Days were celebrated across the Company from October 6, 2020 to October 15, 2020. The initiative was launched with a webcast for all employees by the Company's senior management. These days are celebrated to mobilise all ACC stakeholders to help the Company achieve its Ambition '0'. This year's theme was 'Ideas to Action', which involved various activities across the organisation, such as inter-plant H&S Quiz Competition, COVID Warrior Day—to recognise and felicitate the contribution of the COVID Warriors across locations, Road Safety Day, training programmes on first aid and domestic safety for employees and their family members, and others. The Company submitted 42 good practices from both Cement and Ready Mix Concrete businesses on the global LafargeHolcim platform for the selection of a local winner and subsequent participation in the global challenge.

- **War on Waste Initiative**

War on Waste Initiative was launched in January 2020 as an extension of the Boots on Ground initiative. The initiative is derived from the concept of 5S, which is a war on inefficiency, redundancy and excess. The campaign has been undertaken in two time-bound phases across all cement, Ready Mix Concrete plants and office units. Phase I will call for the elimination of wastage across mines and plants, and Phase II will see the organisation emulate these practices at warehouses, in transit operations and all office spaces. This initiative leads to several benefits, including lesser water and compressed air consumption, prevention of cement bag bursting, improvement in housekeeping of plant with timely identification and disposal of scraps, which ultimately results in enhanced sustainability.

Health

Health is an important pillar of H&S function. To make ACC a healthier place to work in, the Company has undertaken various initiatives such as Lifestyle Management Programme, Medical Emergency, Occupational Hygiene Survey and COVID-19 awareness. Under the first programme, the employee's health surveillance data was analysed for lifestyle diseases and 8,983 employees were counselled across the Company on lifestyle diseases such as hypertension, obesity, coronary artery disease and diabetes through the digital platform.

Logistics Safety

Road Safety continued to be the Company's focus area in 2020 as most of the Company's products are transported by road. ACC excelled in the road safety journey in 2020, despite the countrywide lockdown due to COVID-19, which stopped road safety interventions for six (6) months. ACC's road safety performance has improved to zero employee road fatality in 2020 against five (5) in 2019, amounting to a 50% reduction in the fatality rate over 2019. Some of the achievements on road safety in 2020, which were remarkable in the pandemic environment are as follows:

- Over achieved both HSIP KPIs (% Km by iVMS and % Km by trained drivers), despite COVID-19 impacts
- One of the first companies in the industry to achieve 'Full Compliance' status
- Full implementation of 'Consequence management' in 2020. Group verification of data since January 2020 completed
- In Cab programme restarted with COVID measures
- Plant-wise virtual engagement of transporters started in Q3
- Employee iVMS App successfully piloted and made ready for roll-out in 2021

HUMAN RESOURCES

This has been the most eventful year, given the challenges and unpredictability, and yet the people of India have shown sheer grit and resilience. ACC has always believed that its employees are its opportunity multipliers. Through the combined efforts of its employees, ACC was able to continue its focus on its business priorities, and to protect the people and communities with best possible actions. Despite the paradigm shift in running the organisation during the year, ACC was able to collaborate at all levels and create a performance-driven productive environment by engaging and communicating with all employees.

Engaging and communicating with the ACC Parivaar

The Company was quick to establish Business Resilience Teams ('BRT') to keep the health and safety of its employees at the forefront. BRT aimed to provide continued focus on H&S measures through regular monitoring, feedback and training. ACC supported overall employee well-being by strengthening its partnership with the flagship programme 'Sparsh', while reaching out to all of its employees and their families. Multiple virtual sessions were conducted for employees across various locations and functions.

The Company kept its communication channel open and provided continuous and credible communication through multiple small group sessions for open and two-way conversations. These candid sessions were led by the

MD & CEO and the Company reached out to all employees, conversing on topics ranging from business to personal life.

Undeterred by the challenges posed by the pandemic, ACC has been diligent in curating various employee engagement activities to boost the spirit of its employees and their families. Through several innovative initiatives, ACC has been extending moral support and offering ways to boost psychological and emotional well-being amidst the challenging times. 'Pratibha Ke Rang, ACC Ke Sang' was one such platform for all its employees and their family members to showcase their diverse talents in photography, drawing and the performing arts to a wider audience. Embracing the use of digital technology, the spectacular event was flawlessly executed and showcased enthralling performances. The engaging and immersive experience brought the entire ACC Parivaar together virtually from the safety of their homes. The event was a first-of-its-kind mega event broadcast live to all locations and witnessed by employees across India on December 5, 2020.

HEALTH, COST AND CASH



Short-term focus areas

The Company continually engaged with its employees through development programmes and designed unique programmes and initiatives to enhance employees' skills and competencies, leveraging technology and functional expertise. ACC was agile enough to provide business-specific training and development through multiple learning formats. With 'Health, Cost and Cash' as the nodal points around which all efforts were centred, ACC partnered and aligned seamlessly with people from different functions and levels to develop and implement an unprecedented climate and programme of learning.

The lockdown presented the perfect opportunity: the learner had the time and the team was ready with technology. The content was presented as a buffet designed to suit the individual palette. To appeal to a cross-section of people, the programmes provided a mix of technical skill-building opportunity as well as leadership skills in customised settings.

- ACC leveraged the knowledge and expertise of its senior leaders to conduct webinars on a wide range of themes – from technical ones on fundamentals of cement,

cash & cost negotiations to leadership during crisis. To support the psychological and emotional well-being of employees and their families, programmes on nutrition and diet as well as building emotional and mental well-being were also offered.

- The lockdown was the perfect opportunity to engage, re-skill and up-skill the Company's Sales team as well as its dealers and contractors. Armed with the awareness that small groups of employees were interested in honing specific skill-sets, the Company developed short virtual courses in areas like Sales & Marketing centering on themes such as strengthening channel relationships, grooming dealers for future businesses, communicating effectively, and managing conflict as well as technical ones that gave insight into manufacturing concrete and effective construction practices. Several leadership courses were also on offer across all levels of the organisation – from Managing Motivation in Difficult Times and Working with Emotional Intelligence, to Honing Assertion Skills.
- Technical skills are the mainstay of a manufacturing unit and it is critical that technical skills training continue without pause. An example is the LOTOTO Champion Certification Programme which is a mandatory H&S programme typically run face-to-face with practical demonstrations. The programme was adapted and rolled out as a virtual series replete with pre-assessments, pre-work on the learning platform, virtual classrooms, demonstrations, teach-back sessions, individual development feedback to enhance the participants' teaching skills and was topped by an e-graduation ceremony.

With better digital tools, improved user experience and perseverance, ACC brought about a shift that culminated in behavioural transformation.

- Learning technology has brought more learners into the fold of organisational learning, enabling democratisation of learning, which allows both learners and trainers to nominate and volunteer
- Voluntary rather than mandatory attendance fosters development ownership in learners
- Wide range of topics offered something for everyone – consequently an astounding 90% of the employees attended at least one programme

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 even during this year of crisis are a testament to the performance culture which keeps on reinforcing accountability and ownership in teams.

ACC's Talent Review and Succession Planning processes are the backbone of the Company's people development agenda. These processes have enabled the Company to develop a leadership pipeline for its future business ambitions. Some of those identified as future leaders, based on their readiness level, undergo an immersive successor development programme to prepare them better for future roles.



Industrial relations

The Company enjoys harmonious and healthy industrial relations due to its vibrant work culture and believes in a collaborative approach at work. ACC's employee relation practices ensure that it creates a win-win situation for both employees and the organisation. This mutual trust and caring spirit together goes a long way in maintaining a harmonious environment across all business units. ACC continues to get full support from its workers' unions in ensuring all BRT guidelines are met and adhered to.

Prevention of sexual harassment of women at the workplace

For details pertaining to sexual harassment of women at workplace.

 Please refer to the Board's Report 107

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 Executive Committee in strategic decision-making and in the development of detailed mitigation plans. The identified risks are then integrated into the Company's planning cycle, which is a rolling process to, *inter alia*, periodically review the movement of the risks on the heat map and the effectiveness of the mitigation plan. The key business risks and their mitigation plans are described herein:

Raw material risk

During pandemic, availability of dry fly ash was significantly reduced due to power demand contracted & PLF reduced to all time low, with PLF going down which was mitigated by absorption of Wet Fly ash. Similarly, slow and delayed revival of Blast Furnace Steel production during pandemic resulted in imbalance of demand-supply of slag and consequent hardening of slag prices in H2-2020. However, steel production has shown considerable improvement in early 2021 and we would watch for the demand-supply equation to evolve and balance out before the Company evaluates alternative sourcing options like coastal movement from West Coast to Eastern or import of slag for port-proximity plants as well as switching to composite variety of cement. Likewise, mineral gypsum is being substituted by chemical gypsum as well as other variants so as to conserve natural resources to bring in cost economics and improve sustainable manufacturing of cement.

Fuel: Coal and pet coke are the primary fuels used in kilns to produce clinker and power plants to generate electricity. Fuels contribute to a major share of the cost of cement.

In H1-2020, the market witnessed a sharp drop in international coal and Petcoke prices on account of uncertainty of consumption during the COVID-19 pandemic. However, the steep increase in Petcoke prices in H2-2020 and early 2021 have crossed the highest price levels ever due to uncertainty over production and switching to sweet crude by many global refineries, including in India. This has led to less availability of Petcoke in the market and switching to coal by most industries, thanks to domestic availability of coal from Coal India through auctions. In 2020, the Company has been able to kick-start the journey to reduce the cost of power and fuels through optimum blend of available domestic and import options while recognising the importance/action on fuel flexibility, besides adopting more sustainable and efficient modes of transport options.

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 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 the grant of a mining lease, such LOI should be converted into a mining lease.

Wherever the Company is of the view that it had an LOI, it has taken up the matter in the respective High Court, seeking a direction to issue the mining lease. Currently, these matters are *sub-judice*. The Company is also participating in auctions to secure 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 manufacturing, a higher percentage of additives are added. This helps to make use of the low-grade limestone without compromising on quality, thereby conserving the mineral and increasing the life of the mine.

Environmental 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.

Market competition

The cement industry is witnessing an imbalance in installed capacity and its utilisation. Despite excess production volumes in the industry, expansion programmes continue, resulting in intense competition and adverse impact on the Company's market share, sales volume and profitability. Efforts are also being made by the Company to widen its product portfolio by increasing the share of its premium products in the retail segment, application-based products, 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 cyber security. 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 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 2021.

In view of the above priorities, appropriate controls (technology and governance) are implemented and planned as ACC's business landscape presents a large area 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 a part. 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, and the probability of receiving any adverse orders or matters where there may be financial or reputational impact on the Company.

The Company engages Legal Counsel depending on the nature of legal risk and strategy. The Company has implemented a Litigation Management Digital Tool wherein the entire litigation database has been created and the management can access the same from a single portal.

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 the various facts of Competition Law compliance, the 'Dos' and 'Don't's that form 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 Company undertakes both internal and external audit of the process to identify gaps, if any, and accordingly, corrective actions are taken.

Climate risk



Aligning with TCFD recommendations, ACC has assessed its potential impacts on climate-related risks and opportunities which also get embedded in the Company-level risk management process. These risks include transition risks such as a) Policy and regulatory changes with respect to PAT/RPO regulations (b) Market risks due to change in consumer preferences & demand over sustainable products (c) reputational risks due to the stakeholder's perception towards the sector as one of the biggest CO₂ emitters and d) technological risks due to its high cost. Under physical risks, while impact of climate change (such as flooding, changes in precipitation patterns or extreme variability in weather patterns) may impact our operations due to disruptions in supply chain and logistics, water scarcity (chronic risks) may also affect few of our site's operations in future. In the process, we have also identified the opportunities which include achieving resource efficiency, optimising our energy resources, developing sustainable and low carbon products etc. Our responses to mitigate the above-mentioned risks and our efforts towards leveraging the opportunities are described in the report in relevant sections. We have a Board-level CSR and Sustainability Committee to oversee the governance mechanisms, strategise our efforts and to monitor our progress against this very important topic.

 For more details, refer to Sustainability section pages 40

Standalone Financial Highlights

Particulars	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Cement Production (Million Tonne)	23.77	27.87	28.36	26.56	23.18	23.84	24.24	23.86	24.12	23.46
Cement Sales (Million Tonne)	25.53	28.89	28.37	26.21	22.99	23.62	24.21	23.93	24.11	23.73
Capacity utilisation	72%	84%	86%	79%	73%	77%	78%	78%	79%	81%
INCOME STATEMENT - ₹ Crore										
Net Sales	13,487	15,343	14,477	12,909	10,772	11,433	11,481	10,889	11,130	9,430
Operating EBITDA	2,481*	2,409	2,045	1,909	1,474	1,537	1,507	1,629	2,196	1,921
Profit before exceptional item and tax	1,993*	2,031	1,494	1,298	914	937	1,135	1,227	1,787	1,540
Profit before Tax	1,688	2,031	1,494	1,298	871	784	1,135	1,227	1,451	1,540
Profit after Tax	1,415	1,359	1,507	915	647	592	1,168	1,096	1,061	1,325
BALANCE SHEET - ₹ Crore										
Net Worth	12,661	11,521	10,528	9,365	8,832	8,443	8,236	7,825	7,383	7,192
Long-term borrowings	-	-	-	-	-	-	-	35	163	511
Net Fixed Assets (Including CWIP)	7,074	7,427	7,442	7,503	7,786	7,656	7,513	6,324	6,175	6,573
Cash and cash equivalents	5,735	4,383	2,837	2,527	1,778	1,389	1,686	2,621	3,137	2,932
Current Assets	5,106	5,107	5,711	5,339	3,726	3,609	3,485	3,476	3,098	3,691
Current Liabilities	5,088	4,919	4,834	4,923	4,110	3,893	3,900	3,726	3,863	3,768
Capital Employed	12,661	11,521	10,528	9,365	8,832	8,443	8,236	7,860	7,546	7,703
SIGNIFICANT RATIOS										
Operating EBITDA margin	18%*	16%	14%	15%	14%	13%	13%	15%	20%	20%
Return on Average Capital Employed	16%*	18%	15%	14%	11%	11%	14%	16%	24%	22%
Return on Net Worth	11%	12%	10%	10%	7%	7%	14%	14%	14%	18%
Current Ratio (Times)	1.00	1.04	1.18	1.08	0.91	0.93	0.89	0.93	0.80	0.98
Debt Equity Ratio (Times)	-	-	-	-	-	-	-	0.004	0.02	0.07
Price Earning Ratio (Times)	21.56	20.03	27.84	36.08	38.39	43.07	22.56	18.91	25.15	16.29
Net worth per share (₹)	674	614	561	499	470	450	439	416	393	385
Dividend per share (₹)	14	14	14	26	17	17	34	30	30	28
Basic Earnings per share (₹)	75.35	72.36	53.57	48.75	34.46	31.51	62.23	58.36	56.52	70.59
Cash Earnings per share (₹)	118.55	104.47	85.51	82.84	66.69	74.40	91.93	88.93	104.15	95.90
CASH FLOWS - ₹ Crore										
Net cash provided by / (used in)										
Operating activities	2,216	2,248	1,118	1,555	1,381	1,461	1,332	1,056	1,577	1,571
Investing activities	(537)	(328)	(368)	(385)	(539)	(948)	(1,437)	(858)	(311)	(258)
Financing activities	(327)	(374)	(441)	(422)	(420)	(681)	(837)	(834)	(1,066)	(768)

* excluding charge of ₹ 129 Crore towards time value of money of Government incentives in 2020.

Standalone Financial Highlights

Notes:

- 1. Cash and cash equivalents includes cash and bank balances, investment in short term deposits and mutual funds
- 2. Cash earning per share - (Profit after tax + Depreciation) / Number of Equity Shares.
- 3. Operating EBITDA - Profit from operations before other income, finance costs , Depreciation and amortisation expense and exceptional item.
- 4. Return on Average 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. Price Earning Ratio: Market Price per share / Basic Earnings per share
- 7. Net worth per share: Net Worth / Number of Equity Shares
- 8. Current Assets : Total assets - Net fixed assets - Investments - investment in short term deposits and mutual funds
- 9. Current Liabilities: Total liabilities excluding Short-term borrowings - Deferred tax liabilities

Statement of Direct Economic Value Generated and Distributed

	₹ Crore	
	2020	2019
WEALTH GENERATED		
Gross Income*	19,345	22,246
Total costs	(10,260)	(12,557)
	9,085	9,689
WEALTH DISTRIBUTION		
As remuneration including retirement benefits for Employees	839	864
Contribution to Government as taxes and other levies	6,364	7,055
As dividend to Shareholders	263	263
Community investments	32	25
Finance Costs	57	86
Retained with the Business	1,530	1,396

*Inclusive of goods and service tax (GST)

Value Added Statement

	₹ Crore				
	2020	2019	2018	2017	2016
Equity	12,661	11,521	10,528	9,365	8,832
Capital employed	12,661	11,521	10,528	9,365	8,832
Average Capital Employed	12,091	11,024	9,947	9,099	8,637
Value added					
Net operating profit after taxes	1,415	1,359	1,006*	915	690
Add: interest on Long-term borrowings, after tax	-	-	-	-	-
Net operating profit after taxes (NOPAT)	1,415	1,359	1,006	915	690
Cost of Capital	1,287	1,425	1,344	1,106	973
Value added	128	(66)	(338)	(191)	(283)
NOPAT / Average Capital employed (%)					
	11.70	12.33	10.11	10.06	7.99
Weighted Average Cost of Capital (%)					
	10.64	12.93	13.51	12.16	11.26
Value added / Average Capital Employed (%)	1.06	(0.60)	(3.40)	(2.10)	(3.28)
Enterprise Value					
Market Capitalisation (As at December, 31)	30,377	27,147	28,320	33,021	24,995
Less: Cash and Cash Equivalents	5,735	4,383	2,837	2,527	1,778
EV (Enterprise Value)	24,642	22,764	25,483	30,494	23,217
EV / Year End Capital Employed (Times)	1.95	1.98	2.42	3.26	2.63

* Net Operating profit is excluding tax provisions write-back.

Horizontal Analysis of Standalone Balance Sheet

	₹ Crore								
Particulars	2020	2020 Vs 19 (%)	2019	2019 Vs 18 (%)	2018	2018 Vs 17 (%)	2017	2017 Vs 16 (%)	2016
ASSETS									
Non-current assets									
Net Fixed assets (including CWIP)	7,074	(4.75)	7,427	(0.20)	7,442	(0.81)	7,503	(3.63)	7,786
Right of use assets	130	-	-	-	-	-	-	-	-
Non-current investments	221	(3.91)	230	-	230	-	230	(10.85)	258
Non current - loans and other financial assets	775	3.89	746	53.50	486	(22.36)	626	238.38	185
Non-Current Tax Assets (Net)	942	9.92	857	27.34	673	128.14	295	(2.96)	304
Other non-current assets	653	63.66	399	(34.80)	612	(0.81)	617	(26.11)	835
	9,795	1.41	9,659	2.29	9,443	1.86	9,271	(1.04)	9,368
Current assets									
Inventories	900	(21.12)	1,141	(32.04)	1,679	19.59	1,404	14.71	1,224
Financial Assets									
Trade receivables	452	(28.03)	628	(27.65)	868	29.94	668	24.63	536
Cash and cash equivalents	5,735	30.85	4,383	54.49	2,837	12.27	2,527	42.05	1,779
Bank balances other than Cash and Cash Equivalents	156	0.65	155	(4.91)	163	(3.55)	169	1.20	167
Loans	60	93.55	31	(60.76)	79	92.68	41	41.38	29
Other financial assets	266	(1.85)	271	19.91	231	2,466.67	9	80.00	5
Current Tax Assets (Net)	71	-	-	-	-	-	-	-	-
Other current assets and assets held for sale	691	(15.11)	814	11.51	725	(9.38)	800	140.96	332
	8,331	12.23	7,423	12.78	6,582	17.16	5,618	37.97	4,072
TOTAL	18,126	6.11	17,082	6.60	16,025	7.63	14,889	10.78	13,440
EQUITY AND LIABILITIES									
Equity									
Equity Share capital	188	-	188	-	188	-	188	-	188
Other Equity	12,473	10.06	11,333	9.60	10,340	12.67	9,177	6.17	8,644
	12,661	9.89	11,521	9.43	10,528	12.42	9,365	6.03	8,832
Liability									
Non-current liabilities									
Financial Liability									
Lease Liabilities	84	-	-	-	-	-	-	-	-
Provisions	214	(8.55)	234	68.35	139	(2.11)	142	0.71	141
Deferred tax liabilities (Net)	376	(41.43)	642	(3.17)	663	22.55	541	21.03	447
	674	(23.06)	876	9.23	802	17.42	683	16.16	588
Current liabilities									
Financial Liability									
Borrowings	-	-	-	-	-	-	59	18.00	50
Trade payables	1,416	(3.74)	1,471	(23.50)	1,923	6.18	1,811	44.07	1,257
Other financial liabilities	1,026	9.85	934	20.67	774	7.65	719	(13.48)	831
Other current liabilities	1,994	4.13	1,915	7.04	1,789	3.23	1,733	22.83	1,411
Provisions	16	(30.43)	23	(14.81)	27	(47.06)	51	(1.92)	52
Current Tax Liabilities (Net)	339	(0.88)	342	87.91	182	(61.11)	468	11.69	419
	4,791	2.26	4,685	(0.21)	4,695	(3.02)	4,841	20.42	4,020
TOTAL	18,126	6.11	17,082	6.60	16,025	7.63	14,889	10.78	13,440

Vertical Analysis of Standalone Balance Sheet

	₹ Crore									
Particulars	2020	(%)	2019	(%)	2018	(%)	2017	(%)	2016	(%)
ASSETS										
Non-current assets										
Net Fixed assets (including CWIP)	7,074	39.03	7,427	43.46	7,442	46.44	7,503	50.40	7,786	57.93
Right of use assets	130	0.72	-	-	-	-	-	-	-	-
Non-current investments	221	1.22	230	1.35	230	1.44	230	1.54	258	1.92
Non current - loans and other financial assets	775	4.27	746	4.37	486	3.03	626	4.20	185	1.38
Non-Current Tax Assets (Net)	942	5.20	857	5.02	673	4.20	295	1.99	304	2.26
Other non-current assets	653	3.60	399	2.34	612	3.82	617	4.14	835	6.21
	9,795	54.04	9,659	56.54	9,443	58.93	9,271	62.27	9,368	69.70
Current assets										
Inventories	900	4.97	1,141	6.68	1,679	10.48	1,404	9.42	1,224	9.11
Financial Assets										
Investments	-	-	-	-	-	-	-	-	-	-
Trade receivables	452	2.49	628	3.68	868	5.42	668	4.49	536	3.99
Cash and cash equivalents	5,735	31.64	4,383	25.65	2,837	17.70	2,527	16.97	1,779	13.24
Bank balances other than Cash and Cash Equivalents	156	0.86	155	0.91	163	1.02	169	1.14	167	1.24
Loans	60	0.33	31	0.18	79	0.49	41	0.28	29	0.22
Other financial assets	266	1.47	271	1.59	231	1.44	9	0.06	5	0.04
Current Tax Assets (Net)	71	0.39	-	-	-	-	-	-	-	-
Other current assets and assets held for sale	691	3.81	814	4.76	725	4.52	800	5.37	332	2.47
	8,331	45.96	7,423	43.46	6,582	41.07	5,618	37.73	4,072	30.30
TOTAL	18,126	100.00	17,080	100.00	16,025	100.00	14,889	100.00	13,440	100.00
EQUITY AND LIABILITIES										
Equity										
Equity Share capital	188	1.04	188	1.10	188	1.17	188	1.26	188	1.40
Other Equity	12,473	68.81	11,333	66.34	10,340	64.52	9,177	61.64	8,644	64.31
	12,661	69.85	11,521	67.45	10,528	65.69	9,365	62.90	8,832	65.71
Liability										
Non-current liabilities										
Financial Liability										
Lease Liabilities	84	0.46	-	-	-	-	-	-	-	-
Provisions	214	1.18	234	1.37	139	0.87	142	0.95	141	1.05
Deferred tax liabilities (Net)	376	2.08	642	3.76	663	4.14	541	3.63	447	3.33
	674	3.72	876	5.13	802	5.01	683	4.58	588	4.38
Current liabilities										
Financial Liabilities										
Borrowings	-	-	-	-	-	-	59	0.40	50	0.37
Trade payables	1,416	7.81	1,471	8.61	1,923	12.00	1,811	12.16	1,257	9.35
Other financial liabilities	1,026	5.66	934	5.47	774	4.83	719	4.83	831	6.18
Other current liabilities	1,994	11.00	1,915	11.21	1,789	11.16	1,733	11.64	1,411	10.50
Provisions	16	0.09	23	0.13	27	0.17	51	0.34	52	0.39
Current Tax Liabilities (Net)	339	1.87	342	2.00	182	1.14	468	3.14	419	3.12
	4,791	26.43	4,685	27.43	4,695	29.30	4,841	32.52	4,020	29.91
TOTAL	18,126	100.00	17,082	100.00	16,025	100.00	14,889	100.00	13,440	100.00

Horizontal Analysis of Statement of Profit and Loss

Particulars	₹ Crore								
	2020	2020 Vs 19 (%)	2019	2019 Vs 18 (%)	2018	2018 Vs 17 (%)	2017	2017 Vs 16 (%)	2016
Revenue from operations	13,785	(11.95)	15,657	5.78	14,801	11.60	13,263	20.64	10,994
Other Income	204	(34.45)	311	123.89	139	5.30	132	3.13	128
Total Income	13,989	(12.39)	15,968	6.88	14,940	11.53	13,395	20.44	11,122
Cost of materials consumed	1,673	(25.91)	2,258	(4.72)	2,370	19.52	1,983	24.95	1,587
Purchase of traded goods	697	92.71	362	306.39	89	8,800.00	1	(50.00)	2
Changes in inventories	142	40.86	101	(180.65)	(125)	733.33	(15)	(188.24)	17
Employee benefits expense	839	(2.89)	864	(1.93)	881	7.57	819	8.48	755
Power and fuel	2,572	(17.86)	3,131	4.45	2,998	10.46	2,714	25.82	2,157
Freight and Forwarding expense	3,432	(15.26)	4,050	0.97	4,011	16.23	3,451	29.98	2,655
Finance costs	57	(33.89)	86	(3.12)	89	(12.75)	102	22.89	83
Depreciation and amortisation expense	635	5.31	603	0.49	600	(6.25)	640	5.79	605
Other expenses	2,078	(16.25)	2,481	(2.01)	2,532	5.41	2,402	2.34	2,347
Total expenses	12,125	(13.00)	13,936	3.65	13,445	11.14	12,097	18.51	10,208
Exceptional item	176	-	-	-	-	-	-	-	43
Profit before tax	1,688	(16.89)	2,031	35.88	1,495	15.18	1,298	49.02	871
Tax expenses	273	(59.43)	673	37.54	489	27.68	383	70.98	224
Tax adjustments for earlier years	-	-	-	-	(501)	-	-	-	-
Profit for the year	1,415	4.12	1,359	(9.83)	1,507	64.70	915	41.42	647

Vertical Analysis of Statement of Profit and Loss

Particulars	₹ Crore									
	2020	%	2019	%	2018	%	2017	(%)	2016	(%)
Revenue from operations	13,785	100.00	15,657	100.00	14,801	100.00	13,263	100.00	10,994	100.00
Other Income	204	1.48	311	1.99	139	0.94	132	1.00	128	1.17
Total Income	13,989	101.48	15,968	101.99	14,940	100.94	13,395	101.00	11,122	101.17
Cost of materials consumed	1,673	12.14	2,258	14.42	2,370	16.01	1,983	14.95	1,587	14.44
Purchase of traded goods	697	5.06	362	2.31	89.00	0.60	1	0.01	2	0.02
Changes in inventories	142	1.03	101	0.64	(125)	(0.84)	(15)	(0.11)	17	0.15
Employee benefits expense	839	6.09	864	5.52	881	5.95	819	6.18	755	6.87
Power and fuel	2,572	18.66	3,131	20.00	2,998	20.26	2,714	20.46	2,157	19.62
Freight and Forwarding expense	3,432	24.90	4,050	25.87	4,011	27.10	3,451	26.02	2,655	24.15
Finance costs	57	0.41	86	0.55	89	0.60	102	0.77	83	0.75
Depreciation and amortisation expense	635	4.61	603	3.85	600	4.05	640	4.82	605	5.50
Other expenses	2,078	15.06	2,481	15.85	2,532	17.11	2,402	18.11	2,347	21.35
Total expenses	12,125	87.97	13,936	89.01	13,445	90.84	12,097	91.21	10,208	92.85
Exceptional item	176	1.28	-	-	-	-	-	-	43	0.39
Profit before tax	1,688	12.25	2,031	12.98	1,495	10.10	1,298	9.79	871	7.93
Tax expenses	273	1.98	673	4.30	(12)	(0.08)	383	2.89	224	2.04
Profit for the year	1,415	10.26	1,359	8.68	1,507	10.18	915	6.90	647	5.88

TO THE MEMBERS

The Board of Directors are pleased to present the Company’s 85th Annual Report on business and operations, together with the audited financial statements (consolidated as well as standalone) for the year ended December 31, 2020.

1. STATE OF THE AFFAIRS OF THE COMPANY

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

2. FINANCIAL PERFORMANCE

Particulars	Consolidated		Standalone	
	2020	2019	2020	2019
Revenue from Operations	13,785.98	15,657.55	13,784.54	15,656.65
Other Income	216.74	318.43	203.98	311.21
Total Income	14,002.72	15,975.98	13,988.52	15,967.86
Profit before Tax*	1,708.85	2,052.52	1,687.78	2,031.47
Tax Expenses	278.59	674.98	272.84	672.56
Profit for the year	1,430.26	1,377.54	1,414.94	1,358.91
Attributable to				
Owners of the Company	1,430.18	1,377.41	1,414.94	1,358.91
Non-controlling Interest	0.08	0.13	-	-
Other Comprehensive Income (OCI)	(14.58)	(49.23)	(14.54)	(48.98)
Total Comprehensive Income	1,415.68	1,328.31	1,400.40	1,309.93
Owners of the Company	1,415.60	1,328.18	1,400.40	1,309.93
Non-controlling Interest	0.08	0.13	-	-
Opening Balance in retained earnings	7,713.34	6,702.10	7,696.52	6,703.53
Amount available for appropriations	9,128.94	8,030.28	9,096.92	8,013.46
Appropriations				
Interim Dividend Paid for 2019	262.90	-	262.90	-
Final Dividend Paid for 2018	-	262.90	-	262.90
Tax on Equity Dividend	-	54.04	-	54.04
Closing balance in retained earnings	8,866.04	7,713.34	8,834.02	7,696.52

* Profit before Tax for 2020 includes charge of ₹176.01 Crore towards impairment of assets and ₹128.92 Crore towards time value of money of Government Incentives.

3. OVERVIEW OF COMPANY’S OPERATIONAL AND FINANCIAL PERFORMANCE

- Consolidated Income, comprising Revenue from Operations and other Income, for the year was ₹14,002.72 Crore, 12% lower as compared to ₹15,975.98 Crore in 2019
- Total consolidated Revenue from Operations decreased to ₹13,785.98 Crore from ₹15,657.55 Crore in 2019
- Consolidated Profit before Tax for the year was ₹1,708.85 Crore vis-à-vis ₹2,052.52 Crore in 2019
- Consolidated Profit after Tax for the year was ₹1,430.26 Crore compared to ₹1,377.54 Crore in 2019

- 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 15% from 27.87 Million tonnes in 2019 to 23.77 Million tonnes in 2020
- Cement Sales Volume decreased by 12% from 28.89 Million tonnes in 2019 to 25.53 Million tonnes in 2020
- The net sales in cement decreased by 10% from ₹14,060.31 Crore in 2019 to ₹12,658.17 Crore in 2020

- RMX Production Volume has decreased by 36% from 35.24 Lakh m³ in 2019 to 22.70 m³ in 2020
- RMX Sales volume decreased by 36% from 35.32 Lakh m³ in 2019 to 22.70 Lakh m³ in 2020
- The net sales in RMX business decreased by 35% from ₹1,473.03 Crore in 2019 to ₹955.42 Crore in 2020.

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, 2020 subject to the approval of the Members at the 85th Annual General Meeting ('AGM').

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

Unclaimed dividend pertaining to the 75th final dividend and the 76th interim dividend, respectively for the years December 31, 2012 and December 31, 2013 totalling to ₹4.56 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, 2020.

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, 2020.

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, 2020 was ₹5,849.36 Crore vis-à-vis ₹4,492.53 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 ('the 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 Financial Statements (Refer Note No. 47).

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 annual audit plan aims to evaluate the efficacy and adequacy of the internal control system(s) and compliance(s) 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

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 & completeness in maintaining accounting records and prevention & detection of frauds & errors.

13. VIGILMECHANISM/WHISTLE-BLOWERPOLICY

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 EVRP. Details of the EVRP have been disclosed on the Company's website and can be accessed at www.acclimited.com/assets/new/pdf/ethicalview-reporting-policy.pdf.

During the year, the Company reached out to employees through e-learning modules for creating greater awareness with respect to its Fair Competition Directive and Anti-Bribery and Corruption Directive. 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 decreased to ₹18.48 Crore compared to ₹18.78 Crore in 2019. The profit before tax for 2020 was ₹2.08 Crore as against ₹3.18 Crore in 2019.

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 (4) 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 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 two (2) other subsidiary companies, viz. Lucky Minmat Limited and Singhanian Minerals Private Limited. Singhanian Minerals Private Limited is operational, while Lucky Minmat Limited is not operational.

Divestment of Wholly-Owned Subsidiary

During the year, your Company had divested a non-operational wholly-owned subsidiary Company, viz. National Limestone Company Private Limited to M/s N. G. Ghadiya Group and the Company has received an amount of ₹20 Crore towards the said divestment.

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 and can be accessed at www.acclimited.com/assets/new/pdf/CG/Determiningmaterialsubsidiaries.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. During the year, the Company migrated the back-office services to LH Global Hub Services Private Limited ('LHGS') which is the global shared services for the entire LH Group.

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, 2020, the following were the 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 Financial Year 2020 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 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 statements are also available on the website of the Company and can be accessed 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

Pursuant to the resignation of Mr Neeraj Akhoury as Managing Director and Chief Executive Officer ('MD & CEO') of the Company with effect from the close of business hours on February 20, 2020, the Board of Directors of the Company, basis the recommendation of the Nomination & Remuneration Committee ('N&RC') appointed Mr Akhoury as a Non-Executive, Non-Independent Director of the Company, liable to retire by rotation, with effect from February 21, 2020 and the said appointment was approved by

the Members of the Company at the AGM held on July 6, 2020.

Mr Sridhar Balakrishnan

The Board of Directors of the Company basis the recommendation of the N&RC has appointed Mr Sridhar Balakrishnan as the MD & CEO of the Company, not liable to retire by rotation, for a period of five (5) years commencing from February 21, 2020 to February 20, 2025 on such terms & conditions as decided by the Board of Directors and the said appointment was approved by the Members of the Company at the AGM held on July 6, 2020.

Mr Martin Kriegner

Mr Martin 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, was re-appointed by the Members at the AGM held on July 6, 2020.

Mr Vijay Kumar Sharma

Mr Vijay Kumar 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, was re-appointed by the Members at the AGM held on July 6, 2020.

Mr Jan Jenisch

Mr Jan Jenisch 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 June 13, 2018.

In terms of Section 152 of the Act, Mr Jenisch, 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 Narotam S. Sekhsaria

Mr Sekhsaria was appointed as Independent Director for a period of five (5) years in the Extra-Ordinary General Meeting held on September 10, 2014 with effect from July 24, 2014.

However, with effect from August 12, 2016, consequent upon 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. Mr Sekhsaria, Non-Executive, Non-Independent Director, being liable to retire by rotation, on the Board of Directors of the Company, was re-appointed by the Members at the AGM held on March 22, 2019.

In terms of Section 152 of the Act, Mr Sekhsaria, 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 M. R. Kumar

The Board of Directors of the Company on October 19, 2020, basis the recommendation of the N&RC appointed Mr M. R. Kumar as an Additional Director with effect from October 19, 2020 and to hold office up to the date of the ensuing AGM. Further, the N&RC and Board of Directors of the Company have also recommended the appointment of Mr M. R. Kumar as Director (*Non-Executive, Non-Independent*), to the Members at the ensuing AGM, liable to retire by rotation.

The relevant details including profiles of Mr Jan Jenisch, Mr Narotam S. Sekhsaria and Mr M. R. Kumar are included separately in the Notice of AGM and Report on Corporate Governance of the Company, forming part of the Annual Report.

B. Cessation

Mr Vijay Kumar Sharma and Mr Christof Hassig have resigned as Non-Executive, Non-Independent Directors of the Company with effect from the close of business hours on July 20, 2020 and February 20, 2020 respectively, on account of pre-occupation and also due to their other personal commitments. Both the aforesaid Directors have 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 aforesaid Directors during their tenure as Directors 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 as amended, Mr Sridhar Balakrishnan, MD & CEO (with effect from *February 21, 2020*), Mr Yatin Malhotra, Chief Financial Officer (**'CFO'**) (with effect from *September 1, 2020*) and Mr Rajiv Choubey, Chief Legal Officer & Company Secretary are the Key Managerial Personnel of the Company.

Mr Neeraj Akhouri, demitted office as MD & CEO and Key Managerial Personnel of the Company in terms of the provisions of Section 203 of the Act with effect from the 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, with effect from February 21, 2020 up to February 20, 2025.

Mr Yatin Malhotra was appointed as the CFO and Key Managerial Personnel in terms of the provisions of Section 203 of the Act with effect from September 1, 2020 upon Ms Rajani Kesari demitting office as CFO with effect from the close of business hours on August 31, 2020.

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 and 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, all the Independent Directors of the Company have registered themselves with IICA for the said purpose. In terms of Section 150 of the Act read with the Companies (Appointment & Qualification of Directors) Rules, 2014, as amended, since all the Independent Directors of the Company have served as Directors for a period of not less than three (3) years on the Board of Listed Companies as on the date of inclusion of their names in the database, they are not required to undertake online proficiency self-assessment test conducted by the said Institute.

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, the new products, Innovations, Sustainability measures, digitization measures 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/assets/new/pdf/CG/Familiarization-Programme-for-Independent-Directors.pdf

b) Formal annual evaluation

The Board carries out 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 the 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 N&RC and the Board of Directors while selecting candidates. The policy on remuneration of Directors, Key Managerial Personnel and ExCo is given in **Annexure B** to this Report and is also available on 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 on the website of the Company and can be accessed at www.acclimited.com/assets/new/new_pdf/Policyondiversityoftheboard.pdf and 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, twelve (12) 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. Nomination and Remuneration Committee
- 3. Risk Management Committee
- 4. Corporate Social Responsibility & Sustainability Committee
- 5. Stakeholders' Relationship Committee
- 6. Compliance Committee

The Committee meetings were held during the year, including Audit Committee and Stakeholders' Relationship Committee Meetings, which met seven (7) 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 of 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 of 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, the recommendations made by the Audit Committee were accepted by the Board.

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

The CSR and Sustainability Committee comprises of four (4) members out 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 till close of business hours of February 20, 2020), Mr Sharma (Non-Executive Director till close

of business hours of July 20, 2020) and Mr Neeraj Akhoury (MD & CEO till close of business hours of February 20, 2020 and Non-Executive Director with effect from February 21, 2020). With effect from February 21, 2020, Mr Sridhar Balakrishnan, MD & CEO was inducted as one of the Member of the CSR and Sustainability Committee. The Committee met thrice (3) 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 as amended, 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 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 business risks and opportunities forms part of Management Discussion and Analysis Report, which forms part of the Annual Report.

21. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Company has developed a Related Party Transactions ('RPTs') 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 approvals of the Audit Committee and the same are subject to audit. A statement giving details of all RPTs is 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 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 given in **Annexure D** to this Report.

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 IEPF

In line with the statutory requirements, the Company has transferred to the credit of 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 timelines 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 vide its order dated 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 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 of the demand subject to deposit of 10% of the penalty amount. The matter is currently subjudice and as on December 31, 2020, 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 –40(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 (7) 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,

2020, the penalty amount of ₹35.32 Crore is disclosed as a contingent liability in the Notes to Financial Statements [Refer Note 40(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 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 judgement 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 Auditor 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 07, 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. 000611), to conduct the cost audit of the Company for the Financial Year ending December 31, 2021, 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 December 31, 2019 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 Auditor 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 Mehta & Mehta, Company Secretaries in Practice, Mumbai as the Secretarial Auditor for conducting Secretarial Audit of the Company for the Financial Year ended December 31, 2020.

The report of the Secretarial Auditor is attached as **Annexure E**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark except as detailed in MR-3 annexed to this Report. The Company is in compliance with the Secretarial Standards, specified by the Institute of Company Secretaries of India ('**ICSI**').

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, 2020 and the date of the Board's Report, i.e. February 11, 2021.

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.

August 2020

- ACC Bargarh Cement Works was adjudged as Excellent Energy Efficient by Confederation of Indian Industries (CII)
- ACC Wadi Cement Works won the award for 'Energy Efficient Unit'

September 2020

- Won CII's – Climate Action Programme (CAP) award 2019 – Orient category in EMHM Sector
- Jamul plant achieved 4.5 star rating in the large-scale category of Energy conservation award (ENCON) 2020 in CII Eastern region

December 2020

SAFA Best Presented Annual Report Awards 2019

- Second Runner Up in the manufacturing sector for the Best Presented Annual Report

59th Association of Business Communicators of India Annual Awards

- The Company's Sustainability Development Report 2018 won the Gold trophy in Environmental Communications category
- Won the Bronze Award in the External Magazines category for Indian Concrete Journal (ICJ)
- ACC's 'Together For Communities' initiative won a Bronze trophy in the Social Responsibility Communication category

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 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 given in **Annexure F** to this Report.

In accordance with the provisions of Sections 197(12) & 136(1) of the Act read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the list pertaining to the names and other particulars of employees drawing remuneration in excess of the limits set out in the aforesaid Rules, is kept open for inspection during working hours at the Registered Office of the Company and the Report & Accounts as set out therein are being sent to all the Members of the Company. Any Member, who is interested in obtaining these, may write to the Chief Legal Officer & Company Secretary 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 auditor 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 extract of the Annual Return of the Company for the Financial Year December 31, 2020 is uploaded on the website of the Company and can be accessed at www.acclimited.com.

34. COMPLIANCE WITH SECRETARIAL STANDARDS

The Board of Directors affirms that the Company has complied with the applicable Secretarial Standards (SS) issued by the ICSI (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, efforts were made to reduce the impact of increasing electrical energy cost by partly replacing grid power through consumption of Open Access (OA) power from comparatively cheaper sources. While enhanced intake of solar power through Power Purchase Agreements (PPA) at Thondebhavi increased the OA consumption to 95% from 90.1%, at Kudithini, the OA power increased from 91.3% to 94%. Similarly, among integrated units, at Gagal, the OA quantum increased to 44% from 14% and at Wadi, the OA percentage increased from 46% to 51% of grid power consumption. At Madukkarai plant, OA power accounted for 62% of grid power. Overall purchase

of power from open access has resulted in a saving of ~₹13.2 Crore. In addition, the Waste Heat Recovery System at Gagal generated ~47.0 Million units for internal consumption in place of grid power.

A2. Renewable power obligation

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

The captive wind power generation sources contributed considerably in this front. This has resulted in a saving of ₹1.64 Crore on account of RPO cash outgo. Besides this, the Company has sourced 49 Million units of solar power collectively at Thondebhavi, Kudithini, Wadi to fulfill the Solar RPO and excess units are being used to fulfill partly Non-solar RPO. Additionally, the Company sourced 5.0 Million units of Non-solar power at Thondebhavi which resulted in a total saving of ~₹20.6 Crore.

A3. Conservation of energy

The year 2020 was full of challenges primarily posed by COVID-19 Pandemic. However, even in these difficult times, energy conservation and efficiency measures were undertaken in various areas of the cement manufacturing and Captive Power Plants (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 & cement mill
- Installation of medium voltage variable frequency drives (MVVFD) and low voltage variable frequency drives (LVVFD) for process fans
- Replacement of conventional lights with LED light across the plants

ACC Bargarh Cement Works was adjudged as Excellent Energy Efficient by Confederation of Indian Industries (CII) during the year. ACC Wadi Cement Works was also amongst the shortlisted cement plants and won the award for 'Energy Efficient Unit'. Jamul plant achieved 4.5 star

rating in the large-scale category of Energy conservation award (ENCON) 2020 in CII Eastern region.

Plant-wise energy efficiency installation

- **Jamul:** Installed Automatic Power Factor Controller (APFC) system to maintain unity power factor resultant and achieved 0.99 average power factor after commissioning of system
- **Gagal:** Installation of high efficiency Positive Displacement blower along with variable speed drive for primary air in kiln-1; installation of nozzles at kiln-1 burner tip to reduce the primary air percentage from 8.5% to 6.5% and NOx at kiln inlet
- **Chanda:** Vertical Roller Mill (VRM) inlet duct modification based on Computational Fluid Dynamics (CFD) study to reduce pressure drop; Modification in 15 MW cooling tower by replacement of V Bar fills with honeycomb fills and water spray nozzles
- **Wadi:** Preheater top cyclone modification and Kiln inlet riser duct modification through CFD study to reduce pressure drop; Kiln inlet riser duct feed box relocation to improve heat transfer; Tipping for Bag house fans 1 & 2 for Wadi 1 to increase margin in the fans; all these projects were for Wadi 1. CFD study and Separate Line Calciner bottom cross section area reduced thereby increasing velocity to avoid drop down of material; Installation of MVVFD along with motor for kiln string fan; Installation of high-level controller for mills at Wadi 2
- **Kymore:** Installation of New DCS system for kiln-2; Installation of High efficiency Cooler ESP Fan impeller for Kiln-1, Installation of high efficiency fan impeller for Kiln string fan Kiln 2; Two Cooler Fan's inlet modified through CFD study to reduce the pressure drop at K1. Commissioning 380 KW(p) Solar at Kymore mines
- **Bargarh:** VRM circuit modification based on CFD study to reduce the pressure drop; Modification for Slag VRM Bag house through CFD study to reduce pressure drop; Cement Mill 3 cyclones modified through CFD to improve cyclone collection efficiency; Installation of New Energy Management System and integration with DCS system; Installation of high level controller for kiln;

Installation of LVVFD for Bag Filter at Cement Grinding and Packing Plant; Modification of Vent line at Packing house resulting in switching off one no 37 kW Fan motor

- **Tikaria:** Upgradation of Distributed Control System (DCS) for Cement Mills 2 & 3
- **Lakheri:** Installation of LVVFDs for 6 fans in Air cooled condenser for Captive Power Plant; replacement of 9 pumps with high efficiency pumps
- **Chaibasa:** Installation of LVVFDs – one in Slag Dryer ID Fan, three in cooler fans, two in Cooling Tower pump and one in Condensate Extraction Pump

Green power

Among the total Renewable Energy, ACC's portfolio consists of

- Wind Energy Portfolio of 19 MW in the form of Wind Farms across 3 states and has generated approximately 32.30 Million units of green power. (Rajasthan – 11.96 Million units, Tamil Nadu – 17.34 Million units, Maharashtra – 3.00 Million units). These units helped ACC to meet the Renewable Purchase Obligation (Non-solar) for Madukkarai Plant (TN) & Lakheri Plant (Rajasthan) fully, besides getting power at a very cheaper cost. In Maharashtra, ACC Thane complex and BCCI, 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 ₹2.42 Crore
- ACC also installed and commissioned 5.35 MWp solar plant within the premises of Jamul Cement works at Chhattisgarh during the year to add to its renewable energy portfolio. The plant generated 2.35 Million units since August 2020. In addition to substituting grid power, it would also be used for the Renewable Purchase Obligation (Solar) compliance
- ACC also commissioned a 380 kWp Solar PV Plant at Kymore mines and consumed 0.14 Million units from it

The Renewable Power Obligations of other plants are met by purchasing Renewable Energy Certificates (Solar & Non-solar). Trading of REC was postponed on Energy Trading platforms since July 2020 as few associations have

challenged the New floor and forbearance price order issued by CERC.

Additional Proposals being implemented for further conservation of energy

- Set up new Waste Heat Recovery System (WHRS) based power plants at Jamul and Kymore
- Installation of dynamic reactive power compensation system to improve the power factor at Kymore
- Replacement of Medium Voltage & Low Voltage capacitor Banks & harmonic filters at Wadi
- Projects being implemented at Kymore – Installation of New DCS system for kiln-1; Installation of High efficiency Sepax Fan for Cement Mill 1 & 9; Energy Management System upgradation; Cooler Fan’s inlet modified through CFD study to reduce the pressure drop at K1
- Installation of Feeding System for Wet Ash/ Slag/Phosphogypsum at Thondebhavi
- Installation of four number Low Pressure cyclones in Raw Mill 1 for Wadi 2
- Replacement of Kiln string fan with higher capacity fan at Gagal 1
- Installation of VFDs across ACC plants
- Installation of high-level controller for kiln at Wadi 2 and Lakheri is in progress and planned for Kymore. Installation of high-level controller for mill optimisation is in progress for Chaibasa and is planned for mills at Sindri, Tikaria, Jamul, Gagal and Bargarh

Impact of the above measures for reduction of energy consumption and consequent impact on cost of production

The measures stated in point (A) would further improve the thermal and electrical energy efficiency of the ACC Plants.

The capital investment on energy conservation equipments

Your Company invested ~₹71.8 Crore 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 Renewable Energy (Solar and Non-solar), your Company utilised 0.29 Million

tonnes of Alternative Fuels during the 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) Maximisation of industrial wastes utilisation and looking into possibilities of environmentally friendly co-processing of wastes in cement manufacture leading to thermal substitution and conservation of natural resources
- c) Optimisation of fuel mix for lowering the cost
- d) Effective replacement of the costlier natural Gypsum by cheaper byproducts without affecting the quality of cement
- e) Development of new products based on market requirements
- f) Productivity research for increased efficiency in use of resources development of application Oriented Cements with decreased CO₂ emissions
- g) Quality Benchmarking exercise for different market clusters of ACC products
- h) Development waterproofing of Internal Compound
- i) Development of cement-based niche products like water repellent and self-curing Dry Mix Mortar, thin bed jointing mortar, plasters, tile adhesives range

- j) Development of Concrete Admixture for ACC RMX

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

- a) Effective use of marginal quality raw materials and fuels with improved clinker quality
- b) Reduction in raw material cost-gypsum and mineral components
- c) Maintain a lead position in all the market clusters of the country
- d) Launch of special high-performance products like F2R, Concrete+, ACC Gold for specific market segments/ market climatic conditions
- e) Launch of Leak Block—an internal waterproofing compound/dry-mix mortars for plasters, tile fixing, thin-bed jointing for blocks
- f) Increased absorption of blending materials like fly ash and slags in blended cements
- g) Fuel efficiency
- h) Reduction in special power consumption for grinding
- i) ACC Concrete admixture project resulted in cost savings on admixture buying cost with a consistent quality

3. Plan of action

- a) Development of application oriented cement focusing customer pain points with reduced carbon footprint
- b) Development of cement-based niche products
- c) Exploratory research works on the above specified areas
- d) Maximisation of use of waste/byproducts in cement manufacture as alternative materials
- e) Improve product quality particularly with respect to long-term durability and reduction in cost of manufacture
- f) Implementing & developing complete range of concrete admixture for ACC RMX to maximise the potential for quality & cost

4. Expenditure on R&D

	₹ Crore
a) Capital	Nil
b) Recurring (Gross)	0.61
c) Total	0.61
d) Total R&D expenditure as percentage of total turnover	-

C. Foreign Exchange Earnings and Outgo

	₹ Crore
Foreign Exchange earned	3.26
Foreign Exchanged outgo	553.22

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 the Internal Complaints Committee (**‘ICC’**) under the POSH. The ICC has been set up comprising four (4) female employees of whom one female employee (1) 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 Committee 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	4
Number of complaints filed during the financial year	1
Number of complaints pending as on the end of the financial year	1

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, 2020, 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, 2020, 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 third (3rd) 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 (6) 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 2020 is presented in a separate section, forming part of the Annual Report and also hosted on the Company’s website and can be accessed 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. 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.

40. CAUTIONARY STATEMENT

Statements in the Board’s 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
For ACC Limited

N. S. SEKHSARIA
Chairman

Mumbai
February 11, 2021

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.

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:

- 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;
- 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;

- the commission is generally paid on a uniform basis, to reinforce the principles of collective responsibility of the Board;
- the Nomination & Remuneration Committee may recommend a higher commission for the Chairman of the Board of Directors, taking into consideration his overall responsibility;
- 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.;
- 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;
- 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;
- the commission shall be payable on a pro rata basis to those Directors who occupy office for part of the year;
- the Independent Directors of the Company shall not be entitled to participate in Stock Option Scheme of the Company, if any, introduced by the Company.

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

Remuneration Policy for the Chief Executive Officer & Managing Director (CEO & MD) and Executive Committee Members

The Company’s compensation philosophy for the CEO & MD and the Executive Committee Members is broadly guided by the fact that the Company gains a competitive advantage in attracting, retaining and motivating talent. This can be ensured by providing a remuneration structure which when benchmarked with comparable companies within the industry/sector compares favourably so as to attract talent. At the same time the reward proposition

is linked to the overall company’s performance, individual performance, employee’s potential, criticality of the function and its importance for achieving a competitive advantage in business.

Remuneration Policy for the CEO & MD

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

Remuneration Policy for the Key Managerial Personnel and the Executive Committee Members

- i. In determining the remuneration of the Key Managerial Personnel (KMP) and Executive Committee Members, the Nomination & Remuneration Committee shall consider the following:
 - a) the relationship between remuneration and performance;
 - b) the balance between fixed and incentive pay reflecting short and long-term performance objectives, appropriate to the working of the Company and its goals;
 - c) the remuneration is divided into two components viz. fixed component comprising salaries, perquisites and retirement benefits and a variable component comprising performance bonus;
 - d) the remuneration including annual increment and performance bonus, is decided based on the criticality of the roles and responsibilities, the Company’s performance *vis-à-vis* the annual budget achievement, individual’s 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-à-vis the need to have a broad based and diverse Board commensurate with the size and complexity of the Company’s operations. This ensures that the Company gets the maximum benefits from the contributions and deliberations of an accomplished and diverse group of individuals and professionals, that issues are discussed from different angles fostering creativity in the Board’s decision-making process as well as provide for comprehensive strategic planning and effective risk management at the highest level.

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

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

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

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

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

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

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

In the selection of the CEO & MD, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise and experience, domain and functional knowledge required for such office and who demonstrate positive attributes as explained above. The ability of the candidate to adapt to the 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/source/new/csr/ACC-CSR-Policy-Neeraj-Feb-4-300-DPI.pdf>

- 2. The Composition of the CSR & Sustainability Committee:
 - Mr Shailesh Haribhakti, Chairman (Independent Director)
 - Ms Falguni Nayar, Member (Independent Director)
 - Mr Neeraj Akhoury, Member (Non-Executive Director)
 - Mr Sridhar Balakrishnan, Member (MD & CEO)
- 3. Average net profit of the Company for last three (3) financial years:
₹1,576.23 Crore
- 4. Prescribed CSR Expenditure (two percent [2%] of the amount as in item 3 above):
₹31.52 Crore
- 5. Details of CSR spent for the financial years:
 - a) Total amount to be spent for the financial year;
₹31.52 Crore

{However, in the financial year 2020, the Company’s total spending on CSR amounts to ₹32.33 Crore which is 2.05% 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 (₹ in Crore)	Amount Spent on the project or programmes (₹ in Crore) Sub-Heads: 1. Direct Expenditure on Projects or parishad 2. Overheads	Cumulative Expenditure up to reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
1.	ACC DISHA	Youth Employability (Schedule VII – (ii) Promotion of education including special education and employment enhancing 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), Chikaballarpur (Karnataka), Raigad (Maharashtra) and Raigad (Maharashtra)	3.95	3.95	3.95	3.95
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), Chikaballarpur (Karnataka), Bengaluru (Karnataka) and Coimbatore (Tamil Nadu)	6.18	6.18	6.18	6.18
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), Chikaballarpur (Karnataka), Raigad (Maharashtra) and Coimbatore (Tamil Nadu)	1.81	1.81	1.81	1.81

Sr. No.	CSR Projects/ Activities	Sector	Locations – Districts (States)	Amount Outlay (Budget) Project or Programme-wise (₹ in Crore)	Amount Spent on the project or programmes (₹ in Crore) Sub-Heads: 1. Direct Expenditure on Projects or parishad 2. Overheads	Cumulative Expenditure up to reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
4.	ACC Vidya Utkarsh	Quality Education (Schedule VII – (ii) Promotion of education including special education and employment enhancing 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), Chikaballarpur (Karnataka), Coimbatore (Tamil Nadu) Raigad (Maharashtra), Lucknow (Uttar Pradesh), Gautam Buddh Nagar (Uttar Pradesh) and Hoogly (West Bengal)	4.69	4.69	4.69	4.69
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), Chikaballarpur (Karnataka), Raigad (Maharashtra) and Coimbatore (Tamil Nadu)	1.27	1.27	1.27	1.27
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), Chikaballarpur (Karnataka), Raigad (Maharashtra) and Coimbatore (Tamil Nadu)	5.91	5.91	5.91	5.91

Sr. No.	CSR Projects/ Activities	Sector	Locations – Districts (States)	Amount Outlay (Budget) Project or Programme-wise (₹ in Crore)	Amount Spent on the project or programmes Sub-Heads: 1. Direct Expenditure on Projects or parishad 2. Overheads	Cumulative Expenditure up to reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
7.	ACC – Sampooran Swachhata	Sanitation	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)	2.78	2.78	2.78	2.78
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), Faridabad (Haryana), Hooghly (West Bengal) and Darjeeling (West Bengal)	2.97	2.97	2.97	2.97
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)	1.00	1.00	1.00	1.00

Sr. No.	CSR Projects/ Activities	Sector	Locations – Districts (States)	Amount Outlay (Budget) Project or Programme-wise (₹ in Crore)	Amount Spent on the project or programmes Sub-Heads: 1. Direct Expenditure on Projects or parishad 2. Overheads	Cumulative Expenditure up to reporting period (₹ in Crore)	Amount Spent: Direct or through implementation agency (₹ in Crore)
10.	ACC – Affordable Housing	(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	Coimbatore (Tamil Nadu)	0.20	0.20	0.20	0.20
11.	Overheads			1.57	1.57	1.57	1.57
TOTAL				32.33	32.33	32.33	32.33

Details of some of the project implementing agencies:

1. ACC Trust, 2. Manav Vikas Sansthan, 3. Jan Mangal Sansthan, 4. Janaki Foundation, 5. MYRADA, 6. Head Held High, Bengaluru, 7. ACC MAVIM Loksanchalit Sadhan Kendra – CMRC – Ghugus, 8. TMI e2E Academy, 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. Patang, 14. Rural Development Organisation Trust, 15. Goonj, 16. Ranthambhor Seva Sansthan, Jaipur 17. Roti Bank, 18. PHIA Foundation, Ranchi, Jharkhand, 19. Jan Sevak Samiti, Bhilai, 20. Praja Foundation, 21. Lokakalyan Parishad, 22. Mahashakti Foundation, 23. UDYOGINI, 24. Naad Gunjan Kala Parishad, 25. NSDL e-Governance Infrastructure, 26. GPR Strategy and Solution, 27. SANSKAR, 28. Sarva Seva Samiti Sanstha, Bargarh.

6. In case, the Company has failed to spend the two percent of the average net profit of the last three (3) 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.

Sridhar Balakrishnan
MD & CEO

Shailesh V. Haribhakti
Chairman, CSR & Sustainability Committee

Yatin Malhotra
CFO

FORM NO. AOC-2
January-December 2020

Particulars of 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, 2020, 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, 2020 are as follows:

Name of the Related Party	Nature of Relationship	Duration of Contract	Salient Terms	Amount (₹ in Crore)
Nature of Contract				
Purchase of Goods				
Ambuja Cements Limited	Holding Company	January 1, 2020- December 31, 2020 ¹	Based on Transfer Pricing Guidelines	505
Sale of Goods				
Ambuja Cements Limited	Holding Company	January 1, 2020- December 31, 2020 ¹	Based on Transfer Pricing Guidelines	222
Receiving of Services				
Ambuja Cements Limited	Holding Company	January 1, 2020- December 31, 2020 ¹	Based on Transfer Pricing Guidelines	1
Rendering of Services				
Ambuja Cements Limited	Holding Company	January 1, 2020- December 31, 2020 ¹	Based on Transfer Pricing Guidelines	1
Use of Technology and Knowhow				
Holcim Technology Limited	Fellow Subsidiary	January 1, 2020- December 31, 2020 ²	Based on Transfer Pricing Guidelines	133
Total				862

Notes:

- On April 16, 2018, the Shareholders approved the Master Supply Agreement between the Company and Ambuja Cements Limited for sale and purchase of cement, clinker, raw materials and spare parts.
- On June 13, 2018, the Shareholders approved the execution of the Technical Know How Agreement with Holcim Technology Limited for 3 years from January 1, 2018.

The transactions mentioned above are not material as per the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended. However, the same are disclosed under AOC-2 as a matter of good corporate governance practice.

FORM MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED DECEMBER 31, 2020
{Pursuant to Section 204(1) of the Companies Act, 2013 and rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014}

To,
The Members,
ACC Limited
Cement House, 121, Maharshi Karve Road,
Mumbai – 400 020

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

Based on our verification of the Company’s books, papers, minutes books, forms and returns filed 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 on December 31, 2020, 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 financial year ended on December 31, 2020 according to the provisions of:

- The Companies Act, 2013 (‘the Act’) and the rules made thereunder;
- The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings **(during the year under review not applicable to the Company);**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

- The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 **(during the period under review not applicable to the Company);**
- The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **(during the period under review not applicable to the Company);**
- The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 **(during the period under review not applicable to the Company);**
- The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **(during the period under review not applicable to the Company);**
- The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **(during the period under review not applicable to the Company)** and
- The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 **(during the period under review not applicable to the Company);**

We have examined compliance with the applicable clauses of the following:

- Secretarial Standards issued by the Institute of Company Secretaries of India;
- Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘SEBI LODR’);

During the period under review the Company has complied with the provisions of Act, Rules, Regulations, Guidelines etc. mentioned above except for the below mentioned observation:

Basis the information provided by the management due to technical issue and due to operations from a remote location on account of the nation vide lockdown imposed due to COVID-19 pandemic, the Annual Secretarial Compliance Report and outcome of the Board meeting held on May 12, 2020 & April 21, 2020 was submitted to the Stock exchange with a delay.

We further report that:

The Board of Directors of the Company is duly constituted with proper balance of the Executive Directors, 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 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.

Majority decision is carried through while the dissenting members’ view, if any are captured and recorded as part of the Minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. Half yearly Compliance under SEBI LODR have been submitted to the Stock exchange considering the half year March 31, 2020 & September 30, 2020.

We further report that during the audit period the Company had the following specific events/actions having a major bearing on the Company’s affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.

- The Board of Directors at their meeting held on February 7, 2020 had recommended a final dividend of ₹14/- per share to the members of the Company for approval at the Annual General Meeting
- Considering the COVID-19 pandemic and the nation vide lockdown imposed the Annual General Meeting was postponed from April 6, 2020 to July 6, 2020, accordingly the final dividend as recommended above by the Board was withdrawn and the Board of Directors thereafter at their meeting held on May 12, 2020 declared an Interim Dividend of the same amount as of recommended final dividend i.e. ₹14/- per share

For **Mehta & Mehta**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner

FCS No.: 3667

CP No.: 23905

Place: Mumbai
Date: February 11, 2021

UDIN: F003667B0027611708

Note: This report is to be read with our letter of even date which is annexed as ‘ANNEXURE A’ to MR-3 and forms an integral part of this report.

To,
The Members,
ACC Limited
Cement House, 121, Maharshi Karve Road,
Mumbai – 400 020

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of corporate laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6. As regard the books, papers, forms, reports and returns filed by the Company under the provisions referred to in our Secretarial Audit Report in Form No. MR-3 the adherence and compliance to the requirements of the regulations is the responsibility of management. Our examination was limited to checking the execution and timeliness of the filing of various forms, reports, returns and documents that need to be filed by the Company with various authorities under the said regulations. We have not verified the correctness and coverage of the contents of such forms, reports, returns and documents.
7. The secretarial audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **Mehta & Mehta**
Company Secretaries
(ICSI Unique Code P1996MH007500)

Dipti Mehta
Partner

FCS No.: 3667

CP No.: 23905

Place: Mumbai

Date: February 11, 2021

UDIN: F003667B0027611708

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 AS AMENDED

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.	The percentage increase in remuneration of CFO and CS in the financial year	Figures are not comparable as the employee worked only part of the year either from 2019 or 2020 as detailed below: Mr Rajiv Choubey, Chief Legal Officer and Company was appointed with effect from September 26, 2019. Ms Rajani Kesari resigned as Chief Financial Officer of the Company with effect from the close of business hours on August 31, 2020. Mr Yatin Malhotra was appointed as Chief Financial Officer with effect from September 1, 2020.
2.	The percentage increase in the median remuneration of employees in the financial year	9.6%
3.	The number of permanent employees on the rolls of the Company	6,401
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 is 7.9%. 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 (₹ in Lakh)	₹6.17 Lakh

7. Ratio of Remuneration of each Director and KMP to the median remuneration of all the employees of the Company for the year 2020

Name of Director and KMP	Remuneration (₹ in Lakh)		% Increase in remuneration in the financial year 2020	Ratio to median Remuneration of all employees
	2020	2019		
Non-Executive Directors				
Mr N. S. Sekhsaria, Chairman	56.70	53.70	5.59	9
Mr Jan Jenisch, Deputy Chairman	22.50	21.00	7.14	4
Mr Martin Kriegner*#	--	--	--	--
Mr Christof Hassig (Up to February 20, 2020)#	3.59	22.30	--	--
Mr Vijay Kumar Sharma (Up to July 20, 2020)#	14.14	23.10	--	--
Mr M. R. Kumar (Appointed w.e.f. October 19, 2020)#	4.54	--	--	--
Mr Neeraj Akhoury (Appointed as Non-Executive Director w.e.f. February 21, 2020)#	--	--	--	--

Name of Director and KMP	Remuneration (₹ in Lakh)		% Increase in remuneration in the financial year 2020	Ratio to median Remuneration of all employees
	2020	2019		
Independent Directors				
Mr Shailesh Haribhakti	47.20	42.50	11.06	8
Mr Sushil Kumar Roongta	47.30	45.00	5.11	8
Ms Falguni Nayar	26.40	22.60	16.81	4
Mr Sunil Mehta	47.70	32.01	--	8
Mr D. Sundaram	56.70	40.34	--	9
Mr Vinayak Chatterjee	48.00	32.81	--	8
Executive Director				
Mr Neeraj Akhoury, MD & CEO (Up to February 20, 2020)*#	615.17 @	889.78	--	--
Mr Sridhar Balakrishnan, MD & CEO (Appointed as MD & CEO w.e.f. February 21, 2020)#	332.45 **	--	--	--
Company Secretary				
Mr Rajiv Choubey	226.57	38.16	--	37
Chief Financial Officer				
Ms Rajani Kesari (Up to August 31, 2020)#	409.77	149.49	--	--
Mr Yatin Malhotra (w.e.f. September 1, 2020)#	59.59	--	--	--

Notes:

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 2020.

*Mr Martin Kriegner and Mr Neeraj Akhoury have waived their right to receive Directors’ commission and sitting fees.

@The remuneration of Mr Akhoury includes the Performance Linked Incentive of ₹530.91 Lakh for the year 2019.

**The remuneration of Mr Sridhar Balakrishnan includes the Performance Linked Incentive of ₹88.37 Lakh for the year 2019.

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 years 2019 & 2020.

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) Regulations, 2015, as amended (**‘SEBI Listing Regulations’**), for the year ended December 31, 2020.

ACC’S PHILOSOPHY ON CORPORATE GOVERNANCE

For over eight (8) decades, we have strengthened our industry leadership on the sturdy pillar of our corporate governance philosophy. We have institutionalised a robust mechanism of corporate governance, long before it became a statutory requirement. Our governance framework enshrines the highest standards of ethical and responsible conduct of business to create lasting stakeholder value.

Our governance framework and philosophy are inspired by our ethics, values and culture of professionalism. We emulate the ‘best practices’ that are adhered to in the realm of corporate governance globally, and these practices are integrated into our growth strategy.

Across our day-to-day operations, we conform to complete transparency and accountability to protect stakeholder interests. Our governance framework drives optimal utilisation of resources and accountability for stewardship. The Board remains the custodian of trust and acknowledges its responsibilities towards our growing stakeholder fraternity for sustainable long-term wealth creation.

Integrity, transparency, fairness, accountability and adherence to prevailing laws are integral to our business practices. These principles have evolved, over the years, from the Company’s culture of agility, continuous innovation and rich experiences gleaned from the past. This distilled wisdom has reinforced stakeholder trust and confidence, attracting and retaining financial and human capital, and has helped us enormously in fulfilling societal aspirations.

Our core principles represent the edifice of our two-tier 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 value creation for all.

Board of Directors

ACC is a professionally managed Company functioning under the overall supervision of the Board of Directors (**‘Board’**). Its Board comprises the required 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. The Company’s Managing Director and Chief Executive Officer is the only Executive Director on the Board.

The Board of Directors is made up of highly experienced and persons of repute and 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 and Sustainability’**) Committee and (vi) Compliance Committee.

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 under the guidance and directions of 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 executives of the senior management cadre who are drawn from a cross-section of functions and responsibilities. The ExCo supports the MD & CEO and operates within the framework of the policies laid down by the Board; and is responsible & accountable for overall business deliverables.

The ExCo meets regularly to review and monitor the performance *vis-à-vis* the annual plans & 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. ExCo team and other functional heads provide the expertise to face operational challenges with agility and efficiency.

Led by the MD & CEO, it comprises verticals for the functions of Sales & Marketing, Manufacturing, Human Resources, Finance, Procurement, Supply Chain, Legal & 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 Resource have a direct reporting line to the respective vertical heads. The heads of plants report 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 Resource, Procurement, Supply Chain, Sales & Marketing, Legal, Secretarial & Compliance, Health & Safety report to the Managing Director & Chief Executive Officer.

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, infrastructure, taxation, governance, 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, 2020

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 Cement 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 & Remuneration Committee.

He is a Non-Executive Director and is not in any way related to the Managing Director and Chief Executive Officer or any other member of the Board.

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)	1. Ambuja Cements Limited, Non-Executive Chairman; 2. JM Financial Asset Reconstruction Company Limited, Non-Executive Director; 3. 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 Jensich is a German national and has joined LH as its CEO on September 1, 2017. Prior to his joining LH, 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 CEO 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	General 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 a 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 for one-year General Management at XLRI, Jamshedpur. He is an alumnus of the Harvard Business School (GMP).

Mr Akhoury was the MD & CEO till February 20, 2020, held membership in 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 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)	1. Ambuja Cements Limited, MD & CEO, (w.e.f. February 21, 2020); 2. Holcim Services (South Asia) Limited, Non-Executive Director

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

Mr Kriegner, Austrian national, was appointed as Head of Asia Pacific and member of the Group Executive Committee of LH in August 2016. Since 2019, he has also been responsible for the Group Cement Excellence team.

Mr Kriegner joined the Group in 1990 and has held various senior leadership roles within Europe and Asia. 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 LH operations, and in 2016 he was appointed Head of India. Mr Kriegner is a graduate of Vienna University and holds a Doctorate in Law. He also obtained an MBA at the University of Economics in Vienna.

Mr Kriegner is a member of the Audit Committee and Nomination & Remuneration Committee of the Board.

Expertise in specific functional areas	Sustainability, General Management, Strategy & Operations
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 Shailesh Haribhakti, Chartered Accountant, is the Chairman of Shailesh Haribhakti & Associates. He is also a Cost Accountant, Certified Internal Auditor, Financial Planner & Fraud Examiner with a career span of over four (4) decades.

Evolving from a background in Audit, Tax and Consulting, he now seeks to create enduring value for Companies and organisations he is involved with, by being a deeply engaged Independent Director. His strong belief is that good Governance creates a sustainable competitive advantage. He is a strong supporter of a clean and green environment and is pioneering the concept of ‘innovating to zero’ in the social context. He serves on the Boards of several Multinational and Indian Companies and is also a member of several Advisory Boards.

He has participated in creating Indian Multinationals in the services sector. During 1981-83, he taught Management Accounting at IIM Ahmedabad. His passion for teaching, writing and public speaking has taken him to many management institutions and several industry and professional forums. He has led BMA, IIA (Mumbai), ICAI (WIRC), IMC, FPSB and Rotary Club of Bombay over the last several decades. For two (2) years, he served on the Standards Advisory Council of the IASB in London.

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)	1. Ambuja Cements Limited, Independent Director; 2. Torrent Pharmaceuticals Limited, Independent Director; 3. Blue Star Limited, Non-Executive Chairman & Independent Director; 4. NSDL E-Governance Infrastructure Limited, Non-Executive Chairman & Independent Director; 5. Bajaj Electricals Limited, Non-Executive Independent Director; 6. Bennett Coleman & Company Limited, Independent Director; 7. Future Lifestyle Fashions Limited, Non-Executive Chairman & Independent Director; 8. L&T Finance Holdings Limited, Independent Director; 9. 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 2nd position from the 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) and is also a 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)	1. Hero Steels Limited, Independent Director; 2. Talwandi Sabo Power Limited, Non-Executive Director; 3. Jubilant Pharmova Limited (formerly Jubilant Life Sciences Limited); Independent Director; 4. Bharat Aluminium Co. Limited, Non-Executive Chairman; 5. Great Eastern Energy Corporation Limited, Independent Director; 6. JK Paper Limited, Non-Executive Director; 7. Edelweiss Asset Reconstruction Company Limited, Independent Director;* 8. Titagarh Wagons Limited, Additional Director*

* The change in Directorship of the Director has taken place post December 31, 2020 but before the date of this Report, i.e. February 11, 2021.

Mr Vijay Kumar Sharma
(DIN: 02449088)
(Non-Executive and Non-Independent Director up to July 20, 2020)

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 has served as Chairman (in-charge) from September 16, 2016 and Managing Director, LIC from November 1, 2013. From December 2010 to November 2013, he has served as MD & CEO, LIC Housing Finance Limited (‘LICHFL’), a premiere 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.

He utilises negotiation skills gained over thirty eight (38) 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 an inspiring 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 in his role as Director of the Company, till July 20, 2020 held membership in 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) *	1. Tata Steel Limited, Non-Executive Director; 2. Mahindra & Mahindra Limited, Non-Executive Director

*Details as on July 20, 2020

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 held senior positions in various capacities and was the Managing Director of Kotak investment banking from 2006 to 2012. She is the Founder and CEO of Nykaa, a beauty & lifestyle omnichannel retailer, which she founded in 2012.

Ms Nayar has been part of the ‘Most Powerful Women in Indian 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. Ms Nayar won the ‘EY Start-Up of the Year’ award at the EY Entrepreneur of the Year awards.

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, Retail, E-commerce
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	1. Dabur India Limited, Independent Director; 2. Tata Technologies Limited, Independent Director; 3. Kotak Securities Limited, Independent Director; 4. Endurance Technologies Limited, Independent Director*

* Ceased to be a Director w.e.f. February 9, 2021

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 the Holcim Limited (now LafargeHolcim) in 1999, Mr Hassig worked for twenty five (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 preceding sixteen (16) years, he has built and led the department of Corporate Financing and Treasury. This function spans the 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 (3) 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, 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

* Details as on February 20, 2020

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 (6) 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 Financial Officer (‘CFO’) 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). He was awarded as the ‘Best Independent Director in 2019’ by Asian Centre for Corporate Governance and Sustainability in December 2020.

Mr Sundaram is now the Non-Executive Vice Chairman and Managing Director of TVS Capital Funds Pvt Ltd, 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 Programme (AMP).

Mr Sundaram is the Chairman of the Audit Committee and a member of 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)	1. Infosys Limited, Independent Director; 2. GlaxoSmithKline Pharmaceuticals Limited, Independent Director; 3. Crompton Greaves Consumer Electricals Limited, Independent Director; 4. SBI General Insurance Company Limited, Independent Director

Mr Vinayak Chatterjee
(DIN: 00008933)
(Non-Executive and Independent Director)

Born in 1959, Mr. Chatterjee graduated in Economics (Hons) from St. Stephen’s College, Delhi University (1976-1979) and did his MBA from the Indian Institute of Management, Ahmedabad (1979-1981). He co-founded Feedback Infra in 1990 which is India’s leading provider of professional and technical services in the infrastructure sector. These services include Advisory, Planning & Engineering, Project Management and Operations & Maintenance.

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 him as one of the 100 Global Leaders of Tomorrow. In 2011, the Indian Institute of Management, Ahmedabad conferred on him the “Distinguished Alumnus Award”.

He is also on the Board of Directors of Apollo Hospitals Enterprises Limited; and is a member of the Advisory Board of JCB India, and on Board of Governors of the National Rail and Transportation University; and he is the Chairman of the Board of Governors of Indian Institute of Technology, Dharwad (Karnataka).

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 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 partnerships model for developing India’s infrastructure
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	1. Feedback Energy Distribution Company Limited, Chairman; 2. Apollo Hospitals and Enterprises Limited, Independent Director; 3. Indraprastha Medical Corporation Limited, Independent Director

Mr Sunil Mehta
(DIN: 00065343)
(Non-Executive and Independent Director)

Mr Sunil Mehta has over thirty-seven (37) years of proven leadership experience in Banking, Financial Services, Insurance and Investments with leading global and domestic financial institutions namely Citibank, AIG, SBI, PNB and YES Bank amongst others. 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 boutique 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 amongst other businesses. He set up AIG’s insurance JVs with Tatas and was also responsible for expanding AIG’s presence across ten (10) 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 eighteen (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 has been appointed as the Non-Executive Chairman of YES Bank Limited by a Government of India Notification dated March 13, 2020. Mr Mehta was Non-Executive Chairman of Punjab National Bank from March 2017 till February 2020. He was an Independent Director on the Board of State Bank of India from June 2014 to March 2017. Presently, he is also a Board Member of Sashakt India Asset Management Ltd, Welmo Fintech Pvt Ltd and Bodytronix Fitness Pvt Ltd. Mr Mehta was on the Board of IL&FS group companies and a start-up digital Non-Life Insurance Company – Acko General Insurance Ltd.

In addition, he is a Senior Advisor to notable international/ domestic corporations amongst his other business responsibilities at SPM Capital Advisers Pvt Ltd

Mr Mehta was asked to Chair the Committee on Resolution of Stressed Assets by the Honorable Finance Minister of India. Other Members of the Committee included the Chairman of State Bank of India, Managing Director of Bank of Baroda and Deputy Managing Director of SBI. The Committee presented the Sashakt Report on Resolution of Stressed Assets to the Finance Minister on July 2, 2018. The report is under implementation and made significant progress with adoption of the Inter Creditor Agreement (ICA) by the Regulator and all major Banks/NBFC’s in addition to other recommendations.

Mr Mehta 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 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 the Chairman of both these organisations and also a member of the Global Transition Board of United Way Worldwide.

Mr Mehta 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 an Alumni of the Wharton School of Management, University of Pennsylvania, USA.

Mr Mehta is a Chairman of the Stakeholders’ Relationship Committee and a Member on 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)	1. Yes Bank Limited, Non-Executive Chairman; 2. Sashakt India Asset Management Limited, Non-Executive Director

Mr Sridhar Balakrishnan
(DIN: 08699523)
[Appointed as a Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020 (Executive Director)]

Mr Sridhar Balakrishnan is the MD & CEO of ACC Limited.

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. He has spent the 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. In his previous roles, Mr Balakrishnan 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.

Presently, Mr Balakrishnan is also on the Board of Bulk Cement Corporation (India) Limited and OneIndia BSC Private Limited.

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)	Bulk Cement Corporation (India) Limited, Additional Director

Mr M. R. Kumar
(DIN: 03628755)
(Non-Executive and Non-Independent Director)
[Appointed as an Additional Director w.e.f. October 19, 2020]

Mr M. R. Kumar, took charge as Chairman, LIC of India on March 14, 2019. He joined LIC of India in 1983 as a Direct Recruit Officer. In a career spanning more than three and a half (3.5) decades, he has had the unique privilege of heading three (3) Zones of LIC of India , viz. Southern Zone,

North Central Zone and Northern Zone, head quartered at Chennai, Kanpur and Delhi, respectively. His rich experience working pan India, in different Zones and in different streams of insurance management has given him a deep insight into the demographics and insurance potential of the country.

Mr Kumar also Chairs the Boards of domestic and international subsidiaries of LIC of India viz. LIC Housing Finance Ltd, LIC Mutual Fund AMC, LIC Pension Fund Ltd, LIC Credit Card Services Ltd, IDBI Bank Ltd as well as the Joint ventures on foreign soil viz. LIC (International) B.S.C.(c), Bahrain, LIC Lanka Ltd, LIC Nepal Ltd and LIC Singapore Pte Ltd.

Mr Kumar is also a Director on the Board of the Kenindia Assurance Ltd, which is a Life and Non-life Insurance Company, based in Kenya.

Expertise in specific functional areas	Insurance, Marketing, Human Resource & Pensions
List of Directorships held in other companies (excluding foreign, private and Section 8 Companies)	1. LIC Housing Finance Ltd, Nominee Director 2. LIC Cards Services Limited, Director 3. LIC Pension Fund Limited, Nominee Director 4. LIC Mutual Fund Asset Management Limited, Nominee Director 5. IDBI Bank Ltd, Non-Executive Non-whole time Chairman

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 in the following table. 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	Initial 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	1.	ACC Limited;	0	0
				2.	Ambuja Cements Limited;		
				3.	Everest Industries Limited		
Mr Jan Jenisch (Deputy Chairman)	Non-Executive/ Non-Independent	17.10.2017	2	1.	ACC Limited;	0	0
				2.	Ambuja Cements Limited		
Mr Neeraj Akhoury	(MD & CEO)/ Executive (Ceased as MD & CEO on February 20, 2020)	16.12.2016	1	1.	ACC Limited	1	0
	Non-Executive/ Non-Independent (appointed as a Director w.e.f. February 21, 2020)	21.02.2020	2	1.	ACC Limited;	1***	0
				2.	Ambuja Cements Limited		
Mr Martin Kriegner	Non-Executive/ Non-Independent	11.02.2016	2	1.	ACC Limited;	2	0
				2.	Ambuja Cements Limited		
Mr Shailesh Haribhakti	Non-Executive/ Independent	17.02.2006	7	1.	ACC Limited;	10	5
				2.	Ambuja Cements Limited;		
				3.	Torrent Pharmaceuticals Limited;		
				4.	L&T Finance Holdings Limited;		
				5.	Blue Star Limited;		
				6.	Future Lifestyle Fashion Limited;		
				7.	Bajaj Electricals Limited		
Ms Falguni Nayar	Non-Executive/ Independent	24.04.2014	3	1.	ACC Limited;	2	1
				2.	Dabur India Limited;		
				3.	Endurance Technologies Limited		
Mr Sushil Kumar Roongta	Non-Executive/ Independent	03.02.2011	4	1.	ACC Limited;	3	1
				2.	JK Paper Limited;		
				3.	Jubilant Pharmova Limited (formerly Jubilant Life Sciences Limited);		
				4.	Titagarh Wagons Limited		
Mr D. Sundaram	Non-Executive/ Independent	22.03.2019	4	1.	ACC Limited;	6	4
				2.	Infosys Limited;		
				3.	Crompton Greaves Consumer Electricals Limited;		
				4.	GlaxosmithKline Pharmaceuticals Limited		
Mr Vinayak Chatterjee	Non-Executive/ Independent	22.03.2019	3	1.	ACC Limited;	1	0
				2.	Apollo Hospitals Enterprise Limited;		
				3.	Indraprastha Medical Corporation Limited		
Mr Sunil Mehta	Non-Executive/ Independent	22.03.2019	2	1.	ACC Limited;	2	1
				2.	Yes Bank		
Mr Sridhar Balakrishnan	Executive Director	20.02.2020	0	NIL		0	0
	MD & CEO/Executive	21.02.2020	1	1.	ACC Limited;	1	0

Name of the Director	Category	Initial date of appointment		*Number of Directorship(s) held in Indian public listed companies (including ACC)	**Committee(s) position (including ACC)	
					Member	Chairman
Mr M. R. Kumar	Non-Executive/ Non-Independent	19.10.2020	3	1. ACC Limited; 2. LIC Housing Finance Ltd; 3. IDBI Bank Ltd	0	0
Mr Vijay Kumar Sharma@	Non-Executive/ Non-Independent (Ceased to be Director w.e.f. July 20, 2020)	06.02.2014	3	1. ACC Limited; 2. Tata Steel Limited; 3. Mahindra & Mahindra Limited	1	1
Mr Christof Hassig#	Non-Executive/ Non-Independent (Ceased to be Director w.e.f. February 20, 2020)	09.12.2015	2	1. ACC Limited; 2. Ambuja Cements Limited	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.

@ Details as on July 20, 2020

Details as on February 20, 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 available on the Company’s website and can be accessed on web link at www.acclimited.com/assets/new/new_pdf/Policyondiversityoftheboard.pdf

Directors and Officers Insurance (‘D&O’)

In line with the requirements of Regulation 25(10) of the SEBI Listing Regulations, the Company has taken D&O for all its Directors and members of the Senior Management for such quantum and for such risks as determined by the Board of Directors.

Independent Directors

Independent Directors play a significant role in the governance processes of the Board. By virtue of their varied expertise and experience, 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 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 have been 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.

Confirmation as regards to 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, 2020, *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 23, 2020 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 Mr Vinayak Chatterjee 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 (8) 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 fulfil his/her 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. From time to time, the Company also organises 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.

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. In 2020, the Company has organised a session with M/s Bain & Company through video-conferencing on COVID-19 Perspectives & Imperatives *inter alia* covering Global Outlook and Imperatives for Board Members, India Macro Outlook, 'Act Now' & 'Plan Now', India Cement sector outlook and key takeaways.

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 <https://www.acclimited.com/assets/new/pdf/CG/Familiarization-programme-for-independent-and-non-executive-directors.pdf>

Performance evaluation of the Board and individual Directors

Pursuant to the provisions of the Act, and the SEBI Listing Regulations, the Board has carried out the annual evaluation of its own performance, as well as the working of its Audit, Nomination & Remuneration, 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 judgement 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 and can be accessed through the weblink at [www.acclimited.com/assets/new/pdf/CG/Policy remuneration_selection_for_appointment.pdf](http://www.acclimited.com/assets/new/pdf/CG/Policy_remuneration_selection_for_appointment.pdf)

Terms of remuneration of Mr Neeraj Akhoury, MD & CEO (ceased to be MD & CEO w.e.f. February 20, 2020)

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 <https://www.acclimited.com/newsite/annualreport2017/Neeraj-Akhoury-Agreement-signed.pdf>

Terms & Remuneration of Mr Sridhar Balakrishnan, Managing Director & Chief Executive Officer (MD & CEO) (Appointed as Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020)

Mr Balakrishnan was appointed by the Board of Directors as MD & CEO w.e.f. February 21, 2020 for the period of five (5) years on the following terms and conditions and with an annual increment of up to maximum of 20% for every year thereafter during the currency of term of five (5) years of MD & CEO and the same was approved by the Members at the 84th Annual General Meeting of the Company held on July 6, 2020.

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.

Allowances & Perquisite

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 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 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 recognised 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 Sections 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 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 Sections 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 of the Board of 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.

Name of the Director	(₹ in Lakh)			
	Salary	Commission	Sitting Fees	Total
Mr N. S. Sekhsaria, Chairman	-	50	6.70	56.70
Mr Jan Jenisch, Deputy Chairman	-	20	2.50	22.50
Mr Neeraj Akhoury, (Ceased to be MD & CEO w.e.f. February 20, 2020. Appointed as a Director w.e.f. February 21, 2020)#*	615.17	-	-	615.17
*Mr Martin Kriegner	-	-	-	-
Mr Shailesh Haribhakti	-	36	11.20	47.20
Mr Sushil Kumar Roongta	-	36	11.30	47.30
Mr Vijay Kumar Sharma (Ceased to be Director w.e.f. July 20, 2020)	-	11.04	3.10	14.14
Ms Falguni Nayar	-	20	6.40	26.40
Mr Christof Hassig (Ceased to be Director w.e.f. February 20, 2020)	-	2.79	0.80	3.59
Mr Damodarannair Sundaram	-	45	11.70	56.70
Mr Vinayak Chatterjee	-	36	12.00	48.00
Mr Sunil Mehta	-	36	11.70	47.70
Mr Sridhar Balakrishnan (Appointed as a Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020)@	332.45	-	-	332.45
Mr M. R. Kumar (Appointed as an Additional Director w.e.f. October 19, 2020)	-	4.04	0.50	4.54

* Mr Martin Kriegner and Mr Neeraj Akhoury have waived their right to receive Directors' commission and sitting fees
The remuneration of Mr Neeraj Akhoury includes the Performance Linked Incentive of ₹530.91 Lakh for the year 2019
@ The remuneration of Mr Sridhar Balakrishnan includes the Performance Linked Incentive of ₹88.37 Lakh for the year 2019.

MEETINGS

Board meetings held during the year

Dates on which the Board meetings were held in 2020	Total strength of the Board	Number of Directors present
February 7, 2020	12	10
February 20, 2020	12	12
April 10, 2020	12	11
April 21, 2020	12	12
May 12, 2020	12	12
July 20, 2020	12	12
August 18, 2020	11	10
August 27, 2020	11	9
September 15, 2020	11	10
October 19, 2020	11	10
November 5, 2020	12	11
December 23, 2020	12	9

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 July 6, 2020
	February 7, 2020	February 20, 2020	April 10, 2020	April 21, 2020	May 12, 2020	July 20, 2020	August 18, 2020	August 27, 2020	September 15, 2020	October 19, 2020	November 5, 2020	December 23, 2020	
Mr N. S. Sekhsaria	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	LOA	LOA
Mr Jan Jenisch	✓	✓	LOA	✓	✓	✓	LOA	LOA	LOA	LOA	LOA	LOA	✓
Mr Neeraj Akhoury\$	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Martin Kriegner	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr S. V. Haribhakti	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr S. K. Roongta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr V. K. Sharma (Ceased to be Director w.e.f. July 20, 2020)	LOA	✓	✓	✓	✓	✓	NA	NA	NA	NA	NA	NA	✓
Ms Falguni Nayar	✓	✓	✓	✓	✓	✓	✓	LOA	✓	✓	✓	✓	✓
Mr Christof Hassig (Ceased to be Director w.e.f. February 20, 2020)	LOA	✓	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Mr D. Sundaram	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr V. Chatterjee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr S. Mehta	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr Sridhar Balakrishnan@	NA	NA	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓
Mr M. R. Kumar (Appointed as an Additional Director w.e.f. October 19, 2020)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	✓	LOA	NA

LOA – Leave of Absence; NA – Not Applicable
\$ Mr Neeraj Akhoury ceased to be MD & CEO w.e.f. February 20, 2020 and appointed as a Non-Executive/ Non-Independent Director w.e.f. February 21, 2020
@ Mr Sridhar Balakrishnan was appointed as a Director w.e.f. February 20, 2020 and as MD & CEO w.e.f. February 21, 2020

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. Additionally, in terms of Rule 4 of The Companies (Meetings of Board and its Powers) Rules, 2014, for the period beginning from the commencement of the Companies (Meetings of Board and its Powers) Amendment Rules, 2020 and ending on the June 30, 2021, the meetings on matters referred to in sub-rule (1) of the said rule may be held through video conferencing or other audio-visual means in accordance with rule 3 of the said rule.

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 of Directors 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, ensures integrity in the Company’s accounting and financial reporting systems, adequacy of internal controls and compliance with all relevant laws and discharges its functions towards CSR. In particular, the Board reviews and approves quarterly/half-yearly, unaudited financial results and the audited annual financial statements (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 the 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 qualitateness 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 presented 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 (2/3rd) 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 the 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 discuss 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 the SEBI (Prohibition of Insider Trading), 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 the SEBI Listing Regulations.

The composition of the Audit Committee as on December 31, 2020 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							
		February 7, 2020	April 21, 2020	June 12, 2020	July 20, 2020	October 19, 2020	November 25, 2020	December 8, 2020	
Mr D. Sundaram, Chairman	Non-Executive/Independent	✓	✓	✓	✓	✓	✓	✓	
Mr Martin Kriegner	Non-Executive/Non-Independent	✓	✓	Leave of Absence	✓	✓	✓	✓	
Mr S. K. Roongta	Non-Executive/Independent	✓	✓	✓	✓	✓	✓	✓	
Mr Vinayak Chatterjee	Non-Executive/Independent	✓	✓	✓	✓	✓	✓	✓	
Mr Sunil Mehta	Non-Executive/Independent	✓	✓	✓	✓	✓	✓	✓	

Mr D. Sundaram, Chairman of the Committee was present at the Annual General Meeting held on July 6, 2020.

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 presented 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 three (3) members of which two-thirds (2/3rd) 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 rights issue/bonus issue, subject to such approvals as may be required;
- to oversee, approve and monitor dematerialisation for 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 dematerialisation 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 Education and 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.

The composition of the Stakeholders’ Relationship Committee as on December 31, 2020 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		
		February 6, 2020	July 17, 2020	October 16, 2020
Mr Sunil Mehta, Chairman	Non-Executive/Independent	✓	✓	✓
Mr S. V. Haribhakti	Non-Executive/Independent	✓	✓	✓
Mr Christof Hassig (Ceased to be a Member w.e.f. February 20, 2020)	Non-Executive/Non-Independent	✓	Not Applicable	Not Applicable
Mr Neeraj Akhoury (Ceased to be a Member w.e.f. February 20, 2020)	Executive/ Non-Independent	✓	Not Applicable	Not Applicable
Mr Sridhar Balakrishnan (Appointed as Member w.e.f. February 21, 2020)	Executive/Non-Independent	Not Applicable	✓	✓

Mr Sunil Mehta, Chairman of the Committee was present at the Annual General Meeting held on July 6, 2020.

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, Twenty-four (24) 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 as on December 31, 2020 which now 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 (1/2) 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, 2020 and details of the Members participation at the meetings of the Committee are as under:

		Attendance at the N&R Committee meetings held on					
Name of the Director	Category	February 20, 2020	April 10, 2020	August 27, 2020	October 19, 2020	December 9, 2020 (Original Meeting)	December 22, 2020 (Adjourned Meeting)
Mr S. V. Haribhakti, Chairman	Non-Executive/ Independent	✓	✓	✓	✓	✓	✓
Mr N. S. Sekhsaria	Non-Executive/ Non-Independent	✓	✓	✓	✓	Leave of Absence	Leave of Absence
Mr Martin Kriegner	Non-Executive/ Non-Independent	✓	✓	✓	✓	✓	✓
Mr Vinayak Chatterjee	Non-Executive/ Independent	✓	✓	✓	✓	✓	✓

Mr S. V. Haribhakti, Chairman of the Committee was present at the Annual General Meeting held on July 6, 2020.

Corporate Social Responsibility (CSR) and 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 Committee broadly includes:

- to review CSR projects with a view to ensure that they are in line with the CSR objectives and the CSR and 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 from 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, 2020 and details of the Members' participation at the meetings of the Committee are as under:

		Attendance at the CSR & Sustainability Committee meetings held on		
Name of the Director	Category	February 6, 2020	July 17, 2020	September 15, 2020
Mr S. V. Haribhakti, Chairman	Non-Executive/ Independent	✓	✓	✓
Ms Falguni Nayar	Non-Executive/ Independent	Leave of Absence	✓	✓
Mr Christof Hassig (Ceased to be Member w.e.f. February 20, 2020)	Non-Executive/ Non-Independent	✓	Not Applicable	Not Applicable
Mr Vijay Kumar Sharma (Ceased to be a Member w.e.f. July 20, 2020)	Non-Executive/ Non-Independent	✓	✓	Not Applicable
Mr Neeraj Akhoury (Ceased to be a Member w.e.f. February 20, 2020)	Executive/ Non-Independent	✓	Not Applicable	Not Applicable
Mr Neeraj Akhoury (Appointed as Member w.e.f. February 21, 2020)	Non-Executive/ Non-Independent	Not Applicable	✓	✓
Mr Sridhar Balakrishnan (Appointed as Member w.e.f. February 21, 2020)	Executive/ Non-Independent	Not Applicable	✓	✓

Mr S. V. Haribhakti, Chairman of the Committee was present at the Annual General Meeting held on July 06, 2020.

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 www.acclimited.com/source/new/csr/ACC-CSR-Policy-Neeraj-Feb-4-300DPI.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 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. The majority of the Committee members include Independent Directors.

The composition of the Risk Management Committee as on December 31, 2020 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	
		February 6, 2020	July 17, 2020
Ms Falguni Nayar, Chairperson	Non-Executive/Independent	✓	✓
Mr S. V. Haribhakti	Non-Executive/Independent	✓	✓
Mr S. K. Roongta	Non-Executive/Independent	✓	✓
Mr V. K. Sharma (Ceased to be a Member w.e.f. July 20, 2020)	Non-Executive/Independent	✓	✓
Mr Neeraj Akhoury (Ceased to be a Member w.e.f. February 20, 2020)	Executive/Non-Independent	✓	Not Applicable
Mr Sridhar Balakrishnan (Appointed as Member w.e.f. February 21, 2020)	Executive/Non-Independent	Not Applicable	✓

Ms Falguni Nayar, Chairperson of the Committee was present at the Annual General Meeting held on July 6, 2020.

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

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 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.

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 & 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, 2020 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		
		February 6, 2020	July 17, 2020	October 16, 2020
Mr S. K. Roongta, Chairman	Non-Executive/Independent	✓	✓	✓
Mr S. V. Haribhakti	Non-Executive/Independent	✓	✓	✓
Mr D. Sundaram	Non-Executive/Independent	✓	✓	✓
Mr Neeraj Akhoury (Ceased to be a Member w.e.f. February 20, 2020)	Executive/Non-Independent	✓	Not Applicable	Not Applicable
Mr Sridhar Balakrishnan (Appointed as Member w.e.f. February 21, 2020)	Executive/Non-Independent	Not Applicable	✓	✓

Mr S. K. Roongta, Chairman of the Committee was present at the Annual General Meeting held on July 6, 2020.

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 Regulation 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, 2020. 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 available on the Company’s website and can be assessed through the weblink at <https://www.acclimited.com/assets/new/pdf/CG/Policy-for-determining-material-subsiidiary.pdf>

The Audited Annual Financial Statements and the Unaudited Quarterly Financial Results, along with the Auditors Limited Review thereon of Subsidiary Companies are presented 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 and Board meetings of subsidiary companies are also presented at the Board meeting of the Parent Company.

DISCLOSURES

Regulations 17 to 27 & Regulation 46 of the SEBI Listing Regulations

The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under Regulations 17 to 27 and sub-regulation (2) of Regulation 46 of the SEBI Listing Regulations.

Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

Particulars	Numbers
a) Number of complaints at the beginning of the financial year	4
b) Number of complaints filed during the financial year	1
c) Number of complaints disposed of during the financial year	4
d) Number of complaints pending as on end of the financial year	1

Disclosure of Non-Compliance of any Requirement of Corporate Governance Report, with Reasons

The Company has complied with and disclosed all the mandatory corporate governance requirements mentioned under sub-para (2) to (10) of part C of Schedule V of the SEBI Listing Regulations.

Indian Accounting Standards (Ind AS)

The Company has prepared its Standalone and Consolidated Financial Statements in accordance with Indian Accounting Standards as notified under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the Companies (Indian Accounting Standards) Amendment Rules, 2016.

FEES PAID TO STATUTORY AUDITORS

For the year ended December 31, 2020, the Company and its subsidiaries have paid a consolidated sum of ₹3.33 Crore to the statutory auditor and all its entities.

	(₹ Crore)		
	By Company	By Subsidiaries	Total
Statutory Audit fees including fees for tax accounts	2.13	0.06	2.19
Other Services	1.06	0.06	1.12
Reimbursement of expenses	0.02	-	0.02
Total	3.21	0.12	3.33

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 <https://www.acclimited.com/assets/new/pdf/CG/Related-party-transactions-policy.pdf> In line with the amended SEBI Listing Regulations, the policy has been amended suitably.

There are no materially significant transactions with the related parties that had potential conflict with the interest of the Company. Where any material related party transaction is proposed, approval of the shareholders 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.

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 offices.

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 (SEBI) 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 Directors 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 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 No.: 18002092008
- Fax No.: +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 which in turn apprises the Board on such matters as necessary. No personnel have been denied access to the Audit Committee pertaining to the EthicalView Policy.

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 the SEBI Listing Regulations, the Company has formulated the ‘Code of Conduct for Prevention of Insider Trading’ 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 and their immediate relatives, designated persons 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, 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 of Directors 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 of Directors, 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 except as mentioned in Secretarial Audit Report which forms part of Annual Report. 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 BSE Limited's (BSE) on-line portal, BSE Listing Centre (Listing Centre) and on NSE Electronic Application Processing System (NEAPS), the on-line portal of The 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 Umashankar Hegde of U. Hegde & Associates, Company Secretaries, 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 status with regard to compliance by the Company with discretionary requirements as listed out in Part E of Schedule II of the SEBI Listing Regulations is as under:

- 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, 2020 is unmodified.
- The Chief Internal Auditor reports directly to the Audit Committee.

- The Company follows a robust process of communicating with the shareholders which has been elaborated in the Report under the Heading 'Means of Communication'.

GENERAL INFORMATION TO SHAREHOLDERS

Annual General Meeting

- Date: Wednesday, April 7, 2021
- Time: 3.00 p.m.
- Mode: Video conference/Other audio-visual means
- Deemed Venue: Cement House, 121, Maharshi Karve Road, Mumbai – 400 020 (Registered Office)
- Financial Year: January-December 2020
- Dividend Payment Date: On or after April 21, 2021

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 KFintech.

Address for correspondence with the Company

KFin Technologies Private Limited, Selenium Building, Tower B, Plot Nos. 31 & 32, Financial District, Nanakramguda, Gachibowli, Hyderabad – 500 032, Telangana.

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	
The National Stock Exchange of India Limited Exchange Plaza, Bandra-Kurla Complex, Bandra (East), Mumbai – 400 051	ACC	INE012A01025

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 also address their requests to the Company's RTA viz. KFintech, for change of address, change in bank details, processing of unclaimed dividend, subdivision of shares, renewal/ split/ consolidation of share certificates, issue of duplicate share certificates and such requests should be signed by the first named member, as per the specimen signature registered with the Company. The RTA/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 RTA/ Company.

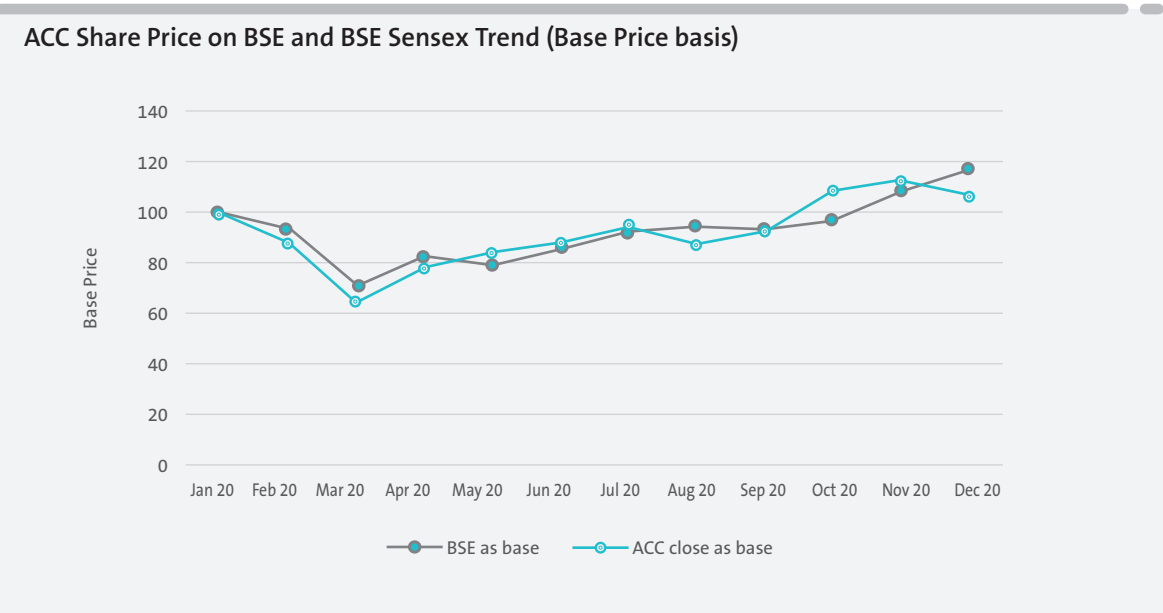
Members may please note that with effect from April 1, 2019, shares held in physical form cannot be transferred. Members in their own interest are requested to have their physical holdings dematerialised through a Depository Participant by opening a demat account.

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.

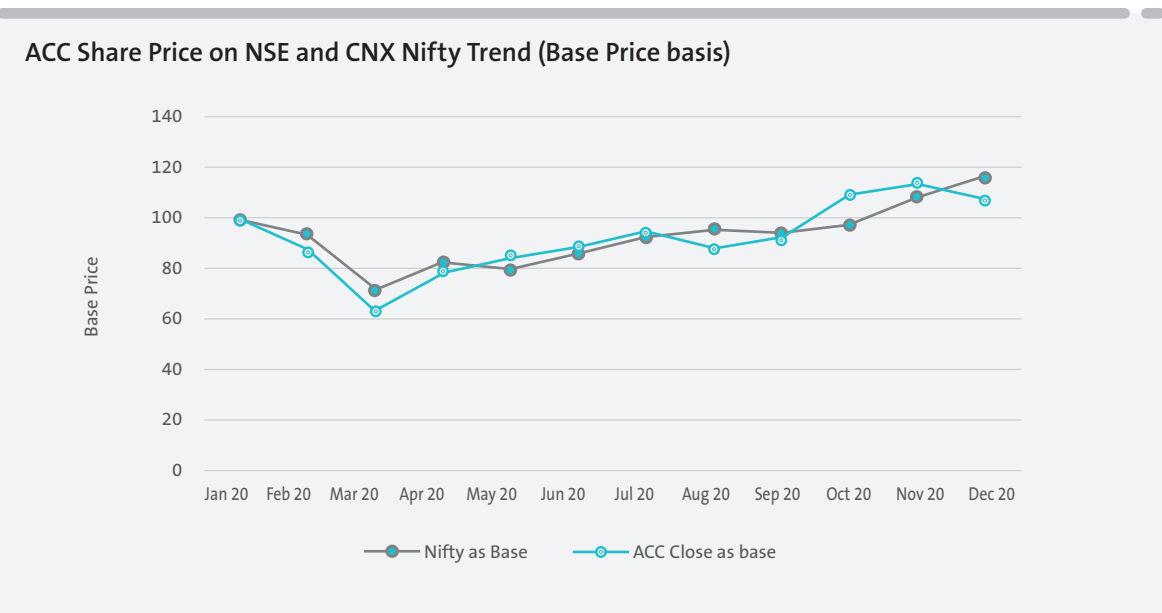
ACC Share Price on BSE vis-à-vis BSE Sensex January-December 2020

Month	BSE Sensex Close	ACC Share Price			Number of shares traded during the month	Turnover (₹ Crore)
		High (₹)	Low (₹)	Close (₹)		
January-20	40,723.49	1,578.05	1,431.65	1,504.65	6,82,031	102.96
February-20	38,297.29	1,527.20	1,311.45	1,321.20	7,94,999	115.03
March-20	29,468.49	1,392.50	895.50	967.50	6,03,871	67.15
April-20	33,717.62	1,243.35	936.75	1,179.85	11,42,713	128.55
May-20	32,424.10	1,297.50	1,117.65	1,271.15	9,38,719	112.35
June-20	34,915.80	1,335.80	1,190.00	1,332.00	8,56,236	109.65
July-20	37,606.89	1,455.50	1,254.10	1,424.75	12,20,589	163.96
August-20	38,628.29	1,451.20	1,313.50	1,321.60	5,67,486	79.88
September-20	38,067.93	1,438.00	1,289.70	1,393.85	7,67,785	104.64
October-20	39,614.07	1,700.90	1,395.80	1,648.40	12,17,931	189.87
November-20	44,149.72	1,757.25	1,631.05	1,703.25	9,57,510	161.87
December-20	47,751.33	1,788.05	1,490.00	1,618.40	12,23,183	201.32



ACC Share Price on NSE vis-à-vis S&P CNX Nifty January-December 2020

Month	S&P CNX Nifty (Close)	ACC Share Price			Number of shares traded during the month	Turnover (₹ Crore)
		High (₹)	Low (₹)	Close (₹)		
January-20	11,962.10	1,579.60	1,430.55	1,504.60	1,65,35,000	2,496.60
February-20	11,201.75	1,528.00	1,312.05	1,320.85	1,62,40,000	2,345.33
March-20	8,597.75	1,356.45	895.15	968.50	2,35,80,000	2,557.50
April-20	9,859.90	1,244.00	936.95	1,179.10	3,64,20,000	4,037.75
May-20	9,580.30	1,297.95	1,117.20	1,270.20	2,82,16,000	3,381.26
June-20	10,302.10	1,335.60	1,180.00	1,332.25	2,39,52,000	3,061.76
July-20	11,073.45	1,454.90	1,253.00	1,425.45	3,44,41,000	4,656.22
August-20	11,387.50	1,452.95	1,313.05	1,321.80	1,54,16,000	2,171.25
September-20	11,247.55	1,438.05	1,289.00	1,393.45	2,03,76,000	2,764.06
October-20	11,642.40	1,700.00	1,396.00	1,649.00	3,90,35,000	6,136.01
November-20	12,968.95	1,757.00	1,630.00	1,705.05	3,44,97,000	5,835.45
December-20	13,981.75	1,785.00	1,485.00	1,617.65	3,58,12,000	5,905.51



SHARE TRANSFER SYSTEM/DIVIDEND AND OTHER RELATED MATTERS

Nomination facility for shareholding

As per 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 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.

The 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. 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 the Company 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.

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, 2013 (76 th Final)	April 9, 2014	19.00	June 13, 2021
December 31, 2014 (77 th Interim)	July 24, 2014	15.00	September 27, 2021
December 31, 2014 (77 th Final)	March 20, 2015	19.00	May 24, 2022
December 31, 2015 (78 th Interim)	July 17, 2015	11.00	September 20, 2022
December 31, 2015 (78 th Final)	April 13, 2016	06.00	June 17, 2023
December 31, 2016 (79 th Interim)	July 26, 2016	11.00	September 29, 2023
December 31, 2016 (79 th Final)	March 29, 2017	06.00	June 2, 2024
December 31, 2017 (80 th Interim)	July 17, 2017	11.00	September 21, 2024
December 31, 2017 (80 th Final)	June 13, 2018	15.00	August 18, 2025
December 31, 2018 (81 st Final)	March 22, 2019	14.00	May 27, 2026
December 31, 2019 (82 nd Interim)	May 12, 2020	14.00	July 17, 2027

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

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 2021, unclaimed dividends pertaining to the following periods will be transferred to IEPF:

- 76th final dividend for the year ended December 31, 2013
- 77th interim dividend for the year ended December 31, 2014

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 the 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.

unpaid/unclaimed for a period of seven (7) 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 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 acknowledgement will be generated indication the SRN. Please note down the SRN details for future tracking of the form.
- iii. Take a printout of the duly filled Form No. IEPF-5 and the acknowledgement issued after uploading the form.
- iv. Submit an indemnity bond in original, copy of the acknowledgement and self-attested copy of e-form, along with other documents as mentioned in the Form No. IEPF-5 to the Nodal Officer (IEPF) of the Company at its Registered Office in an envelope marked ‘Claim for refund from IEPF Authority/Claim for shares from IEPF’ as the case may be. Kindly note that submission of documents to the Company is necessary to initiate the refund process.

- v. Claim forms completed in all respects will be verified by the concerned Company and on the basis of Company’s Verification Report, refund will be released by the IEPF Authority in favour of claimants’ Aadhar-linked bank account through electronic transfer and/or the shares shall be credited to the demat account of the claimant, as the case may be.

The Nodal Officer of the Company for IEPF Refunds Process is Mr Rajiv Choubey, Chief Legal Officer & Company Secretary and the Deputy Nodal Officer is Mr. Faisal Qureshi whose e-mail id is faisal.qureshi@acclimited.com.

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 (India) Limited (CDSL).

All corporate benefits on such shares viz. bonus, dividends and so on 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 IEPF Authority (Accounting, Audit, Transfer, and Refund) Rules, 2016 (IEPF Rules) read with Section 124(6) of the Act.

UNCLAIMED SUSPENSE ACCOUNT

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, 2020	545	68,405
Number of shareholders/legal heirs to whom the shares were transferred from the Unclaimed Suspense account upon receipt and verification of necessary documents	0	0
Number of shareholders whose shares were transferred from the Unclaimed Suspense Account to IEPF authority MCA Demat Suspense Account	26	5,090
Aggregate number of shareholders and outstanding shares in the Unclaimed Suspense Account as on December 31, 2020	519	*63,315

**Voting Rights in respect of the aforesaid 63,315 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, there were no investors who have lodged the claims with the Company for transfer of shares from Unclaimed Suspense Account maintained by the Company.

Pending investors’ grievances

Any Member whose grievance has not been resolved satisfactorily by the RTA, 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

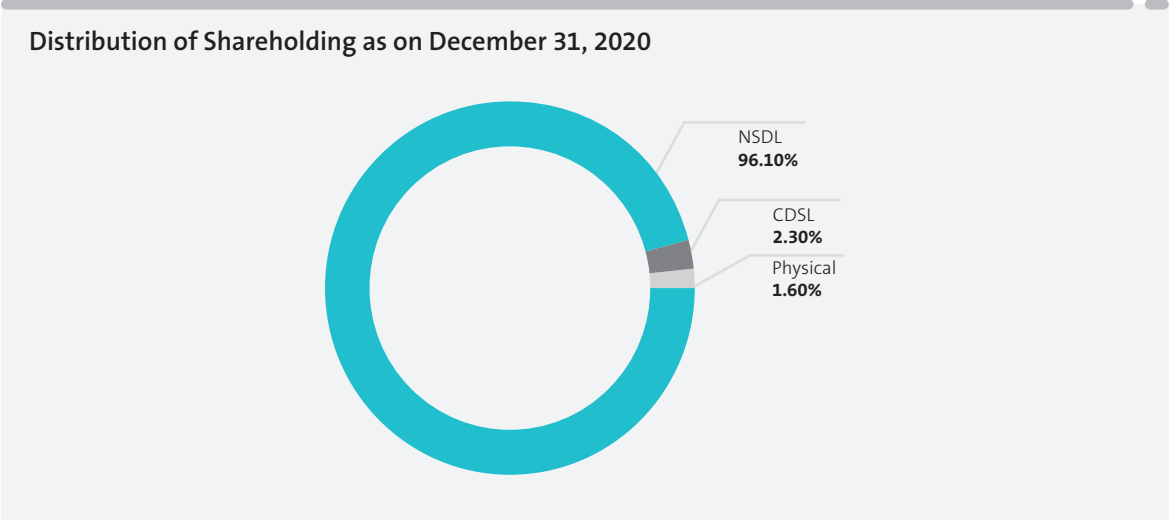
As required by the SEBI Listing Regulations, quarterly audit of the Company’s share capital is being carried out by an independent external auditor with a view to reconcile the total share capital admitted with NSDL and CDSL and held

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 Board of Directors.

Distribution of shareholding as on December 31, 2020

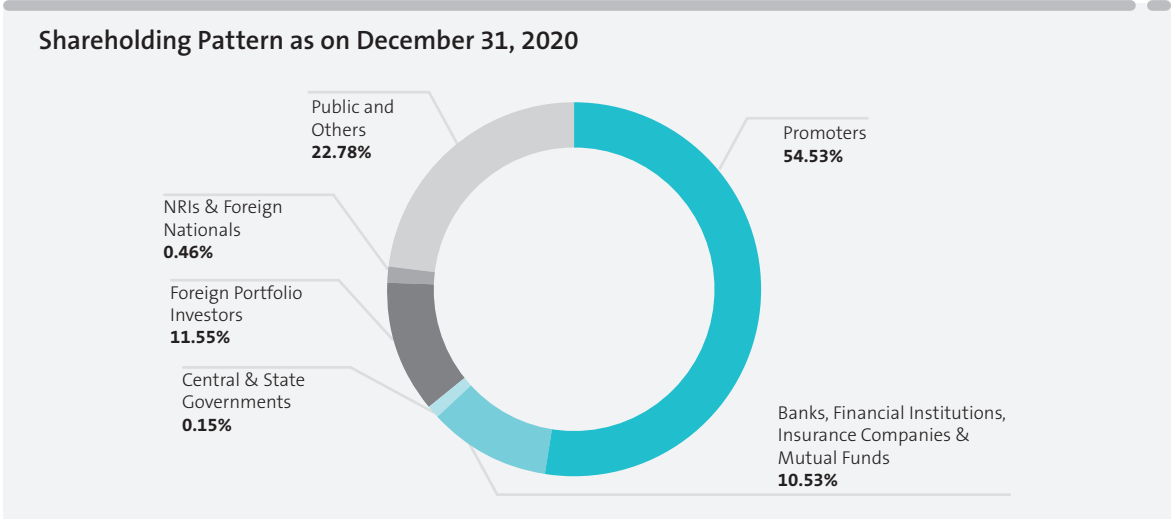
Number of shares slab	Number of shareholders	Percentage (%)	Number of Shares						Total number of shares	Percentage of share capital (%)
			Percentage of share capital (%)		Percentage of share capital (%)		Percentage of share capital (%)			
			Physical	NSDL	CDSL					
1-50	83,578	67.25	1,34,694	0.07	7,33,948	0.39	4,58,149	0.24	13,26,791	0.71
51-100	14,406	11.59	1,40,021	0.07	7,20,876	0.38	3,22,194	0.17	11,83,091	0.63
101-200	9,764	7.86	2,19,177	0.12	9,12,647	0.49	3,37,938	0.18	14,69,762	0.78
201-500	8,346	6.72	4,14,390	0.22	18,31,249	0.98	5,25,209	0.28	27,70,848	1.48
501-1000	3,946	3.18	3,82,182	0.20	19,90,639	1.06	5,04,711	0.27	287,7,532	1.53
1001-5000	3,358	2.70	8,39,558	0.45	49,79,744	2.65	10,21,275	0.54	68,40,577	3.64
5001-10000	384	0.31	2,31,699	0.12	21,12,608	1.13	3,36,230	0.18	26,80,537	1.43
> 10000	500	0.40	6,38,605	0.34	16,71,86,872	89.03	8,12,648	0.43	16,86,38,125	89.80
Total	1,24,282	100.00	30,00,326	1.60	18,04,68,583	96.10	43,18,354	2.30	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.



Shareholding pattern as on December 31, 2020

Category	Number of shares held	Percentage
Promoter:		
Ambuja Cements Limited	9,39,84,120	50.05
Holderind Investments Limited	84,11,000	4.48
		54.53
Banks, Financial Institutions, Insurance Companies & Mutual Funds		
Banks/Financial Institutions	18,03,902	0.96
Insurance Companies	500	0.00
Mutual Funds	1,79,72,495	9.57
		10.53
Central & State Governments	2,87,815	0.15
Foreign Portfolio Investors	2,16,82,134	11.55
NRIs/Foreign Nationals	8,73,138	0.46
Directors	0	0
Public and Others	4,27,72,159	22.78
Total	18,77,87,263	100.00



Statement showing shareholding of more than 1% of the capital as on December 31, 2020

Sr. No.	Name of the shareholders	Number of shares	Percentage of Share Capital (%)
1.	Ambuja Cements Limited (Promoter)	9,39,84,120	50.05
2.	Holderind Investments Limited (Promoter)	84,11,000	4.48
3.	Life Insurance Corporation of India	95,03,365	5.06
4.	Franklin India Bluechip Fund	37,30,162	1.99
5.	NPS Trust A/c SBI Pension Fund Scheme – Central Government	36,67,757	1.95
6.	Aditya Birla Sun Life Trustee Private Limited A/c Aditya Birla Sun Life Equity Fund	27,14,659	1.45
7.	Tata Balanced Advantage Fund	19,12,424	1.02
Total		12,39,23,487	66.00

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.

Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A): NIL

Particulars of past three (3) Annual General Meetings

AGM	Financial Year	Venue/Deemed Venue	Mode	Date	Time	Special Resolutions passed
84 th	Calendar Year 2019	Cement House, 121, Maharshi Karve Road, Mumbai – 400 020	Video Conference/ Other audio-visual means	July 06, 2020	2:30 p.m.	No Special Resolution was passed
83 rd	Calendar Year 2018	Pama Thadani Auditorium Jai Hind College, “A” Road Churchgate (West) Mumbai – 400 020	Physical	March 22, 2019	3.00 p.m.	Re-appointment of Independent Directors for a 2 nd term of five (5) consecutive years commencing from the dates on which their present appointment with the Company expires
82 nd	Calendar Year 2017	Birla Matushri Sabhagar, 19, Sir Vithaldas Thackersey Marg, Mumbai – 400 020	Physical	June 13, 2018	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 2021

Board meeting for consideration of accounts for the Financial Year ended December 31, 2020 and recommendation of dividend	February 11, 2021
Sending of Annual Reports	On or before March 12, 2021
Record Date	March 31, 2021
Date, Time and Deemed Venue of the 85th Annual General Meeting	Wednesday, April 7, 2021 at 3.00 p.m. Cement House, 121, Maharshi Karve Road, Mumbai – 400 020 (Registered Office)
Dividend Payment Date	On or after April 21, 2021*
Probable date of despatch of warrants	On or after April 21, 2021*
Board meeting for consideration of unaudited quarterly results for the financial year ended December 31, 2021	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, 2021	Within sixty (60) days from the end of the last quarter, as stipulated under the SEBI Listing Regulations

* The Company shall ensure the payment of Dividend within 30 days from the date of declaration of the dividend at the AGM.

The Board in its Meeting held on February 11, 2021 has approved the Report on Corporate Governance for the financial year 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, 2020.

For ACC Limited

Sridhar Balakrishnan
Managing Director & Chief Executive Officer

Mumbai
February 11, 2021

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, 2020 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 Executive Committee 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

Sridhar Balakrishnan
Managing Director & Chief Executive Officer

Yatin Malhotra
Chief Financial Officer

Mumbai
February 11, 2021

ANNEXURE 1

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS
(Pursuant to Regulation 34(3) and Schedule V Para C clause (10)(i) of the SEBI
(Listing Obligations and Disclosure Requirements) Regulations, 2015)

To,
The Members
ACC Limited
Cement House, 121,
Maharshi Karve 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 Cement House, 121, Maharshi Karve Road, Mumbai – 400 020 (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 Sub-clause 10(i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended from to time).

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, 2020 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 Director	DIN	Date of appointment in the Company
1.	Mr Narotam Satyanarayan Sekhsaria	00276351	27/12/1999
2.	Mr Sridhar Balakrishnan	08699523	20/02/2020
3.	Mr Jan Jenisch	07957196	17/10/2017
4.	Mr Neeraj Akhoury	07419090	16/12/2016
5.	Mr Martin Kriegner	00077715	11/02/2016
6.	Mr Mangalam Ramasubramanian Kumar	03628755	19/10/2020
7.	Mr Shailesh Vishnubhai Haribhakti	00007347	17/02/2006
8.	Mr Sushil Kumar Roongta	00309302	03/02/2011
9.	Ms Falguni SanjayNayar	00003633	24/04/2014
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.

For **U. HEGDE & ASSOCIATES**,
Company Secretaries

Umashankar K. Hegde
Proprietor
C.P. No.: 11161 # M. No.: ACS 22133
ICSI UDIN: A022133B002324697

Place: Mumbai
Date: January 29, 2021

INDEPENDENT AUDITOR’S CERTIFICATE ON CORPORATE GOVERNANCE

To,
The Members of
ACC Limited

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SN/2019-20/22A dated March 20, 2020.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of ACC Limited (“**the Company**”), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on December 31, 2020, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“**the Listing Regulations**”).

MANAGEMENTS’ RESPONSIBILITY

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

AUDITOR’S RESPONSIBILITY

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India (the ICAI), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

8. 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, 2020.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Saira Nainar
Partner
(Membership No. 040081)
(UDIN: 21040081AAAAAR6650)

Place: Mumbai
Date: February 11, 2021

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, 2020 to December 31, 2020
7. Sector(s) that the Company is engaged in (industrial activity code wise)

Group	Class	Sub-class	Description
239	2394	23941 & 23942	Manufacture of clinker and 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, 80 Ready Mixed Concrete Plants and 26 offices, including Registered Office, Regional Offices and Sales Office
10. Markets served by the Company

:

Across all markets in India

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid-up capital (INR)

:

₹187.79 Crore
2. Total turnover (INR)

:

₹13,486.83 Crore
3. Total profit after taxes (INR)

:

₹1,414.94 Crore
4. Total spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)

The Company's total spending on CSR is 2.05% 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 Swavlamban: focusing on women empowerment and livelihood

c) ACC LEISA: for farmer's livelihood – Low External Input Sustainable Agriculture (LEISA)

Education

d) ACC Vidya Utkarsh: improving quality of education in government schools

e) ACC Vidya Saarathi: student scholarships

Water, Sanitation, Health & Hygiene (WASH)

- f) ACC Arogyam: preventive, promotive and curative healthcare
- g) ACC Sampurna Swachhata: working 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

Others

- j) Affordable housing

SECTION C: OTHER DETAILS

1. Does the Company have any subsidiary company/companies?

The Company has four (4) subsidiaries:

- ACC Mineral Resources Limited
 - Bulk Cement Corporation (India) Limited
 - Lucky Minmat 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 have been adopted by Bulk Cement Corporation (India) Limited. While Singhania Minerals Private Ltd is operational, the remaining two (2) 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%]

Relief work for families affected by super cyclone 'Amphan' in West Bengal was carried out by ACC Trust under CSR initiative. ACC's local cement dealers and Carry and Forward Agents had joined in the initiatives along with Sales Unit officials volunteered during this COVID-19 pandemic and helped the Company to reach out more than 5,000 affected families.

SECTION D: BUSINESS RESPONSIBILITY INFORMATION

1. Details of Director/Directors responsible for BR

Details of the Director/Directors responsible for implementation of the BR policy/policies

Director Identification Number (DIN): 08699523

Name: Mr. Sridhar Balakrishnan

Designation: Managing Director and Chief Executive Officer

Details of the BR head

Sr. No.	Particulars	Details
1	DIN Number (if applicable)	N.A.
2	Name	Mr. Rajiv Choubey
3	Designation	Chief Legal Officer & Company Secretary
4	Telephone Number	(022) 4159 4222
5	E-mail ID	brr.info@acclimited.com

Principle-wise (as per NVGs) BR policy/policies (Reply in Y/N)

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business 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	Stakeholder engagement and				Customer relations			
		Business ethics	Product responsibility	Well-being of employees	CSR	Human rights	Environment	Public policy	CSR
		P1	P2	P3	P4	P5	P6	P7	P8
1	Do you have a policy/policies for..	Y	Y The policy is embedded in the Company's quality and environment policies, which <i>inter alia</i> relate to safe and sustainable products	Y	Y	Y The policy is embedded in the Company's Code of Business Conduct, HR Policies and other various HR practices	Y	N	Y
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 Ministry of Environment, Forest and Climate Change (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

Sr. No.	Questions	Business ethics	Product responsibility	Stakeholder engagement and CSR				Environment	Public policy		Customer relations
		P1	P2	Well-being of employees	CSR	P4	P5	P6	P7	P8	P9
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	Y	-	N	Y	Y	-	Y	-	Y	-
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	Y	Y At Executive Committee Meetings	Y	Y	Y	-	Y	-	Y	-
6	Indicate the link for the policy to be viewed online?	*	-	-	***	-	-	**	-	***	-
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Y	-	Y	Y	Y	-	Y	-	Y	-
8	Does the Company have in-house structure to implement the policy/policies?	Y	Y	Y	Y	Y	-	Y	-	Y	-

Sr. No.	Questions	Business ethics	Product responsibility	Stakeholder engagement and CSR				Environment	Public policy		Customer relations
		P1	P2	Well-being of employees	CSR	P4	P5	P6	P7	P8	P9
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	The Company has a redressal mechanism to address product related complaints i.e. customer complaint portal	Y	Y	Y	-	Y	-	Y	Y
10	Has the Company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	Y	-	N	Y	Y	-	Y	-	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									

* www.acclimited.com
**https://www.acclimited.com/assets/new/new_pdf/Corporate_Environnemt_Policy.pdf
*** www.acclimited.com/assets/new/new_pdf/ACC-CSR-Policy-sd-by-MD-CEO-Neeraj-Akhoury.pdf

2(a) 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 benefited 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 grievance redressal system.

3. Governance related to BR

Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the business responsibility 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 Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?
Yes, the Company has been publishing its Sustainability Report annually since 2007 (www.acclimited.com/sustainable). Since the Financial Year ended December 2019, the sustainability disclosures became a part of the Integrated Annual Report and can be accessed at www.acclimited.com/investor-relations/financial-annual-results.

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 responsible management. The Company has a Code of Business Conduct (along with Anti-Bribery and Corruption Directive) and a vigil mechanism, named as Ethical View 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 Ethical View Reporting Policy also extend to the Company’s business partners, including 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 and can be accessed at 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 123 complaints under the Ethical View Reporting Policy, out of which 108 complaints (88%) were resolved and the balance 15 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 three (3) of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.
i. Blended cements: Cements, where clinker, an intermediate product, is partially replaced and blended with solid industrial wastes like fly ash and slag to manufacture blended cements. On one hand such replacement results in extending the mine life and saving of natural limestone and at the same time helps in reduction of CO₂ emissions. ACC manufactures three (3) types of blended cements i.e. Portland Pozzolana Cement (PPC), Portland Slag Cement (PSC) and Composite Cements. In 2020, out of the total cement produced, ~90% was blended cements.

Use of fly ash and slag in manufacture of blended cement has also helped thermal based power plants in disposing fly ash as a solid waste and thereby addresses an environment concern. Similarly, slag generated from steel plants has been used by the Company which helped disposal of solid waste in a safe manner.
- ii. 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 the brand name of ‘Geocycle’, the Company has provided a safe and sustainable solution for safe disposal of 0.57 million tonnes of waste in 2020, which otherwise would have been disposed of on landfills and dumpsites. Through the co-processing technology, the Company provides a ‘Zero Landfill’ solution that doesn’t create any additional emission and in addition avoids soil contamination, water and air pollution coming from landfill sites, recovery of energy and minerals from the waste materials.

Two examples of projects/services rendered to different stakeholders in different regions

- Plastic Free Agra Mission (Kymore)
Using the first-of-its-kind ‘Geocycle Bubble Barrier’ concept, Geocycle India launched the ‘Plastic Free Agra’ Mission in the Agra city in February 2020. This project was under the aegis of the United Nations Environment Programme (‘UNEP’) in line with its initiative of ‘Air Pollution Control Plan of Agra’. Geocycle India in collaboration with UNEP India and Agra Municipal Corporation successfully implemented a pilot project by collecting the non-recycled plastic waste from the drain (near Taj Mahal) leading to Yamuna River. The plastic waste from Agra city, along with the plastic waste collected from the drain was segregated into recyclable and non-recyclable. Further, the non-recyclable plastic waste was transported and co-processed at one of the ACC plants.

Additionally, the project was also traced through using a digital platform to ensure zero leakage of the plastic waste throughout the disposable process.

- **Sustainable Solution for a Clean and Green Kerala (Madukkarai)**
Clean Kerala Company Limited, owned by the Government of Kerala, is formed with an objective of ensuring hygiene management of the State by adopting innovative, scientific and proven technology, adhering to the concept of active participation of the public and private sectors. The Company aims to oversee and ensure comprehensive waste management in the state through the Haritha Keralam mission. Geocycle signed a Memorandum of Understanding (MoU) with Clean Kerala Company for disposing non-recyclable plastic waste. The waste collected through the Haritha Keralam mission, segregated by Kudumbashree waste workers (a poverty eradication and women empowerment community), and stored at different Resource Recovery Centres (RRCs) across the state, was co-processed in one of the Company's cement plants. With a deep commitment towards sustainability and supporting the mission, co-processing of waste contributes towards a regenerative and circular economy by closing resource cycles.

iii. **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 CO₂ emission, fertile topsoil conservation and utilisation of waste materials. The Company assisted in setting up 43 new Green Building Centres to bring the total number of Green Building Centres to 187 by the end of December 2020.

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

	Current year (January – December 2020)	Previous year (January – December 2019)
Consumption per unit of production		
Electrical Energy (kWh/Tonnes of cement)	80.65	79.64
Thermal Energy (K Cal/kg of clinker)	742	748
CO ₂ Emissions (kg CO ₂ /Tonnes of cementitious material)*	493	512

*From this year onwards, the Company is reporting specific CO₂ emissions in kg/T of cementitious materials instead of per T of cement.

ii. **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
While the Company does not collect information from the customers on energy and water, it manufactures many sustainable products which helps the customers in reducing energy and water consumption during the use/construction phase. The Company's ACC Gold cement with water repellent property requires a comparatively lower water for curing post construction phase, which helps to conserve water. The Company's product such as Insulocrete is a thermal insulating concrete which helps maintain inner temperatures of buildings thereby reducing cooling/heating costs during the use phase of buildings. Some of the Company's concrete products like permacrete is a pervious concrete which allows easy percolation of water through it into the soil below, hence recharging ground water and avoiding wastage through storm water runoffs. The Company's concrete products like insulating concrete/ thermocrete and fly ash/ slag based Green Building Centre products will reduce energy intensity in the use phase of the built environment.

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. It adheres to international standards such as ISO 14001 (Environment Management System) and ensures compliance to the local and national laws and regulations. The Company has a procedure in place for sustainable sourcing of energy, water and transportation. It is also increasing the usage of Alternate Fuel and Raw Materials (AFR) year-on-year to decrease dependency on traditional fuel, i.e. coal.

The Company has engaged Avetta, a leading global consultant in Supplier Qualification. As a result, it has qualified contractors into various counts related to sustainable procurement such as Health and Safety (H&S), Labour, Environment, Bribery and Corruption. The Company prefers to engage with Avetta certified suppliers and supplier performance is ascertained on a periodic basis. Avetta also covers the Company's primary road transporters operating from plants. Evaluation through Avetta encourages safe transportation in line with the Company's goal of ZERO HARM.

4. Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

The Company is currently working with ~2,300 Small and Medium-sized Enterprise (SME) and Micro, Small & Medium Enterprise (MSME) vendors across the country. The services taken from these vendors fall into categories like housekeeping, painting, catering, small repair works, technicians, welders, transportation and stationery, food and vegetable suppliers. Special consideration is always provided for these vendors in terms of payment for their goods and services made on priority. The vendors are trained on various aspects like safety inside and outside the plant. The employees of vendors also undergo periodic health checks. The Company has always worked on overall development of these vendors and support their employees in areas like education, employment etc. Some of these vendors have expanded their operations to other locations of the Company as well and indeed with other corporate and social entities in the country.

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 does not generate any process-related waste. However, there are ancillary activities like maintenance, housekeeping etc. that generate waste materials like oil-soaked cotton waste, steel scrap, used oil, used filter bags, electrical waste like used bulbs, batteries and others. Sometimes wastes like oil-soaked cotton, used oil, used filter bags are co-processed in the kilns (where Company has permissions), remaining quantum of these waste and other wastes like electrical, electronic waste and steel scrap are sold to the authorised recyclers. For hazardous waste, the relevant returns are filed to the respective regulatory authorities from time to time. Apart from this, the Company also co-processes waste materials generated by other industries or municipalities (segregated municipal waste) in its kiln. It uses flyash, waste from thermal power stations and slag, waste from the 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	Number of Employees
1.	Management staff	3,669
2.	Shop floor associates	2,732
Total		6,401

2. Please indicate total number of employees hired on temporary/ contractual/ casual basis

Sr. No.	Category of Employees	Number of Employees
1.	Third-party Full-time Employees	6,442
2.	Casual employees	0
Total		6,442

3. Please indicate the number of permanent women employees

Number of permanent women employees: 244

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. The Company’s shop floor associates are members of their respective unions.

6. What percentage of permanent employees are members of this recognised employee association?

Approximately 43% 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	Number of complaints filed during the financial year	Number of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	0	0
2	Sexual harassment	1	1
3	Discriminatory employment	0	0

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 Company’s education projects are largely focused on government schools situated in remote rural pockets of India. The scholarship initiative of the Company named Vidya Saarathi targeted disadvantaged students who needed financial support to pursue their dreams of higher education.

The Company continues to run an Anti-Retroviral Therapy (ART) centre to support people affected by HIV / AIDS through medical treatment and counseling. It has also supported patients by organising them in Self-Help Groups (SHGs) and running programmes that help develop life skills. Besides, the Company provides nutrition support to HIV-infected people, as well as their family members, alongside providing quality education to school-going children of these families.

Rainwater harvesting structures created in villages across plant locations to make water available in non-monsoon season for irrigation and drinking purpose. It has also helped recharging of defunct bore wells. In association with government’s Integrated Child Development Services (ICDS), eradication of malnutrition project has helped children at Anganwadi centres near to plants.

The Company responded promptly, providing relief to families affected by the super cyclone “Amphan”, which caused widespread damage in Eastern India, especially in West Bengal. With the support of cement dealers and Carry and Forward Agents (CFA) along with the Sales and Marketing team of ACC, 5,160 families were provided relief kits and ration.

During the COVID-19 pandemic, the Company joined hands with the district administration near plant locations and reached out to 6.83 Lakh people. Dry ration and cooked food were provided as immediate relief to stranded workers. ACC Trust-supported SHGs stitched and distributed 4 Lakh+ cotton masks. Sanitisation was carried out among communities near the plants. Mass scale awareness drives in communities were conducted on the usage of masks, social distancing and the importance of hand washing. The Government Hospitals of Maharashtra were provided seven (7) ventilators to keep patients safe. Frontline health workers were provided hand gloves, sanitisers and masks. As many as 265 employees volunteered from various departments of the Company voluntarily served communities in need during the pandemic.

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 /Non-Governmental Organisations (NGOs)/ Others?

All aspects of the human rights are in-built and covered under the Code of Business Conduct as well as in various human resource practices/policies.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?

NIL

Principle 6: Businesses should respect, protect and make efforts to restore the environment

1. Does the policy pertaining to Principle 6 cover only the Company or extends to the group/ joint ventures/ suppliers/ contractors/ NGOs/ others?

The Company’s Corporate Environment Policy, 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 CO₂ emissions and has identified five (5) key levers to achieve the CO₂ reduction:

- 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 the Company's webpage: 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 the Business Risks and Opportunities 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 (3) registered projects under the CDM and Environmental Compliance Report (Validation and Verification Reports) have been filed and Certified Emission Reductions Reports were issued. Due to the prevailing market mechanisms of CDM, the Company has not pursued this mechanism during 2020 and has not filed any environmental compliance report (validation and verification reports).

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, the Company has made significant strides in attaining energy efficiency in its cement plants/ captive power plants by following initiatives:

- Three (3) 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 pre-processing and co-processing in cement plants
- Solar photovoltaic plant of 5.35 MWp at Jamul Cement Works, Chhattisgarh and 380 kWp Solar PV at Kymore mines
- Various energy efficiency improvement initiatives in operations

Details on the above initiatives can be seen at the link: www.acclimited.com/sustainable/environment-and-energy

6. Are the emissions/waste generated by the Company within the permissible limits given by Central Pollution Control Board (CPCB)/State Pollution Control Board (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 accordingly by the end of the year 2020.

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. 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 Policies, 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 and industrial hazardous and non-hazardous wastes
5. Use of recycled waste materials (construction and 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 WHRS
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. Flyash-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 specific programmes/ initiatives/ projects in pursuance of its CSR policy (Reference: 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 various needs of the host communities as per the priority expressed by the communities. Conscious efforts were made to prioritise women-headed, landless and small and 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 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 education
- c) Water, Sanitation, Health & 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?

After conducting social audit of CSR projects for five (5) consecutive years, the Company has decided to do it every alternate year to provide enough room for necessary actions on ground. The next round of social audit is due in December 2021.

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 ₹32.33 Crore on development projects as mentioned below:

Sr. No.	Focus Areas	Expenditure (₹ in Crore)
1	ACC DISHA: for youth employability	3.95
2	ACC Swavlamban: focusing on women empowerment and livelihood	1.81
3	ACC LEISA: for farmer’s livelihood – Low External Input Sustainable Agriculture (LEISA)	6.18
4	ACC Vidya Utkarsh: quality of education in government schools	4.69
5	ACC Vidya Saarathi: student scholarships	1.27
6	ACC Arogyam: preventive, promotive and curative healthcare	5.91
7	ACC Sampurna Swachhata: towards open defecation free villages	2.78
8	ACC Sanrakshit Paryavaran: solar, biodiversity and soil and water conservation	2.97
9	ACC Drona: to promote rural sports and traditional Indian culture	1.00
10	Affordable housing	0.20
11	Overheads	1.57
Total		32.33

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 is drawn from need assessments done by third parties through participatory rural appraisal method based micro plan. A Community Advisory Panel (CAP), comprising 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. Women Self Help Groups were federated into registered federation, Farmers Producer Organisation were also registered to get development initiative successfully adopted by the community. Community contribution is always a priority as it ensures continuance of the project through self-governance model.

Community management principles and institutional building measures are in-built in all the CSR projects from need assessment stage to impact assessment at the end. 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 2020?

A total of 1,241 complaints were received from customers in 2020, out of which 33 (accounting for 2.66%) were pending as of December 31, 2020.

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, the Company has obtained Environment Product Declaration (EPD) for all its cement and concrete products. Cement EPD can be viewed at www.environdec.com/Detail/?Epd=13228

and Concrete EPD can be viewed at www.environdec.com/Detail/epd1116. All cement products of the Company 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 behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.

- a) The Builders Association of India (‘BAI’) had filed a complaint in July 2010 before the Competition Commission of India (‘CCI’) alleging anti-competitive behavior on the part of major cement manufacturers including the Company. The CCI investigated the matter and post which an order was passed against the cement manufacturers and a penalty of ₹1,147.59 Crore was levied on the Company. The CCI order was challenged by the Company before the National Company Law Tribunal (‘NCLAT’), who vide its judgment dated July 25, 2018, dismissed the appeal of the Company. The Company preferred an appeal before the Hon’ble Supreme Court of India against the NCLAT Order/judgment. 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 same interim orders passed by NCLAT towards stay on the demand subject to continuance of deposit of 10% of the penalty amount.
- b) On a complaint filed by the Director General (Supply & Distribution), Department of Civil Supplies, Government of Haryana, CCI registered a case of alleged anti-competitive behavior (allegations of bid rigging) against cement companies including the Company. The CCI vide order dated January 19, 2017 imposed a penalty of ₹35.32 crores. The Company has filed an appeal in NCLAT against the above order and the appeal is pending before NCLAT.
- c) On complaints received from BAI and other persons, the CCI vide order dated July 1, 2019 has ordered an investigation against the cement companies and has asked the office of Director General (‘DG’) to submit its report. The Company received the intimation for the first time in December 2020 and has responded to the Request for Information received from the office of DG. Currently the matter is with the CCI and no order has been passed.

4. Did the Company carry out any consumer survey/consumer satisfaction trends?

The Company carries out consumer survey and satisfaction survey from time to time based on its commercial needs.

The following table sets forth the breakup of Company’s expenses as part of Revenue from operations:

	Amount in ₹ Crore	
	% of Revenue from operations	% of Revenue from operations
	2020	2019
Net Sales	13,486.83	97.84
Other operating revenue	297.71	2.16
Revenue from operations	13,784.54	100.00
Other Income	203.98	1.48
Total Income	13,988.52	15,967.86
Cost of materials consumed	1,673.09	12.14
Purchase of stock-in-trade	696.89	5.06
Changes in inventories of finished goods, work-in-progress and stock-in-trade	142.41	1.03
Employee benefits expense (Refer Note a below)	839.07	6.09
Power and fuel	2,572.38	18.66
Freight and Forwarding expense	3,431.81	24.90
Finance costs	57.04	0.41
Depreciation and amortisation expense	635.30	4.61
Other expenses (Refer Note b below)	2,076.74	15.07
Total expenses	12,124.73	87.96
Profit before exceptional item and tax	1,863.79	13.52
Exceptional item (Refer Note c below)	176.01	1.28
Profit before tax	1,687.78	12.24
Tax expenses (Refer Note d below)	272.84	1.98
Profit for the year	1,414.94	10.26
Other Comprehensive Income for the year, net of tax	(14.54)	(0.11)
Total Comprehensive Income for the year	1,400.40	10.16

Profit for the year is not comparable with the previous year due to following reasons:

- (a) Employee benefits expense for the current year includes ₹21 Crore (Previous year – Nil) on account of charge for Employee Separation Scheme.
- (b) Other expenses for the current year includes expected credit loss of ₹129 Crore (Previous year – Nil) on Incentives under Government schemes.
- (c) Exceptional item represents impairment of assets of ₹176 Crore at ‘Madukkarai Unit’.
- (d) Tax expenses reduced due to reversal of net deferred tax liabilities as on January 1, 2020 amounting to ₹190 Crore on account of adoption of lower income tax rate and impact of lower rate on taxes for the current year.

The construction industry was heavily impacted in India due to lockdown in early 2020. However, the Company has gradually recovered from the COVID-19 pandemic in subsequent months. Monthly cement sales volumes have swiftly rebounded in the third quarter.

Fast and rigorous execution of the “HEALTH, COST & CASH” action plan by the Company produced strong financial results in the second half of the year, compensating for a large part the pandemic related impact in the first half of the year.

The Company has delivered strong operational results in the year with a 3% increase in EBITDA and margin expansion of 270 basis points driven by Product Mix Optimisation and implementation of cost efficacy measures under project “Parvat”.

The analysis of major line items in the financial statements is given below:

1. REVENUE FROM OPERATIONS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Cement*	12,364.72	13,603.43	(1,238.71)	(9.11)
Clinker	166.69	266.65	(99.96)	(37.49)
Ready Mix Concrete (RMX)	952.07	1,469.13	(517.06)	(35.19)
Income from services rendered (RMX)	3.35	3.90	(0.55)	(14.10)
Other operating revenue	297.71	313.54	(15.83)	(5.05)
TOTAL	13,784.54	15,656.65	(1,872.11)	(11.96)

*Does not include inter-segment cement sale to Ready Mix Concrete

Revenue from operations has decreased due to following reasons:

- The Company’s cement sales volume is at 25.53 Million tonnes as compared to 28.89 Million tonnes during previous year. The revenue of the Company was impacted due to COVID-19 nationwide lockdown in early part of 2020.
- Average selling price of cement increased by 3% in 2020 over 2019. Improvement in realisation was driven by better product & segment mix and improved price actions.
- Continued thrust on promotion of the Company’s range of premium products, yielded an increase of about 3% in the sales volume of these products during the year.
- Due to COVID-19 pandemic, Company’s Ready Mix Concrete business sales volume de-grew by 36%. Sale of Ready Mixed Concrete has decreased from 35.32 Lakh cubic metres to 22.70 Lakh cubic metres.

Other operating revenue

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.

- Other operating revenue has decreased due to lower accrual of incentives under Government schemes on account of lower sales during nationwide lockdown period.

2. OTHER INCOME

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other income	203.98	311.21	(107.23)	(34.46)

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 reduced due to following reasons:

- Other income of the previous year included reversal of provision for interest on income tax aggregating ₹99 Crore due to disposal of certain appeals in favour of the Company.
- Other income of the previous year included net gain on disposal/retirement of Property, Plant and Equipment of ₹24 Crore due to sale of old and used assets.
- Reduction is partially offset by higher income of ₹14 Crore generated from investment of surplus funds in current year and gain of ₹4 Crore on sale of investment in Subsidiary Company.

3. COST OF MATERIALS CONSUMED

Amount in ₹ Crore				
	2020	2019	Change	Change%
Cost of materials consumed	1,673.09	2,258.10	(585.01)	(25.91)

Cost of materials consumed has decreased due to following reasons:

- Cement production has decreased by 15% from 27.87 million tonnes to 23.77 million tonnes. Cost of materials consumed of cement business has decreased from ₹535/t to ₹474/t of cement sold in 2020 (down by 11%) through continuous focus on manufacturing and procurement efficiencies.
- Ready Mix Concrete production has decreased by 36% from 35.24 Lakh cubic metres to 22.70 Lakh cubic metres in 2020 in line with the RMX sales volume de-growth.
- Consumption of purchase of clinker and limestone has decreased by ₹61 Crore in line with decrease in production.
- 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 landed cost of gypsum by 13% as compared to the previous year.
- The landed cost of slag is lower by 21% during the year compared to 2019 by improvement in procurement planning and better supply chain efficiencies.
- The landed cost of Flyash is reduced by 6% as compared to previous year on account of an increase in the consumption of lower cost wet Flyash and source-mix optimisation.

4. PURCHASE OF STOCK-IN-TRADE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Purchase of stock-in-trade	696.89	361.69	335.20	92.68

Purchase of stock-in-trade has increased primarily on account of significant ramp-up of volumes under Master Supply Agreement (MSA) with Ambuja Cements limited.

5. CHANGES IN INVENTORIES

Amount in ₹ Crore				
	2020	2019	Change	Change%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	142.41	100.81	41.60	41.27

- Inventory reduction remained one of the key targets of company to reach optimised working capital. As a result the value of inventory of finished and semi-finished goods has reduced by 34% as compared to the previous year.

6. EMPLOYEE BENEFITS EXPENSE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Employee benefit expense	839.07	863.97	(24.90)	(2.88)

Employee costs registered a decrease of 3% due to following offsetting reasons:

- Manpower productivity actions and efficiency measures across various functions helped reduce the employee costs during the year.

Decrease in cost is partially offset by:

- During the current year, the Company has incurred an amount of ₹21 Crore on account of Employee Separation Scheme to improve the manpower productivity.
- Increments in salaries.

7. POWER AND FUEL

Amount in ₹ Crore				
	2020	2019	Change	Change%
Power and Fuel	2,572.38	3,131.34	(558.96)	(17.85)

Power and fuel cost has decreased due to following reasons:

- Clinker production decreased by 17%. Power and Fuel cost of cement business has decreased from ₹1078/t to ₹1003/t (down 7%) of cement sold in 2020, mainly due to a drop in fuel prices.
- Landed cost of imported coal and petcoke has decreased in the range of 10% to 11%. Landed cost of domestic coal has also decreased by 14%.
- 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, improvement in competencies and efficiencies at plants and maximising the use of renewable power sources. These initiatives are leading to the following manufacturing efficiencies:
 - The cost of generation at our thermal power plants (TPP) has gone down by 3%.
 - Electrical energy impacted by 1.1 kwh to 80.7 kwh/t of cement during the year as against 79.6 kwh/t cement in 2019.
 - The average cost of purchased power during the year is reduced by 2% as compared to previous year.
 - Power generated by the Waste Heat Recovery Plant of 7.5 MW at Galgal plant delivered the savings of ₹22 Crore (Previous year – ₹26 Crore).
 - Renewable sources of energy helped cut down power costs and also helped meet renewable energy obligations.

8. FREIGHT AND FORWARDING EXPENSE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Freight and Forwarding expense				
Freight on Clinker transfer	489.83	495.82	(5.99)	(1.21)
Freight on Cement	2,312.68	2,736.92	(424.24)	(15.50)
Clearing and Forwarding expenses on cement	522.70	659.97	(137.27)	(20.80)
Ready Mixed Concrete	106.60	157.35	(50.75)	(32.26)
TOTAL	3,431.81	4,050.06	(618.25)	(15.27)

Freight on Cement has decreased due to following reasons:

- Cement despatches decreased by 15% as compared to previous year. Freight on cement has decreased from ₹947/t to ₹906/t of cement sold in 2020 (down by 4%).

Following continuous efforts helped achieve reduction in logistics cost including improving efficiencies:

- The Company implemented logistics cost and efficiency improvement initiatives such as better evacuation efficiency, warehouse footprint optimisation, focus on road despatches and renegotiation of contracts with the transporters.
 - Focus on increasing direct road despatches which was up by 20%, higher evacuation efficiency from low cost and high contribution plants.
 - Reduction in overall lead distance and significant ramp-up of Master Supply Agreement (MSA) volume.
 - Improvement in operational efficiencies through mode-mix optimisation.
- Decrease in cost is partially offset by higher diesel prices in H2 2020.

Clearing and Forwarding Expenses on cement has decreased due to following reasons:

- Clearing and Forwarding expenses on cement has decreased from ₹228/t to ₹205/t of cement sold in 2020 (down by 10%) through warehouse footprint optimisation and increase in direct despatches.

Freight cost on sale of Ready Mix Concrete has gone down due to decrease in volumes.

9. FINANCE COSTS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Interest				
- On Income tax	4.76	16.90	(12.14)	(71.83)
- On Defined benefit obligation	13.76	7.91	5.85	73.96
- Interest on deposits from dealers	17.14	33.45	(16.31)	(48.76)
- Interest on litigation matters	0.56	17.73	(17.17)	(96.84)
- Interest on Lease Liabilities	9.80	-	9.80	-
- Others	9.56	8.36	1.20	14.40
Unwinding of site restoration provision	1.46	1.87	(0.41)	(21.93)
TOTAL	57.04	86.22	(29.18)	(33.84)

Overall Finance cost has decreased due to following reasons:

- Interest on income tax was higher in 2019 due to interest provision on outstanding demand for earlier years paid in 2020.
- Interest on deposits from dealers has reduced mainly due to reduction in interest rate.
- During the previous year, the Company charged interest of ₹18 Crore relating to entry tax and royalty on limestone matters.
- Interest on Lease Liabilities on account of implementation of new Indian Accounting Standard (Ind AS) 116 Leases.

10. DEPRECIATION AND AMORTISATION EXPENSE

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Depreciation on Property, Plant and Equipment	604.03	599.22	4.81	0.80
Amortisation of intangible assets	3.90	3.75	0.15	4.00
Depreciation on Right of use assets	27.37	-	27.37	-
TOTAL	635.30	602.97	32.33	5.36

There is no significant change in Depreciation and Amortisation expense except for recognition of depreciation on Right of use assets on account of implementation of new Indian Accounting Standard (Ind AS) 116 Leases.

11. OTHER EXPENSES

Other expenditure represents the following expenditure:

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Consumption of stores and spare parts	224.77	325.82	(101.05)	(31.01)
Consumption of packing materials	386.26	458.13	(71.87)	(15.69)
Rent	75.59	130.61	(55.02)	(42.12)
Rates and taxes	76.94	139.32	(62.38)	(44.78)
Repairs	126.25	149.06	(22.81)	(15.30)
Insurance	25.51	20.34	5.17	25.43
Royalties on minerals	240.05	276.83	(36.78)	(13.29)
Advertisement	56.58	111.60	(55.02)	(49.30)
Technology and Know-how fees	132.79	152.33	(19.54)	(12.83)
Expected credit loss on Incentives under Government schemes	128.92	-	128.92	100.00
Impairment losses on trade receivables	37.34	21.51	15.83	73.59
Corporate Social Responsibility expense	32.33	25.07	7.26	28.96
Miscellaneous expenses	534.43	672.93	(138.51)	(20.58)
Self-Consumption of cement	(1.02)	(2.32)	1.30	(56.03)
TOTAL	2,076.74	2,481.23	(404.48)	(16.30)

- Consumption of Stores and spares parts has decreased as compared to previous year. The Company has optimised the overall maintenance cost.
- Consumption of packing material cost has decreased due to reduction in volumes and packing material prices. Average price of packing bags has decreased by 4% mainly due to reduction in prices of polypropylene granules.
- Rent expenses has reduced due to following reasons:
 - Adoption of Ind AS 116 “Leases” effective January 01, 2020 has resulted in reduction in lease expenses by ₹15 Crore.
 - Cement grinding charges paid to third party has decreased by ₹35 Crore in current year due to reduction in volume.
- Rates and taxes reduced mainly due to abolishing of toll tax in the State of Jammu and Kashmir with effect from January 01, 2020.
- Advertisement expenses were higher in previous year. During the previous year, ACC unveiled a new brand campaign “Karein Kuch Kamaal”.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd for technical support received by the Company.
- In view of the re-assessment in the expected recovery period for incentives receivables from the government accrued under the respective State Industrial Policy, a charge of ₹129 Crore due to time value of money computed based on the expected credit loss method has been accounted for.
- Impairment loss on trade receivable has increased primarily on account of increase in expected credit loss in Ready Mix Concrete business which is mainly due to slowdown in view of COVID-19 pandemic.
- Miscellaneous expenses include commission paid to third party, information technology services, traveling expenses, other third party services, etc. Pursuing cost reduction and cost avoidance through various initiatives have resulted in overall reduction of miscellaneous expenses.

Analysis of Standalone Financial

12. EXCEPTIONAL ITEM

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Exceptional item	176.01	-	176.01	-

- Considering lower profitability due to higher input cost, the Company has suspended part of its operation at Madukkarai plant. The Company has carried out a review of the recoverable amount of the assets. The recoverable amount is assessed to be lower than its carrying amount and consequently an impairment loss of ₹176 Crore has been recognised and disclosed as an exceptional item.

13. TAX EXPENSES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Current tax	547.38	689.81	(142.43)	(20.65)
Deferred tax (credit)/charge	(274.54)	(17.25)	(257.29)	1,491.54
TOTAL	272.84	672.56	(399.72)	(59.43)

- Normalised income tax expenses decreased in line with a decrease in income mainly due to impairment of assets and one time charge towards time value of money of Government Incentives.
- During the year, the Company has adopted the lower income tax rate (25.17% including surcharge) and accordingly, the net deferred tax liability as on January 01, 2020 amounting to ₹190 Crore has been reversed.
- Tax expense for 2020 decreased due to adoption of lower income tax rate with effect from April 1, 2020.

14. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Property, Plant and Equipment	6,482.91	6,957.28	(474.37)	(6.82)
Capital work-in-progress	545.30	435.34	109.96	25.26
Other Intangible assets	45.80	34.09	11.71	34.35
TOTAL	7,074.01	7,426.71	(352.70)	(4.75)

Property, Plant and Equipment has decreased due to following offsetting reasons:

- During the year, the Company has recognised impairment loss of ₹176 Crore (including Capital work-in-progress ₹18 Crore) relating to Madukkarai plant.
- The Company has reclassified ₹38 Crore relating to Finance Lease of assets from Property, Plant and Equipment to Right of Use Assets pursuant to adoption of Ind AS 116.
- Depreciation and amortisation on Property, Plant and Equipment for the year is ₹608 Crore.
- During the year, the Company has capitalised Property, Plant and Equipment of ₹338 Crore mainly consisting of routine maintenance and efficiency/productivity improvement capex.
- Capital work-in-progress includes capital expenditure for increasing the operating capacity, and efficiency improvement and maintenance capex. Capital work-in-progress as at December 31, 2020 includes ₹250 Crore for capacity expansion projects.
- The Company successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on January 2, 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

Analysis of Standalone Financial

15. RIGHT OF USE ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Right of use assets	129.89	-	129.89	-

- The Company has adopted Ind AS 116 effective January 01, 2020, using 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, are recognised at the present value of the remaining lease payments starting January 01, 2020, and discounted with the incremental borrowing rate as of that date.
- The Company's lease asset classes primarily consist of leases for grinding facility, godowns, flats, land, plant and equipment, office premises and other premises.

16. INVESTMENTS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Investments in subsidiaries, associates and joint ventures	212.43	226.45	(14.02)	(6.19)
Other Non-current investments	8.20	3.70	4.50	121.63
TOTAL	220.63	230.15	(9.52)	(4.14)

- During the year, the Company divested 100% stake in its wholly-owned subsidiary company National Limestone Company Private Limited under a Share Purchase Agreement dated November 18, 2020 for a consideration of ₹20 Crore and accounted for ₹4 Crore as profit on sales.
- During the year, the Company has subscribed 25,78,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹4.50 Crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh for which the Company's Tikaria plant would be one of the consumers.

17. FINANCIAL ASSETS – LOANS AND ADVANCES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Non-current loans	129.35	135.92	(6.57)	(4.83)
Current loans	59.80	31.43	28.37	90.26
TOTAL	189.15	167.35	21.80	13.03

- Loans and advances consist of deposits given for power supply and deposits for supply of raw materials and loan to employee. Loans and advances have increased mainly due to additional security deposit given for supply of raw materials.

18. OTHER ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other non-current assets	653.86	399.15	254.71	63.81
Other current assets	687.17	803.41	(116.24)	(14.47)
TOTAL	1,341.03	1,202.56	138.47	11.52

Other non-current assets have gone down due to following reason:

- Capital Advances has increased by ₹254 Crore mainly due to capital advance given for Ametha expansion project.

Other current assets have gone down due to following offsetting reasons:

- During the year, the Company has taken various steps to reduce the advance to suppliers for raw material. As a result the advances have gone down by ₹178 Crore.

Analysis of Standalone Financial

- Decrease in other current assets is partially offset by higher GST input tax credit receivables of ₹77 Crore. GST input credit was higher in view of capex projects and maintenance activity planned in the last quarter.

19. OTHER FINANCIAL ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other non-current Financial assets (Net)	645.65	609.86	35.79	5.87
Other current Financial assets	266.27	270.51	(4.24)	(1.57)
TOTAL	911.92	880.37	31.55	3.58

Other Financial Assets has increased primarily for following offsetting reasons:

- Accrual of GST Incentives of ₹160 Crore during the year under Government schemes for Sindri and Chanda plants.
- In view of the management re-assessing the expected recovery period for incentives receivables from the government accrued under the respective State Industrial Policy, a charge of ₹129 Crore taken due to time value of money computed based on the expected credit loss method.

20. INVENTORIES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Raw Materials	115.54	117.44	(1.90)	(1.62)
Work-in-progress	147.84	177.61	(29.77)	(16.76)
Finished Goods	111.74	230.96	(119.22)	(51.62)
Stock-in-trade	14.48	7.90	6.58	83.29
Stores and Spare Parts	248.94	310.85	(61.91)	(19.92)
Packing Materials	24.07	20.65	3.42	16.56
Fuels	237.86	275.54	(37.68)	(13.67)
TOTAL	900.47	1,140.95	(240.48)	(21.08)

- Average inventory turnover in sales days has decreased from 34 days in 2019 to 28 days in 2020 due to reduction in inventory. This shows how well the Company managed its inventory levels during the year. Inventory (days) is calculated as Average Inventory/Cost of Goods Sold (Cost of Sales + Depreciation) multiplied by 365.
- Inventory of Stores and Spare Parts has decreased due to strict control on procurement.

21. TRADE RECEIVABLES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Trade receivables – Cement	234.25	308.42	(74.17)	(24.05)
Trade receivables – Ready Mixed Concrete	217.28	320.01	(102.73)	(32.10)
TOTAL	451.53	628.43	(176.90)	(28.15)

- Trade receivable has decreased significantly due to better collection and strict credit norms.
- The average trade receivables in sales days outstanding for cement sales as on December 31, 2020 is 8 as compared to 12 as on December 31, 2019. This shows consistency in managing its credit with the customers and this also reflects on the stable financial position of most of its customers. Debtor Turnover (days) is calculated as Average Debtors/Total Consolidated Sales multiplied by 365.

Analysis of Standalone Financial

22. CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Cash and Cash Equivalents	5,734.92	4,383.18	1,351.74	30.84
Other bank balances	156.17	154.92	1.25	0.80
TOTAL	5,891.09	4,538.10	1,352.99	29.81

Cash and cash equivalents consists 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.

- During the year, the Company has generated additional cash and cash equivalents amounting to ₹1,352 Crore, up by 31% versus 2019. The improvement is driven by "HEALTH, COST & CASH" action plan, improved collection and renegotiation of payment terms with suppliers.

23. PROVISIONS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Non-current provisions	213.57	234.13	(20.56)	(8.78)
Current provisions	15.87	23.39	(7.52)	(32.15)
TOTAL	229.44	257.52	(28.08)	(10.90)

- Provision includes employee benefits and site restoration. Non-current provisions decreased mainly due to discontinuation of additional Gratuity plan with effect from April 30, 2020 for all the eligible employees of management category and consequent disbursement to these employees.

24. TRADE PAYABLES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Trade Payables	1,416.30	1,470.97	(54.67)	(3.72)

- Average trade payable in sales days has marginally decreased from 40 days in 2019 to 39 days in 2020.

25. OTHER CURRENT LIABILITIES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other current financial liabilities				
Interest accrued	13.89	26.50	(12.61)	(47.58)
Unpaid dividend & Deposit	28.49	30.92	(2.43)	(7.87)
Security deposits and retention money	801.26	710.54	90.72	12.77
Liability for capital expenditure	34.87	52.17	(17.30)	(33.16)
Lease liabilities	18.50	-	18.50	-
Provision for employees	128.55	113.83	14.73	12.94
Foreign currency forward contract	0.28	-	0.28	-
Other current liabilities				
Advance from customers	148.18	156.80	(8.62)	(5.50)
Statutory dues payable	575.14	551.42	23.72	4.30
Rebates to customers	521.56	497.00	24.56	4.94
Other payables	748.22	708.58	39.64	5.59
TOTAL	3,018.94	2,847.76	171.18	6.01

Other current financial liabilities

- Provision for interest accrued on deposit from dealers has decreased mainly due to reduction in interest rate.
- Security deposits increased mainly due to increase in Security deposit from dealers in line with company's credit policy which was modified to be better equipped during Covid 19 pandemic period. Retention money has also increased due to additional performance related amount for expansion projects.
- Liability for capital expenditure has reduced as substantial work at Sindri expansion has been completed.
- The Company has adopted Ind AS 116 on Leases effective January 01, 2020, current maturities of lease liabilities is shown under "other current financial liabilities".
- Provision for employees as at December 31, 2021 includes ₹21 Crore (*Previous year – Nil*) on account of charge for Employee Separation Scheme.

26. CASH FLOWS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow from operating activities	2,215.57	2,248.35	(32.78)	(1.46)

Net cash from operating activities has marginally decreased as compared to previous year due to following reasons:

- The Company has delivered strong operational results in a Pandemic-Hit Year. The cash operating profit before working capital changes has increased by ₹106 Crore.
- Working capital has decreased by ₹387 Crore as compared to decrease of ₹266 Crore in previous year. The Company continues to maintain strict control on Inventories and trade receivables.
- Increase in cash flow is offset by increase in direct tax paid – (Net of refunds) by ₹260 Crore:
 - During the previous year, the Company received interest on income tax of ₹266 Crore.
 - Tax paid in 2020 has reduced as lower tax rate adopted for FY 2020-21, however reduction is offset by payment of outstanding demand for earlier year.

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow from investing activities	(536.59)	(328.32)	(208.27)	63.44

Net cash used for investing activities has increased mainly due to spend on capex on expansion projects.

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow used for financing activities	(327.36)	(374.16)	46.80	(12.51)

- Net cash used for financing activities has decreased as Dividend Distribution Tax is abolished with effect from April 1, 2020. Cash flow for previous year included payment of Dividend Distribution Tax of ₹54 Crore.
- Interest payment is lower by ₹17 Crore as compared to previous year.
- Upon adoption of Ind AS 116 in current year, related cash flows are classified as financing activities. Accordingly Payment of Lease Liabilities of ₹25 are disclosed under financing activities.

RATIO ANALYSIS**1. Operating EBITDA margin**

	2020		2019	
	18.40		15.70	
Operating EBITDA margin*				

* Before considering charge of ₹129 Crore towards time value of money of Government Incentives in 2020.

- 3% increase in EBITDA in a pandemic-hit year with margin expansion of 270 basis points. Margin expansion driven by Product Mix Optimisation and implementation of cost efficacy measures under project "Parvat".

2. Return on Average Capital Employed

	2020		2019	
	16.48		18.43	
Return on Average Capital Employed				

Return on average capital employed decreased by 195 basis points mainly due to following reasons:

- Earnings before interest on long-term borrowings and tax (EBIT) decreased by 2% against 10% growth in average Capital Employed.

3. Return on Net worth

	2020		2019	
	11.18		11.79	
Return on Net worth				

Return on Net worth has decreased marginally by 61 basis points mainly due to 4% growth in Profit after tax against 10% growth in net worth. This shows the Company's strength in generating profits on the shareholders' equity even in the pandemic hit year.

4. Current Ratio

	2020		2019	
	1.00		1.04	
Current ratio				

Decrease in current ratio is mainly on account of decrease in inventory and trade receivables. This reflects on the strong liquidity of the Company.

5. Price Earning Ratio

	2020		2019	
	21.56		20.03	
Price Earning Ratio				

Price Earning Ratio has increased mainly due increase in Company's share price by 12% as against to 4% growth in Basic Earnings per share.

6. Dividend per share, earning per share and Dividend Payout Ratio*

	2020		2019	
	14		14	
	75.35		72.36	
	19		19	
Dividend per share (₹)				
Basic Earnings per Share (₹)				
Dividend payout ratio (%)				

*Dividend Payout Ratio for 2019 is calculated without considering dividend distribution tax.

- Basic Earnings per share stood at ₹75.35 for the year ended 2020 registering an increase by 4% as compared to previous year. In a pandemic hit year, performance has improved driven by Product Mix Optimisation and Cost Efficiency Initiatives.

7. Fixed Asset Turnover Ratio

	2020		2019	
	1.90		2.1	
Fixed Asset Turnover Ratio				

- Asset turnover ratio has impacted primarily on account of decrease in net sales due to COVID-19 pandemic.

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, 2020, 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, 2020, 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 40(A)(a) and 40(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 Crore 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 judgement of NCLAT before the Hon’ble Supreme Court was admitted vide its order dated October 5, 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 Crore on the Company for alleged contravention of the provisions of the Competition Act. On Company’s filing an appeal together with application for interim stay against payment of penalty, COMPAT 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 judgement, 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.

Sl. No.	Key Audit Matters	Auditor’s Responses
1.	Litigation, Claims and Contingent Liabilities: (Refer Notes 24 and 40(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 judgement 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 judgement 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 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 evaluate 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.
2.	Income tax provision: (Refer Notes 22 and 40(A) of the standalone financial statements) This matter has been identified as a Key Audit Matter due to the significant level of management judgement 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 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, 2020 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 Company’s disclosures made in relation to contingent liabilities.

INFORMATION OTHER THAN THE 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 consolidated financial statements, 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 judgements 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 judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone 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 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.
- e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 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 40 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: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

(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, 2020 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 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, 2020, 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: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

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 programme 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 programme, 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:

₹ Crore			
Particulars of the land and building	Gross Carrying Value as at December 31, 2020	Net Carrying Value as at December 31, 2020	Remarks
Freehold Land	1.37	1.37	Title deeds are in name of the entities which got merged with the Company.
Buildings	7.82	5.39	
Freehold Land	0.35	0.35	Original title deeds are not available. Copies are available.
Buildings	0.39	0.34	

In respect of immovable properties of land that have been taken on lease and disclosed as right of use assets 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:

₹ Crore			
Particulars of the land	Gross Carrying Value as at December 31, 2020	Net Carrying Value as at December 31, 2020	Remarks
Leasehold Land	2.34	2.04	Title deeds are in name of the entities which got merged with the Company.
Leasehold Land	1.19	1.03	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.
- (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

Annexure “B” to the Independent Auditor’s Report

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 been 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, 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. The Company has generally been regular in depositing the undisputed statutory dues relating to Goods and Service Tax, considering the relief provided to taxpayers by the Government vide Notification No. 31/2020 dated April 3, 2020.

(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, 2020 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, Value Added Tax and Goods and Services Tax which have not been deposited as on December 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	₹ Crore	
			Period to which the Amount Relates	Amount Unpaid
Income Tax Act, 1961	Income Tax and Interest	Commissioner	2012-2013	155.76
			2013-2014	3.14
			2015-2016	65.18
			2017-2018	92.70
Sales Tax/Value Added Tax	Sales Tax, VAT, Penalty and Interest	High Court	1984-2018	147.70
		Appellate Authorities & Tribunal	1984-2018	186.99
Central Excise Act, 1944	Excise Duty, Penalty and Interest	Commissioner	1990-2018	22.87
		Supreme Court	1994-2000	2.34
		High Court	2001-2013	51.33
		Appellate Authorities & Tribunal	1994-2018	128.11
Finance Act, 1994	Service Tax, Penalty and Interest	Commissioner	2001-2018	1.58
		Appellate Authorities & Tribunal	2001-2018	172.74
Custom Act, 1962	Customs Duty, Penalty and Interest	Commissioner	2005-2018	37.83
		Appellate Authorities & Tribunal	2012-2013	0.47
Goods and Services Tax Act, 2017	Goods and Services Tax	High Court	2014-2018	9.40

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: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

Balance Sheet

as at December 31, 2020

		₹ Crore	
Particulars	Note No.	As at December 31, 2020	As at December 31, 2019
A ASSETS			
1. Non-current assets			
a) Property, Plant and Equipment	2	6,482.91	6,957.28
b) Capital work-in-progress		545.30	435.34
c) Other Intangible assets	3	45.80	34.09
d) Right of use assets	4	129.89	-
e) Investments in subsidiaries, associates and joint ventures	5	212.43	226.45
f) Financial Assets			
(i) Investments	6	8.20	3.70
(ii) Loans	7	129.35	135.92
(iii) Other financial assets	8	645.65	609.86
g) Non-current Tax Assets (Net)		942.04	857.01
h) Other non-current assets	9	653.86	399.15
Total Non-current assets		9,795.43	9,658.80
2. Current assets			
a) Inventories	10	900.47	1,140.95
b) Financial assets			
(i) Trade receivables	11	451.53	628.43
(ii) Cash and cash equivalents	12	5,734.92	4,383.18
(iii) Bank balances other than cash and cash equivalents	13	156.17	154.92
(iv) Loans	14	59.80	31.43
(v) Other financial assets	15	266.27	270.51
c) Current Tax Assets (Net)		71.26	-
d) Other current assets	16	687.17	803.41
		8,327.59	7,412.83
e) Non-current assets classified as held for sale	17	2.91	10.47
Total Current assets		8,330.50	7,423.30
TOTAL – ASSETS		18,125.93	17,082.10
B. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	18	187.99	187.99
b) Other Equity	19	12,473.45	11,333.29
Total Equity		12,661.44	11,521.28
Liabilities			
Non-current liabilities			
a) Financial Liabilities			
Lease Liabilities	20	83.98	-
b) Provisions	21	213.57	234.13
c) Deferred tax liabilities (Net)	22	376.20	642.21
Total – Non-current liabilities		673.75	876.34
Current liabilities			
a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises	44	6.29	11.27
Total outstanding dues of creditors other than micro and small enterprises		1,410.01	1,459.70
(ii) Other financial liabilities	23	1,025.84	933.96
b) Other current liabilities	24	1,993.10	1,913.80
c) Provisions	25	15.87	23.39
d) Current tax liabilities (Net)		339.63	342.36
Total – Current liabilities		4,790.74	4,684.48
Total – Liabilities		5,464.49	5,560.82
TOTAL – EQUITY AND LIABILITIES		18,125.93	17,082.10
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

For and on behalf of the Board of Directors of ACC Limited,
N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS: 13063

MARTIN KRIEGNER
Director
DIN: 00077715
DAMODARANNAIR SUNDARAM
Director
DIN: 00016304
NEERAJ AKHOURY
Director
DIN: 07419090

Mumbai, February 11, 2021

Statement of Profit and Loss

for the year ended December 31, 2020

		₹ Crore	
Particulars	Note No.	For the year ended December 31, 2020	For the year ended December 31, 2019
INCOME			
1. Revenue from operations	26	13,784.54	15,656.65
2. Other Income	27	203.98	311.21
3. TOTAL INCOME (1+2)		13,988.52	15,967.86
4. EXPENSES			
a) Cost of materials consumed	28	1,673.09	2,258.10
b) Purchase of Stock-in-trade	29	696.89	361.69
c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	30	142.41	100.81
d) Employee benefits expense	31	839.07	863.97
e) Power and fuel		2,572.38	3,131.34
f) Freight and Forwarding expense	32	3,431.81	4,050.06
g) Finance costs	33	57.04	86.22
h) Depreciation and amortisation expense	34	635.30	602.97
i) Other expenses	35	2,077.76	2,483.55
		12,125.75	13,938.71
Captive consumption of cement		(1.02)	(2.32)
TOTAL EXPENSES		12,124.73	13,936.39
5. Profit before exceptional item and tax (3-4)		1,863.79	2,031.47
6. Exceptional item {Refer Note – 2(3)}		176.01	-
7. Profit before tax (5-6)		1,687.78	2,031.47
8. Tax expense	22		
a) Current tax		547.38	689.81
b) Deferred tax (credit)/charge		(274.54)	(17.25)
		272.84	672.56
9. Profit for the year (7-8)		1,414.94	1,358.91
10. Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to profit and loss:			
Re-measurement gain/(loss) on defined benefit plans	37	(6.01)	(75.28)
(ii) Income tax relating to items that will not be reclassified to profit and loss	22	(8.53)	26.30
Other Comprehensive Income for the year, net of tax		(14.54)	(48.98)
11. Total Comprehensive Income for the year (9+10)		1,400.40	1,309.93
12. Earnings per equity share of ₹10 each:	36		
Basic ₹		75.35	72.36
Diluted ₹		75.17	72.19
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

For and on behalf of the Board of Directors of ACC Limited,

N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS: 13063

MARTIN KRIEGNER
Director
DIN: 00077715

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

NEERAJ AKHOURY
Director
DIN: 07419090

Mumbai, February 11, 2021

Statement of Changes in Equity

for the year ended December 31, 2020

A. EQUITY SHARE CAPITAL

	Note No.	₹ Crore
As at January 1, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2020	18	187.99

B. OTHER EQUITY
For the year ended December 31, 2020

	Reserves and surplus (Refer Note – 19)					₹ Crore
	Capital reserve	Securities premium	General reserve	Capital contribution from parent	Retained earnings	
As at January 1, 2020	67.81	845.03	2,723.30	0.63	7,696.52	11,333.29
Profit for the year	-	-	-	-	1,414.94	1,414.94
Other Comprehensive Income for the year, net of tax	-	-	-	-	(14.54)	(14.54)
Total comprehensive income for the year	-	-	-	2.66	-	2.66
Employee Share based payments (Refer Note – 53)	-	-	-	-	(262.90)	(262.90)
Interim dividend paid for 2019 (Refer Note – 52)	-	-	-	-	-	-
As at December 31, 2020	67.81	845.03	2,723.30	3.29	8,834.02	12,473.45

Statement of Changes in Equity

for the year ended December 31, 2020

For the year ended December 31, 2019

	Reserves and surplus (Refer Note – 19)					₹ Crore
	Capital reserve	Securities premium	General reserve	Capital contribution from parent	Retained earnings	
As at January 1, 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	-	-	-	0.63	-	0.63
Employee Share based payments (Refer Note – 53)	-	-	-	-	(262.90)	(262.90)
Final dividend paid for 2018 (Refer Note – 52)	-	-	-	-	(54.04)	(54.04)
Dividend distribution tax on dividend (Refer Note – 52)	-	-	-	-	-	-
As at December 31, 2019	67.81	845.03	2,723.30	0.63	7,696.52	11,333.29

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 11, 2021

For and on behalf of the Board of Directors of ACC Limited,

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YATIN MALHOTRA
Chief Financial Officer

NEERAJ AKHOURY
Director
DIN: 07419090

RAJIV CHOUBEY
Company Secretary
ACS: 13063

Statement of Cash Flow

for the year ended December 31, 2020

		₹ Crore	
Particulars	Note no.	For the year ended December 31, 2020	For the year ended December 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax		1,687.78	2,031.47
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	34	635.30	602.97
Exceptional item	2	176.01	-
Expected credit loss on Incentives under Government schemes	35	128.92	-
Loss/(Profit) on sale/write-off of Property, Plant and Equipment (net)	35 & 27	10.96	(24.45)
Gain on termination of leases	27	(2.38)	-
Gain on sale of current financial assets measured at FVTPL	27	(14.82)	(19.53)
Gain on sale of investment in Subsidiary Company	27	(3.94)	-
Dividend income	27	(0.29)	(1.69)
Interest income	27	(182.43)	(265.07)
Finance costs	33	57.04	86.22
Impairment losses on trade receivables (net)	35	37.34	21.51
Reversal for doubtful advances (net)		-	(0.11)
Provision for slow and non-moving Stores & Spare (net)	10	7.96	6.38
Provision no longer required written back	26	(5.80)	(9.48)
Net gain on fair valuation of current financial assets measured at FVTPL	27	(0.12)	(0.47)
Employee share based payments	31	2.66	0.63
Fair Value movement in Derivative Instruments		0.28	-
Unrealised exchange loss (net)		0.34	0.12
Operating profit before working capital changes		2,534.81	2,428.50
Changes in Working Capital:			
Adjustments for Decrease/(Increase) in operating assets:			
Decrease in Inventories	10	232.52	531.23
Decrease in Trade receivable	11	139.56	218.32
(Increase)/Decrease in loans & advances	7 & 14	(23.40)	73.60
Increase in other assets	8, 9, 15 -17	(44.55)	(260.54)
Adjustments for Increase/(Decrease) in operating liabilities:			
Decrease in Trade payables		(49.21)	(442.40)
(Decrease)/Increase in Provisions	21 & 25	(49.31)	5.63
Increase in Other liabilities	23-24	181.55	140.21
Cash generated from operations		2,921.97	2,694.55
Direct tax paid including interest on Income tax – (Net of refunds)		(706.40)	(446.20)
Net Cash flow from operating activities		2,215.57	2,248.35
B. CASH FLOW FROM INVESTING ACTIVITIES			
Loans to subsidiary companies	42	(0.21)	(0.56)
Purchase of Property, Plant and Equipments (Including Capital work-in-progress and Capital Advances)			
Capex for increases in operating capacity		(409.30)	(108.70)
Capex for efficiency improvement and maintaining operating capacity		(336.54)	(431.74)
Proceeds from sale of Property, Plant and Equipment		0.68	46.99
Proceeds from sale of investment in Subsidiary Company		20.00	-
Investment in Equity shares		(4.50)	-
Net proceeds from sale of mutual funds		14.82	19.53
Investment in bank and margin money deposits (having original maturity for more than 12 months)	8	(3.81)	(32.27)

Statement of Cash Flow

for the year ended December 31, 2020

Particulars	Note no.	₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
Redemption of bank and margin money deposits (having original maturity for more than 12 months)	8	1.40	-
Investment in bank and margin money deposits (having original maturity for more than 3 months)		(7,238.00)	(2,476.87)
Redemption of bank and margin money deposits (having original maturity for more than 3 months)		7,234.32	2,481.73
Investment in certificate of deposits		(750.00)	(600.00)
Redemption of certificate of deposits		750.00	600.00
Dividend received from Associate/Joint venture	27	0.29	1.69
Interest received		184.26	171.88
Net cash used in investing activities		(536.59)	(328.32)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(39.87)	(57.22)
Payment of Lease Liabilities		(24.59)	-
Dividend paid	52	(262.90)	(262.90)
Dividend Distribution Tax paid	52	-	(54.04)
Net cash used in financing activities		(327.36)	(374.16)
Net increase in cash and cash equivalents		1,351.62	1,545.87
Add: Cash and cash equivalents at the beginning of the year	12	4,383.18	2,836.84
Add: Adjustment for gain on fair valuation of current financial assets measured at FVTPL	27	0.12	0.47
Cash and cash equivalents at the end of the year	12	5,734.92	4,383.18

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. Refer Note 43 for Cash flows arising from the reportable segments.

In terms of our report attached

For and on behalf of the Board of Directors of ACC Limited,

FOR DELOITTE HASKINS & SELLS LLP

Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

N. S. SEKHSARIA

Chairman
DIN: 00276351

MARTIN KRIEGER

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SAIRA NAINAR

Partner
Membership No. 040081

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Chief Financial Officer

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Director
DIN: 07419090

RAJIV CHOUBEY

Company Secretary
ACS: 13063

Mumbai, February 11, 2021

COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information

ACC Limited (“the Company”), is a public Company domiciled in India and was incorporated on August 1, 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 – 400 020, 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 11, 2021

(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;
- 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) Employee share based payments measured at fair value.

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 except change in accounting policy on Leases as disclosed in Note No. (XXVIII).

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”.

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 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 has applied Ind AS 116 with effect from January 01, 2020 and all leases are disclosed under Right of use assets.

Depreciation and amortisation

- a) 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.
- b) 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

- c) 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.
- d) Depreciation on an item of Property, Plant and Equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of Property, Plant and Equipment is sold, discarded, demolished or scrapped.
- e) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- f) 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.
- g) 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.

(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.

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.

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 marketplace (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 through other comprehensive income.

iii. **Financial assets at fair value through profit or loss (FVTPL)**

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as ‘accounting mismatch’). The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the ‘other income’ line item of Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 “Financial Instruments” are measured at FVTPL with all changes in fair value recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend earned on the equity instruments and is included in the ‘other income’ line item of Statement of Profit and Loss.

For all investments in equity instruments other than held for trading, at initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company

makes such election on an instrument-by-instrument basis.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the 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.

Impairment of financial assets

In accordance with Ind AS 109 “Financial Instruments”, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- a) Financial assets that are debt instruments, and are measured

at amortised cost e.g. loans, debt securities, deposits, bond; and

- b) Trade receivables other receivables (including incentive receivable from Government)

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) 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.

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 financial liabilities mainly comprise (a) trade payables, (b) liability for capital expenditure, (c) security deposit, (d) other payables (e) lease liabilities 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 through profit or loss.

Derecognition of financial liabilities

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liability) is primarily derecognised (i.e. removed from the Company's financial statements) when, and only when, the obligation under the liability is discharged or cancelled or 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 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.

(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 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. 24. 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.

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

Provident Fund

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 Consolidated 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. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

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.

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 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 performance share 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.

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 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.

The Company applies significant judgement in identifying uncertainties over income tax treatments. Uncertain tax positions are reflected in the overall measurement of the Company's tax expense and are based on the most likely amount or expected value that is to be disallowed by the taxing authorities whichever better predict the resolution of uncertainty. Uncertain tax balances are monitored and updated as and when new information becomes available, typically upon examination or action by the taxing authorities or through statute expiration.

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 utilised. 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
- I. Accounting policy effective January 1, 2020
- Ind AS 116 “Leases” replaces Ind AS 17 “Leases” and applicable to the Company with effect from January 1, 2020.
- The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
- i. the contract involves the use of an identified asset;
- ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
- iii. the Company has the right to direct the use of the asset.
- Company as a lessee: Right of use assets (“ROU”)
- At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets.
- The right of use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right of use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset and the average lease terms are as follows:

Right of use assets	Average (Range) lease terms (in years)
Buildings	8
Land	8-99
Machines	6
Furniture and Vehicles	5

The right of use assets is also subject to impairment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease liabilities

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The Company uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payments which the Company is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the Statement of Profit or Loss.

The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

- The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) whenever:
- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
 - A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- Lease liabilities (Financial liabilities) and ROU asset have been separately presented in the Balance Sheet and related cash flows are classified as financing activities in the Statement of Cash Flows.
- Deferred tax on the deductible temporary difference and taxable temporary differences in respect of carrying value of right of use assets and lease liability and their respective tax bases are recognised separately.
- Short-term leases and leases of low-value assets**
- The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (in the range of ₹4,00,000 to ₹16,00,000 for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The related cash flows are classified as operating activities in the Statement of Cash Flows.
- Company as a lessor:**
- Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is

classified as a finance lease. All other leases are classified as operating leases.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Company's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

II. Accounting policy up to December 31, 2019

In the comparative period, accounting and disclosure for leases was done as per Ind AS 17.

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.

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 assesses the financial performance and position of the Company and makes strategic decisions.

The Company's operating businesses are organised 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 the Company will comply with all the conditions attached to them and there is a reasonable assurance that the grant/subsidy will be received.
- 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) Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Company is treated as an exceptional item and disclosed separately in the financial statements.

(XXVII) 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.

Estimates and judgements 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.

Leases

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is

reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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 crystallising 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

utilisation 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.

(XXVIII) New Accounting Pronouncements

Effective from January 1, 2020, the Company has adopted the following new Standard and amendments to certain Ind AS relevant to the Company:

Ind AS 116: Leases

Changes in Accounting Policy and Disclosures:

The Company has adopted Ind AS 116 effective January 1, 2020, using 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, are recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted using the incremental borrowing rate as at the date of initial application.

Further, the application of Ind AS 116 did not have any significant impact on the financial statements

and EPS for the year ended December 31, 2020. Information regarding the financial impacts of the initial application of Ind AS 116 is outlined in Note No. 38.

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 carried out an assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

There is no material impact on the Company due to the application of the above amendment.

Several other amendments apply for the first time for the year ending December, 31 2020, but do not have an impact on the financial statements of the Company.

(XXIX) Recent Accounting Developments

There is no new standard or amendment to the existing standards which are applicable from January 1, 2021.

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

Refer Note 1 (V) for accounting policy on Property, Plant and Equipment

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET CARRYING VALUE	
	As at January 1, 2020	Additions	Disposals/ Adjustments	As at December 31, 2020	Depreciation charge for the year (Refer Note – 3 below)	Impairment losses recognised in the year	Disposals/ Adjustments	As at December 31, 2020	As at December 31, 2019
TANGIBLE ASSETS:									
Freehold Non-mining Land	134.40	3.84	-	138.24	-	-	-	138.24	134.40
Freehold Mining Land	340.30	3.62	-	343.92	0.22	-	-	342.66	339.26
Leasehold Land (Refer Note – 4 below)	39.47	-	39.47	-	-	-	1.86	-	37.61
Buildings	1,710.83	64.05	9.80	1,765.08	82.63	29.27	7.42	1,372.39	1,422.62
Plant and Equipment	6,684.47	231.05	44.76	6,870.76	476.68	116.75	35.88	4,386.42	4,757.68
Railway Sidings	256.16	16.46	-	272.62	21.72	1.43	-	174.32	181.01
Furniture and Fixtures	28.86	4.88	0.52	33.22	3.11	0.27	0.40	14.73	13.35
Vehicles	88.22	8.44	1.78	94.88	10.79	10.14	0.84	36.89	50.32
Office equipment	65.72	5.67	0.99	70.40	8.88	0.53	0.96	17.26	21.03
TOTAL	9,348.43	338.01	97.32	9,589.12	604.03	158.39	47.36	6,482.91	6,957.28

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 1, 2019	Additions	Disposals	As at December 31, 2019	Depreciation charge for the year	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	1.04	339.26	305.77
Leasehold Land	39.47	-	-	39.47	1.33	1.86	37.61	38.14
Buildings	1,654.68	64.31	8.16	1,710.83	218.38	288.21	1,422.62	1,436.30
Plant and Equipment	6,289.36	429.33	34.22	6,684.47	1,465.58	1,926.79	4,757.68	4,823.78
Railway Sidings	251.83	4.33	-	256.16	54.17	75.15	181.01	197.66
Furniture and Fixtures	26.50	2.47	0.11	28.86	12.49	0.09	13.35	14.01
Vehicles	68.62	19.69	0.09	88.22	27.40	37.90	50.32	41.22
Office equipment	58.61	8.51	1.40	65.72	36.90	44.69	21.03	21.71
TOTAL	8,829.23	563.18	43.98	9,348.43	599.22	2,391.15	6,957.28	7,012.21

Notes:

- Buildings include cost of shares ₹34,600 (*Previous year – ₹34,600*) in various Co-operative Housing Societies, in respect of 17 (*Previous year – 17*) residential flats.
- 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 (under ROU Assets in current year) amounting to net block of ₹2.04 Crore (*Previous year – ₹2.10 Crore*), 2 cases of freehold land amounting to net block of ₹1.37 Crore (*Previous year – ₹1.37 Crore*) and 2 cases of Buildings amounting to net block of ₹5.39 Crore (*Previous year – ₹5.76 Crore*) respectively as at December 31, 2020 for which title deeds are in the name of the erstwhile Company that merged with the Company.
- Considering lower profitability due to higher input cost, the Company has suspended part of it's operations at Madukkarai plant. The Company has carried out a review of the recoverable amount of the tangible assets and capital work-in-progress used in cement manufacturing facility at Madukkarai. The recoverable amount from such tangible assets and capital work-in-progress at Madukkarai plant is assessed to be lower than it's carrying amount and consequently an impairment loss of ₹176.01 Crore (including Capital work-in-progress ₹17.62 Crore) has been recognised and disclosed as an exceptional item. The discount rate used in measuring recoverable value is 10.64 per cent per annum. The future cash flows are derived from the detailed budgets and forecast for the next three years. Steady growth rate of 4 per cent per annum is applied beyond the forecast period.
- Upon introduction of Ind AS 116 Leases effective January 1, 2020, all Finance Lease assets identified under the earlier Ind AS 17 Leases, have been reclassified to Right of use assets.
- Capital work-in-progress as at December 31, 2020 is ₹545.30 Crore (*Previous year – ₹435.34 Crore*). Refer Note 48 for the amount of expenditure recognised in the carrying amount of Property, Plant and Equipment/Capital work-in-progress (CWIP) during the course of its construction.
- For contractual commitment with respect to Property, Plant and Equipment, Refer Note – 39.

NOTE 3. OTHER INTANGIBLE ASSETS

Refer Note 1 (VI) for accounting policy on Intangible Assets

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2020	Additions	Disposals	As at January 1, 2020	Amortisation charge for the year	Disposals	As at December 31, 2020	As at December 31, 2019
Intangible Assets:								
Computer Software	2.74	1.02	-	3.76	0.19	-	1.03	0.20
Mining Rights	46.06	14.59	-	60.65	3.71	-	44.77	33.89
TOTAL	48.80	15.61	-	64.41	3.90	-	45.80	34.09

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2019	Additions	Disposals	As at January 1, 2019	Amortisation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2018
Intangible Assets:								
Computer Software	2.73	0.01	-	2.74	0.67	-	0.20	0.86
Mining Rights	45.45	0.61	-	46.06	3.08	-	33.89	36.36
TOTAL	48.18	0.62	-	48.80	3.75	-	34.09	37.22

NOTE 4. RIGHT OF USE ASSETS

Refer Note 1 (XXI) for accounting policy on Leases

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 1, 2020*	Reclassified on account of Ind AS 116*	Additions	Disposals	As at January 1, 2020	Reclassified on account of Ind AS 116*	Depreciation charge for the year	Disposals	As at December 31, 2020	As at December 31, 2019
Land	69.69	39.47	6.93	5.07	111.02	-	12.95	0.85	13.96	97.06
Buildings	5.03	-	-	0.08	4.95	-	1.46	-	1.46	3.49
Plant and Equipment	56.45	-	1.27	18.37	39.35	-	12.80	2.51	10.29	29.06
Vehicles	0.44	-	-	-	0.44	-	0.16	-	0.16	0.28
TOTAL	131.61	39.47	8.20	23.52	155.76	-	27.37	3.36	25.87	129.89

* Refer Note 38 on adoption of Ind AS 116 'Leases'.

NOTE 5. 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, 2020		As at December 31, 2019	
	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				
Lucky Minmat Limited (100% shareholding) {Refer Note – 45(i)}	3,25,000	38.10	3,25,000	38.10
ACC Mineral Resources Limited (100% shareholding) {Refer Note – 45(ii)}	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) (Refer Note – 54)	-	-	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) {Refer Note – 45(iii)}	25,01,000	2.50	25,01,000	2.50
TOTAL		212.43		226.45

- Notes:
- | | | | |
|-------|--|--------|--------|
| (I) | Aggregate amount of unquoted Investments. | 212.43 | 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. | | |

NOTE 6. NON-CURRENT – INVESTMENTS

Refer Note 1 (X) for accounting policy on Investments

	As at December 31, 2020		As at December 31, 2019	
	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				
Amplus Green Power Private Limited (Refer Note – II below)	25,78,592	4.50	-	-
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 amortised cost		4.50		-
Investment in Unquoted bonds				
Face value ₹10,00,000 each fully paid				
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	37	3.70
TOTAL		8.20		3.70

Notes: (I) Aggregate value of unquoted investments. 8.20 3.70
(II) During the year, the Company has subscribed 25,78,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹4.50 Crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company’s Tikaria plant would be one of the consumers.
(III) *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.

NOTE 7. NON-CURRENT LOANS

Considered good – unsecured

Refer Note 1 (X) for accounting policy on Loans

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Security deposits	121.76	126.68
Loans to Employees	7.59	9.24
TOTAL	129.35	135.92

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 50 for information about credit risk and market risk of loans.

NOTE 8. OTHER NON-CURRENT FINANCIAL ASSETS

Refer Note 1 (X) for accounting policy on Financial Instruments

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Incentives under Government schemes (Net) {Refer Note - 50(i)}	606.56	573.18
Bank deposits with more than 12 months maturity*	30.84	29.06
Margin money deposit with more than 12 months maturity**	8.25	7.62
TOTAL	645.65	609.86

*Lodged as security with government authorities of ₹30.58 Crore (Previous year – ₹28.80 Crore).

**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 9. OTHER NON-CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Capital Advances	348.56	94.60
Advance other than Capital Advances		
Claim receivables from Government and Others	14.24	14.18
Unsecured, considered good	4.21	4.21
Considered doubtful	(4.21)	(4.21)
Less: Allowance for doubtful deposits	14.24	14.18
Deposits with Government Bodies and Others		
Unsecured, considered good	291.06	290.37
Considered doubtful	3.33	3.33
Less: Allowance for doubtful deposits	(3.33)	(3.33)
	291.06	290.37
TOTAL	653.86	399.15

NOTE 10. INVENTORIES

At lower of cost and net realisable value

Refer Note 1 (IX) for accounting policy on Inventories

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Raw Materials {Including goods-in-transit ₹2.70 Crore (Previous year – ₹4.09 Crore)}	115.54	117.44
Work-in-progress	147.84	177.61
Finished Goods	111.74	230.96
Stock-in-trade	14.48	7.90
{Including goods-in-transit ₹4.37 Crore (Previous year – ₹0.49 Crore)}		
Stores and Spares {Including goods-in-transit ₹13.99 Crore (Previous year – ₹14.74 Crore)}	248.94	310.85
Packing Materials	24.07	20.65
Fuels {Including goods-in-transit ₹10.69 Crore (Previous year – ₹11.53 Crore)}	237.86	275.54
TOTAL	900.47	1,140.95

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 ₹7.96 Crore (Previous year – ₹6.38 Crore). There has been no reversal of such write down in current and previous year.

Notes to the Financial Statements

for the year ended December 31, 2020

NOTE 11. TRADE RECEIVABLES

Refer Note 1 (X) for accounting policy on Trade receivables

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Considered good – Secured	35.95	43.35
Considered good – Unsecured*	415.58	585.08
Receivables which have significant increase in credit risk {Refer Note 50(i)}	67.29	41.13
	518.82	669.56
Less: Allowance for doubtful receivables	(67.29)	(41.13)
TOTAL	451.53	628.43

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 42 for receivables from related parties.

Refer Note 50 for information about credit risk of trade receivables.

NOTE 12. CASH AND CASH EQUIVALENTS

Refer Note 1 (XXIII) for accounting policy on Cash and Cash Equivalents

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Balances with banks:		
In current accounts	139.92	28.01
Deposits with original maturity of less than three months	4,764.90	2,100.00
	4,904.82	2,128.01
Cheques on hand*	-	36.71
Deposit with other than banks with original maturity of less than three months	250.00	250.00
Post office saving accounts	0.01	0.01
	5,154.83	2,414.73
Investments in liquid mutual funds measured at FVTPL	580.09	725.47
Certificates of deposit with original maturity of less than three months	-	1,242.98
TOTAL	5,734.92	4,383.18

*Cheques on hand are cleared subsequent to the year end.

As at December 31, 2020, the Company has sanctioned and available undrawn borrowing facilities of ₹130.80 Crore (Previous year – ₹145.00 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 Financial Statements

for the year ended December 31, 2020

NOTE 13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Refer Note 1 (X) for accounting policy on Bank balances other than Cash and Cash Equivalents

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Other bank balances		
*Deposits with original maturity for more than 3 months but less than 12 months	127.68	121.56
**Margin money deposits with original maturity for more than 3 months but less than 12 months	-	2.44
#On unpaid dividend accounts	28.49	30.92
TOTAL	156.17	154.92

*Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) of ₹127.68 Crore {(Previous year – ₹121.56 Crore) - Refer Note – 40 (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, 2020	As at December 31, 2019
Security deposits	53.12	23.48
Loans and advances to related parties (Refer Note – 42)	0.82	2.41
Loans to Employees	5.86	5.54
TOTAL	59.80	31.43

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 50 for information about credit risk and market risk of loans.

NOTE 15. OTHER CURRENT FINANCIAL ASSETS

Refer Note 1 (X) for accounting policy on Financial Instruments

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Incentives under Government schemes	256.58	258.95
Interest Accrued on Investments	8.08	10.18
Other Accrued Interest	1.61	1.38
TOTAL	266.27	270.51

Refer Note 50 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, 2020	As at December 31, 2019
Advances other than capital advances		
Advance to suppliers	259.27	437.39
Prepaid expenses	54.94	42.04
Other receivables		
Balances with statutory/government authorities	357.52	280.59
Others	15.44	43.39
TOTAL	687.17	803.41

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, 2020	As at December 31, 2019
Plant and equipment	1.76	5.36
Building	1.15	5.11
TOTAL	2.91	10.47

- (i) The Company intends to dispose off plant and equipment and Building in the next 12 months which it no longer intends to utilise. A selection of potential buyers is underway.
- (ii) During the year, the Company has reclassified buildings of ₹3.96 Crore and plant and equipments of ₹3.01 Crore.

NOTE 18. EQUITY SHARE CAPITAL

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
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 1, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2020	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, 2020	As at December 31, 2019
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	8.41	8.41
84,11,000 (Previous year – 84,11,000) equity shares ₹10 each fully paid		

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, 2020		As at December 31, 2019	
	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	95,03,365	5.06	1,06,79,857	5.69

- 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

Refer Statement of Changes in Equity for detailed movement in Equity balance.

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Capital Reserve	67.81	67.81
Securities Premium	845.03	845.03
General Reserve	2,723.30	2,723.30
Capital contribution from parent	3.29	0.63
Retained earnings	8,834.02	7,696.52
TOTAL	12,473.45	11,333.29

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.

NOTE 20. NON-CURRENT FINANCIAL LIABILITY

Refer Note 1 (XXI) for accounting policy on Leases

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Lease liabilities (Refer Note – 38)	83.98	-
	83.98	-

NOTE 21. NON-CURRENT PROVISIONS

Refer Note 1 (XVII) for accounting policy on Employee benefits

Refer Note 1 (XIV) for accounting policy on Site restoration provisions

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 37)	102.35	141.92
Provision for provident fund (Refer Note – 37)	66.31	55.25
Provision for long service award	5.77	4.49
Other Provisions		
Provision for Site Restoration (Refer Note – 21.1 below)	39.14	32.47
TOTAL	213.57	234.13

Note 21.1 – Movement of provisions during the year as required by Ind AS – 37 “Provisions, Contingent Liabilities and Contingent Asset” specified under Section 133 of the Companies Act, 2013:

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Opening Balance	32.47	32.31
Provision/(reversal) during the year (net)	5.24	(1.36)
Utilised during the year	(0.03)	(0.35)
Unwinding of discount and changes in the discount rate	1.46	1.87
Closing Balance	39.14	32.47

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 22. 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, 2020:

	For the quarter ended March 31, 2020		For the nine months ended December 31, 2020		For the year ended December 31, 2020		For the year ended December 31, 2019	
	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %
Profit before tax	472.83		1,214.95		1,687.78		2,031.47	
At India's statutory income tax rate (Refer Note (a) below)	165.21	34.94%	305.80	25.17%	471.01	27.91%	709.80	34.94%
Effect of Allowances for tax purpose								
Tax Holiday claim under Section 80-IA (Up to March 31, 2020)	(15.73)	(3.34%)	-	-	(15.73)	(0.94%)	(60.07)	(2.96%)
Inter corporate dividends Section 80M	-	-	(0.07)	(0.01%)	(0.07)	(0.01%)	-	-
Effect of Non-Deductible expenses								
Corporate social responsibility expenses	2.39	0.51%	6.41	0.54%	8.80	0.52%	8.76	0.44%
Others	1.02	0.22%	0.30	0.02%	1.32	0.08%	14.66	0.72%
Effect of Tax Exempt Income – Dividend	-	-	-	-	-	-	(0.59)	(0.03%)
	(12.32)	(2.61%)	6.64	0.55%	(5.68)	(0.35%)	(37.24)	(1.83%)
At the effective income tax rate	152.89	32.33%	312.44	25.72%	465.33	27.56%	672.56	33.11%
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	-	-	(189.61)	(15.61%)	(189.61)	(11.23%)	-	-
Effect of change in tax rate on deferred tax for the period January 01 to March 31, 2020	-	-	(2.88)	(0.24%)	(2.88)	(0.17%)	-	-
Income tax expense reported in the statement of profit and loss	152.89	32.33%	119.95	9.87%	272.84	16.16%	672.56	33.11%

Notes:

- a) The Company follows calendar year as financial year, therefore applicable statutory income tax rate is weighted average rate. 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.
- b) The Government of India has inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective April 1, 2019, subject to certain conditions. The Company has adopted the option of reduced rate and accordingly, opening net deferred tax liability as on January 1,2020 amounting to ₹179.57 Crore has been reversed (net of reversal of deferred tax assets of ₹10.04 Crore in Other Comprehensive Income) during the year ended December 31, 2020.

Deferred tax:

Deferred tax relates to the following:

	As at December 31, 2020	As at December 31, 2019
Deferred Tax Liabilities:		
Depreciation and amortisation differences	622.74	933.33
	622.74	933.33
Deferred Tax Assets:		
Provision for employee benefits	48.25	73.68
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	70.69	98.71
Allowance for obsolescence of Stores and Spares	7.12	9.88
Allowance for doubtful receivables and other assets	19.20	17.51
Right of use assets and lease liabilities differences	3.03	-
Expected credit loss on incentives receivable from government	32.45	-
Other temporary differences	65.80	91.34
	246.54	291.12
Net deferred tax liabilities	376.20	642.21

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

	Net Balance as on January 1, 2020	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2020
Deferred Tax Liabilities:					
Depreciation and amortisation differences	933.33	(310.59)	-	-	622.74
	933.33	(310.59)	-	-	622.74
Deferred Tax Assets:					
Provision for employee benefits	73.68	(16.90)	(8.53)	-	48.25
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	98.71	(28.02)	-	-	70.69
Allowance for obsolescence of Stores and Spares	9.88	(2.76)	-	-	7.12
Allowance for doubtful receivables and other assets	17.51	1.69	-	-	19.20
Right of use assets and lease liabilities differences	-	3.03	-	-	3.03
Expected credit loss on incentives receivable from government	-	32.45	-	-	32.45
Other temporary differences	91.34	(25.54)	-	-	65.80
	291.12	(36.05)	(8.53)	-	246.54
Net deferred tax liabilities	642.21	(274.54)	8.53	-	376.20

	₹ Crore				
	Net Balance as on January 1, 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

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 23. OTHER CURRENT FINANCIAL LIABILITIES

Refer Note 1 (X) for accounting policy on Financial Instruments

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Financial Liabilities at amortised cost		
Interest accrued	13.89	26.50
Unpaid dividends*	28.49	30.92
Security deposits and retention money	801.26	710.54
Liability for capital expenditure	34.87	52.17
Lease liabilities	18.50	-
Provision for employees	128.55	113.83
Financial Liabilities at fair value		
Foreign currency forward contract	0.28	-
TOTAL	1,025.84	933.96

*Investor Education and Protection Fund ('IEPF') - As at December 31, 2020, 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.

NOTE 24. OTHER CURRENT LIABILITIES

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Contract Liability *		
Advance from customers	148.18	156.80
Other Liability		
Statutory dues payable	575.14	551.42
Rebates to customers	521.56	497.00
Other payables (including interest on income tax, etc.)	748.22	708.58
TOTAL	1,993.10	1,913.80

*The contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2020.

NOTE 25. CURRENT PROVISIONS

Refer Note 1 (XVII) for accounting policy on Employee benefits

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 37)	7.49	10.21
Provision for compensated absences	7.48	12.32
Provision for long service award	0.90	0.86
TOTAL	15.87	23.39

NOTE 26. REVENUE FROM OPERATIONS

Refer Note 1 (XVI) for accounting policy on Revenue recognition

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from contracts with customers		
Sale of Manufactured products	12,676.52	14,895.73
Sale of Traded products	806.96	443.48
Income from services rendered	3.35	3.90
	13,486.83	15,343.11
Other Operating Revenue		
Provision no longer required written back	5.80	9.48
Scrap Sales	23.21	29.76
Government grants*	159.94	174.69
Miscellaneous Income (including insurance claim, other services, etc.)	108.76	99.61
Total	13,784.54	15,656.65

*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, 2020

Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue as per Contract price	15,263.40	17,291.36
Less: Discounts and incentives	(1,776.57)	(1,948.25)
Revenue as per Statement of Profit and Loss	13,486.83	15,343.11

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 43 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 27. OTHER INCOME

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income using the effective interest rate method		
Interest on bank deposits	177.15	157.94
Interest on Income Tax **	-	99.48
Other interest income	5.28	7.65
	182.43	265.07
Dividend from non-current investments from associate/joint venture	0.29	1.69
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	14.82	19.53
Net gain on fair valuation of current financial assets measured at FVTPL*	0.12	0.47
Gain on sale of investment in Subsidiary Company (Refer Note – 54)	3.94	-
Gain on termination of leases	2.38	-
Net gain on disposal of Property, Plant and Equipment	-	24.45
TOTAL	203.98	311.21

* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

** During the previous year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ₹276.66 Crore. The Company has made a provision of ₹177.18 Crore for matters other than excise incentive in view of uncertainties over tax treatments and considered as probable, resulting in recognition of net income of ₹99.48 Crore.

Notes to the Financial Statements

for the year ended December 31, 2020

NOTE 28. COST OF MATERIALS CONSUMED

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the beginning of the year	117.44	185.73
Add: Purchases	1,671.19	2,189.81
	1,788.63	2,375.54
Less: Inventories at the end of the year	115.54	117.44
TOTAL	1,673.09	2,258.10

Details of cost of materials consumed

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Slag	262.08	334.75
Gypsum	258.24	358.69
Fly Ash	332.03	415.45
Cement for Ready Mix Concrete	109.84	172.50
Aggregates	170.75	252.05
Others*	540.15	724.66
TOTAL	1,673.09	2,258.10

*includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

NOTE 29. PURCHASES OF STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Cement	690.26	360.24
Ready Mix Concrete	1.88	1.45
Other Products	4.75	-
TOTAL	696.89	361.69

NOTE 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the end of the year		
Stock-in-trade	14.48	7.90
Finished Goods	111.74	230.96
Work-in-progress	147.84	177.61
	274.06	416.47
Inventories at the beginning 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
	142.41	100.81

NOTE 31. EMPLOYEE BENEFITS EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and Wages* (Refer Note – 48)	738.31	756.61
Contributions to Provident and other Funds	63.43	59.00
Employee share based payments (Refer Note – 53)	2.66	0.63
Staff welfare expenses	34.67	47.73
TOTAL	839.07	863.97

*Salaries and Wages expense for the year ended December 31, 2020 include ₹20.52 Crore (Previous year – Nil) on account of charge for Employee Separation Scheme.

NOTE 32. FREIGHT AND FORWARDING EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
On Clinker transfer	489.83	495.82
On finished and Semifinished products	2,941.98	3,554.24
TOTAL	3,431.81	4,050.06

NOTE 33. FINANCE COSTS

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest		
- On Income tax	4.76	16.90
- On Defined benefit obligation (net) – (Refer Note – 37)	13.76	7.91
- Interest on deposits from dealers	17.14	33.45
- Interest on litigation matters	0.56	17.73
- Interest on Lease Liabilities*	9.80	-
- Others	9.56	8.36
Unwinding of discount on site restoration provision (Refer Note – 21.1)	1.46	1.87
TOTAL	57.04	86.22

* Subsequent to introduction of Ind AS 116 Leases, the Company has recognised Long-term leases as ROU Assets and created lease obligation representing present value of future minimum lease payments. The unwinding of such obligation is recognised as interest expense.

NOTE 34. DEPRECIATION AND AMORTISATION EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation on Property, Plant and Equipment	604.03	599.22
Amortisation of intangible assets	3.90	3.75
Depreciation on Right of use assets	27.37	-
TOTAL	635.30	602.97

NOTE 35. OTHER EXPENSES

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Consumption of stores and spare parts	224.77	325.82
Consumption of packing materials	386.26	458.13
Rent*	75.59	130.61
Rates and taxes (Refer Note – 48)	76.94	139.32
Repairs	126.25	149.06
Insurance	25.51	20.34
Royalties on minerals	240.05	276.83
Advertisement	56.58	111.60
Technology and Know-how fees	132.79	152.33
Expected credit loss on Incentives under Government schemes {Refer Note – 50(i)}	128.92	-
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note – 50(i))}	37.34	21.51
Corporate Social Responsibility expense (Refer Note 2 below)	32.33	25.07
Miscellaneous expenses (Refer Note – 48 and 1 below)	534.43	672.93
TOTAL	2,077.76	2,483.55

* Includes impact of Ind AS 116 - Leases (Refer Note - 38)

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 Loss on sale/write-off of Property, Plant and Equipment (net) of ₹10.96 Crore (Previous year – ₹ Nil).
- (iv) Miscellaneous expenses includes net loss of ₹1.74 Crore (Previous year – ₹4.46 Crore) on foreign currency transaction and translation.
- (v) Miscellaneous expenses includes net Loss of ₹0.59 Crore (Previous year net gain – ₹0.94 Crore) on foreign currency forward contract.
- (vi) Payments to Statutory Auditors (excluding applicable taxes).

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
As auditors		
Audit fees	1.68	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	0.01
Reimbursement of expenses	0.02	0.04
	3.21	3.33

2. Details of Corporate Social Responsibility expenses:
- The Company has spent ₹32.33 Crore (Previous year – ₹25.07 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 ₹31.52 Crore (Previous year – ₹23.90 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.

NOTE 36. 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, 2020	For the year ended December 31, 2019
Profit attributable to equity shareholders (as per Statement of Profit and Loss)	1,414.94	1,358.91
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	4,55,369	4,57,816
(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	18,82,42,632	18,82,45,079
Earnings Per Share		
Face value per Share	₹ 10.00	10.00
Basic	₹ 75.35	72.36
Diluted	₹ 75.17	72.19

NOTE 37: EMPLOYEE BENEFITS

Refer Note 1 (XVII) for accounting policy on Employee benefits

- a) **Defined Contribution Plans** – Amount recognised and included in Note 31 “Contributions to Provident and other Funds” of Statement of Profit and Loss ₹15.97 Crore (Previous year – ₹16.60 Crore).
- b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2020.

The Company has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan.

- 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 1, 2005 and separates from service of the Company on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non-funded.
- This plan is discontinued with effect from April 30, 2020 for all the eligible employees of management category and benefits accrued is disbursed to the employees.
- iii. Post Employment Medical Benefit plans – This plan is discontinued with effect from July 1, 2020
- 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.

Defined Benefit Plans as per Actuarial valuation on December 31, 2020

		₹ Crore	
Particulars	Gratuity		Post employment medical benefits (PEMB)
	(Including additional gratuity)		
	Funded	Non-funded	
I. Expense recognised in the Statement of Profit and Loss – for the year ended December 31, 2020			
Components recognised in the Statement of Profit and Loss			
1 Current service cost	15.16	8.84	-
	13.39	9.07	(0.20)
2 Net Interest cost	2.01	7.39	0.60
	(0.15)	7.33	0.73
3 Loss on Curtailments	-	1.48	-
	-	-	-
4 (Gain) on settlements	-	-	(9.31)
	-	-	-
5 Net benefit expense	17.17	17.71	(8.71)
	13.24	16.40	0.53

Particulars	₹ Crore	
	Gratuity	Post employment medical benefits (PEMB)
	(Including additional gratuity)	
	Funded	Non-funded
Components recognised in other comprehensive income (OCI)		
6 Actuarial (gains)/losses arising from change in financial assumptions	7.86	4.58
	8.85	5.99
7 Actuarial (gains)/losses arising from change in experience adjustments	(0.01)	(6.04)
	9.01	2.59
8 Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-
	(0.01)	-
9 (Gain)/Loss on plan assets (Excluding amount included in net interest expenses)	(4.12)	-
	(5.73)	-
10 Sub-total – Included in OCI	3.44	(1.46)
	12.12	8.58
11 Total expense (5 + 10)	20.61	16.25
	25.36	24.98
II. Amount recognised in Balance Sheet		
1 Present value of Defined Benefit Obligation	(221.90)	(102.23)
	(203.75)	(113.35)
2 Fair value of plan assets	214.29	-
	174.13	-
3 Funded status {Surplus/(Deficit)}	(7.61)	(102.23)
	(29.62)	(113.35)
4 Net asset/(liability) as at December 31, 2020	(7.61)	(102.23)
	(29.62)	(113.35)
III. Present value of Defined Benefit Obligation		
1 Present value of Defined Benefit Obligation at beginning of the year	203.75	113.35
	181.90	102.89
2 Current service cost	15.16	8.84
	13.39	9.07
3 Interest cost	13.05	7.39
	12.77	7.33
4 Loss on Curtailments	-	1.48
	-	-
5 (Gain) on settlements	-	-
	-	-
5 Actuarial (gains)/losses arising from changes in financial assumptions	7.86	4.58
	8.85	5.99
6 Actuarial (gains)/losses arising from experience adjustments	(0.01)	(6.04)
	9.01	2.59
7 Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-
	(0.01)	-
8 Benefits Payments	(17.62)	(27.37)
	(22.16)	(14.52)
9 Present value of Defined Benefit Obligation at the end of the year	221.90	102.23
	203.75	113.35

Particulars	₹ Crore	
	Gratuity	Post employment medical benefits (PEMB)
	(Including additional gratuity)	
	Funded	Non-funded
IV. Fair value of Plan Assets		
1 Plan assets at the beginning of the year	174.13	-
	173.45	-
2 Interest income	11.04	-
	12.92	-
3 Contributions by Employer	25.00	-
	0.80	-
4 Actual benefits paid	-	-
	(18.77)	-
5 Actuarial gains/(losses) arising from changes in financial assumptions	4.12	-
	5.73	-
6 Plan assets at the end of the year	214.29	-
	174.13	-
V. Weighted Average duration of Defined Benefit Obligation	10 Years	10 Years
	10 Years	10 Years

(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, 2020

Particulars	₹ Crore	
	Gratuity – Funded	PEMB
	Increase Decrease	
Discount rate (1% movement)	(14.58) 17.07	- -
Future salary growth (1% movement)	16.39 (14.54)	- -
Medical inflation increase rate (1% movement)	- -	- -

Sensitivity Analysis as at December 31, 2019

Particulars	₹ Crore	
	Gratuity – Funded	PEMB
	Increase Decrease	
Discount rate (1% movement)	(13.26) 15.13	(0.70) 0.78
Future salary growth (1% movement)	14.95 (13.35)	- -
Medical inflation increase rate (1% movement)	- -	0.32 (0.31)

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.

VII. The major categories of plan assets as a percentage of total plan (%)

Particulars	Gratuity	
	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	63%	60%
Debentures and bonds	32%	33%
Equity shares	3%	4%
Cash and cash equivalents		
Fixed deposits	2%	3%
	100%	100%

VIII. Actuarial Assumptions

	As at December 31, 2020	As at December 31, 2019
a) Financial Assumptions		
1 Discount rate	6.25%	6.80%
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 (2012-14) (Modified) Ultimate
5 Mortality post-retirement	NA	Mortality for annuitants LIC (1996-98) Ultimate
6 Medical premium inflation	NA	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.

e) Expected cash flows:

Particulars	Funded Gratuity		Unfunded Gratuity		PEMB	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
1. Expected employer contribution in the next year	-	-	-	-	-	-
2. Expected benefit payments						
Year 1	27.60	23.54	7.49	9.43	-	0.96
Year 2	27.86	22.98	9.03	9.85	-	0.98
Year 3	24.56	24.87	9.50	10.69	-	1.00
Year 4	24.87	22.45	9.02	11.88	-	1.03
Year 5	21.52	22.79	10.40	10.90	-	1.02
Next 5 years	78.30	77.87	39.90	47.33	-	4.85
Total expected payments	204.71	194.50	85.34	100.08	-	9.84

- 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 ₹17.14 Crore (Previous year – ₹17.87 Crore). Following are the actuarial assumptions used for valuation of Other Long-term employee benefits.

Actuarial Assumptions:	As at December 31, 2020	As at December 31, 2019
a) Financial Assumptions		
1 Discount rate	6.25%	6.80%
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 (2012-14) (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.

Defined benefit plans as per actuarial valuation on December 31, 2020

		₹ Crore	
Particulars		For the year ended December 31, 2020	For the year ended December 31, 2019
I. Components of expense recognised in the Statement of Profit and Loss			
1	Current service cost	27.15	25.64
2	Current Interest cost	3.76	-
3	Net benefit expense	30.91	25.64
Components recognised in other comprehensive income (OCI)			
4	Actuarial (gains)/losses arising from changes in financial assumptions on Liability	(0.93)	12.72
5	Actuarial (gains)/losses arising from changes in financial assumptions on Plan Assets	5.39	42.49
6	Sub-total – Included in OCI	4.46	55.21
7	Total expense (3 + 6)	35.37	80.85
II. Amount recognised in Balance Sheet			
1	Present value of Defined Benefit Obligation	(848.58)	(820.64)
2	Fair value of plan assets	782.27	765.39
3	Funded status {Surplus/(Deficit)}	(66.31)	(55.25)
4	Net asset/(liability) as at end of the year *	(66.31)	(55.25)
III. Present Value of Defined Benefit Obligation			
1	Present value of Defined Benefit Obligation at beginning of the year	820.64	729.68
2	Current service cost	27.15	25.64
3	Interest cost	70.88	62.66
4	Employee Contributions	73.92	63.32
5	Actuarial (gains)/losses arising from changes in financial assumptions	15.38	-
6	Actuarial (gains)/losses arising from experience adjustments	(16.31)	12.72
7	Benefits Payments	(154.74)	(82.35)
8	Increase/(Decrease) due to effect of any transfers	11.66	8.97
9	Present value of Defined Benefit Obligation at the end of the year	848.58	820.64
IV. Fair Value of Plan Assets			
1	Plan assets at the beginning of the year	765.39	729.65
2	Interest income	67.12	62.66
3	Contributions by Employer	24.31	25.64
4	Contributions by Employee	73.92	63.32
5	Actual benefits paid	(154.74)	(82.35)
6	Net transfer in/(out)	11.66	8.97
7	Actuarial gains/(losses) arising from changes in financial assumptions	(5.39)	(42.50)
8	Plan assets at the end of the year	782.27	765.39
V. Weighted Average duration of Defined Benefit Obligation		10 years	10 years

* 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 previous 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 benefit liability that may arise on the Company on account of any likely shortfall of the Trust in meeting its obligations.

VI. The major categories of plan assets as a percentage of total plan

Particulars	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	57%	29%
Debentures and bonds	9%	68%
Equity instruments	12%	3%
Cash and Cash equivalent	22%	-
	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, 2020	As at December 31, 2019
Discounting rate	6.25%	6.80%
Guaranteed interest rate	8.50%	8.65%
Yield on assets based on the Purchase price and outstanding term of maturity	8.10%	8.60%

VIII. Sensitivity analysis for factors mentioned in Actuarial Assumptions

Particulars	As at December 31, 2020		As at December 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.45)	5.30	(2.43)	1.45
Interest rate guarantee (1% movement)	56.54	(29.37)	42.20	(19.18)

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 ₹25.00 Crore (Previous year – ₹27.00 Crore) to trust managed Provident Fund in the next year.

NOTE 38. LEASES

Refer Note 1 (XXI) for accounting policy on Leases

(i) Transition Disclosures for Ind AS 116

The Company has adopted Ind AS 116 effective January 1, 2020, using 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, are recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted with the incremental borrowing rate as of that date. Furthermore, the Company has chosen the option whereby the right-of-use asset is equal to the lease liability at the initial application of Ind AS 116.

Notes to the Financial Statements

for the year ended December 31, 2020

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - Excluded the initial direct costs from the measurement of the Right of use assets (ROU) at the date of initial application.
 - The Company has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at January 1, 2020.
 - The Company has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- (II) The weighted average incremental borrowing rate at the date of initial application of Ind AS 116 used for the discounting as of January 1, 2020 is based on the Company's Portfolio of leases and equals 8.50 percent.
- (III) Reconciliation of undiscounted operating lease commitments as of December 31, 2019 to the recognised lease liability as of January 1, 2020

	₹ Crore
Operating lease commitments as of December 31, 2019	174.61
Exemption of commitments for short-term leases	(5.98)
Exemption of commitments for leases of low value assets	(0.04)
Undiscounted future lease payments from operating leases	168.59
Effect of discounting	(36.98)
Lease liabilities as of January 1, 2020	131.61

The Company recognised ROU asserts for the following assets categories:

	₹ Crore		
Right of Use Assets Category	Cement	Ready Mix Concrete	Total
Leasehold Land	0.03	69.66	69.69
Buildings	4.89	0.14	5.03
Plant and Equipment	-	56.45	56.45
Vehicles	0.44	-	0.44
Total	5.36	126.25	131.61

(IV) The effect of implementing Standard in the Statement of Profit and Loss is as under:

- Other expenses are lower by ₹32.05 Crore.
 - Depreciation and Amortisation expenses is higher by ₹26.83 Crore.
 - Finance costs are higher by ₹9.80 Crore.
- (V) The Company has entered into long-term leasing arrangements for land which are 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. The Company has reclassified these assets from Property, Plant and Equipment to Right of use assets pursuant to adoption of Ind AS 116.

	₹ Crore		
	As at January 1, 2020		
Particulars	Gross Carrying Value	Accumulated depreciation	Net Carrying Value
Leasehold Land	39.47	1.86	37.61

Notes to the Financial Statements

for the year ended December 31, 2020

Disclosure for the year ended December 31, 2020 as per Ind AS 116:

Company as lessee

The Company's lease asset classes primarily consist of leases for grinding facility, godowns, flats, land, plant and equipment, office premises and other premises. There are no restrictions imposed by lease arrangements. There are no subleases.

(VI) The operating cash flows for the year ended December 31, 2020 has increased by ₹24.59 Crore and the financing cash flows have decreased by ₹24.59 Crore as repayment of lease liabilities and related interest has been classified as cash flows from financing activities.

(VII) As at December 31, 2020, commitments for leases not yet commenced is ₹37.80 Crore towards leasehold land for a lease term of 30 years.

(VIII) The movement in lease liabilities during the year ended December 31, 2020 is as follows:

	₹ Crore
	As at December 31, 2020
Balance at the January 1, 2020	131.61
Additions During the Year	8.20
Finance cost accrued during the year	9.80
Lease modification	(7.46)
Payment of lease liabilities	(24.59)
Termination of Lease contracts	(15.08)
Balance at December 31, 2020	102.48
Current lease liabilities	18.50
Non-current lease liabilities	83.98

(IX) The maturity analysis of lease liabilities are disclosed in Note 50 (ii) – Liquidity risk

(X) Lease Expenses recognised in Statement of Profit and Loss, not included in the measurement of lease liabilities:

	₹ Crore
Particulars	For the year ended December 31, 2020
Expense relating to short-term leases	48.98
Expense relating to leases low- value assets	0.04
Expense in respect of variable lease payments	28.40
	77.42

Operating Lease Disclosures under earlier Ind AS 17

Refer Note 1 (XXI) for accounting policy on Leases

Operating lease commitments — Company as lessee

Operating lease payment of ₹133.28 Crore recognised in the Statement of Profit and Loss for the year ended December 31, 2019.

Future minimum rental payables under non-cancellable operating leases are as follows:

	₹ Crore
	As at December 31, 2019
(i) Not later than one year	35.00
(ii) Later than one year and not later than five years	98.81
(iii) Later than five years	40.80
	174.61

NOTE 39: CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for:

	₹ Crore
	As at December 31, 2020
A) Estimated value of contracts on capital account remaining to be executed (Net of advance)	1,071.07
B) For commitments relating to lease arrangements, Refer Note – 38	

NOTE 40: 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:

Nature of Statute	Brief Description of Contingent Liabilities	₹ Crore
		As at December 31, 2020
Competition Act, 2002	CCI matter – Refer Notes a & b below	1,749.85
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts Refer Note e below	604.44
Service Tax – The Finance Act, 1994	Refer Note c below	90.53
Claims for mining lease rent	Refer Note d below	212.22
Sales Tax Act/Commercial Tax Act of various states	Packing Material – Differential rate of tax. Matters pending with various authorities.	20.52
	Other Sales tax matters	9.65
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
Other Statutes/Other Claims	Claims by suppliers regarding supply of raw material	28.80
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court.	9.80

Nature of Statute	Brief Description of Contingent Liabilities	₹ Crore
		As at December 31, 2020
	Various other cases pertaining to claims related to Railways, labour laws, etc.	10.05
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	2,774.76

In respect of above matters, future cash outflows are determinable only on receipt of judgements 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 Section 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, 2020 is ₹566.94 Crore (Previous year – ₹436.48 Crore). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgement dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

Against the above judgement of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 5, 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.

- 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 1, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s Ultratech Cement (Chhattisgarh 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 1, 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 Central Board of Indirect Taxes and Customs (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 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 group Writ Petitions of other cement manufacturers viz Dalmia Cements, Madras Cements and others has passed a judgement 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 Judgement 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.

- e) 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).

During the year 2018, the matter was 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, 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.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the year 2018 in respect of excise incentives for two years. In the previous year, the ITAT had directed the Assessing Officer to re-examine and take final decision independently.

Pending final closure of this matter, tax amount of ₹500.63 Crore (*Previous year – ₹500.63 Crore*) along with interest payable of ₹103.81 Crore (*Previous year – ₹97.37 Crore*) has been disclosed under contingent liabilities.

(B) Guarantees excluding financial guarantees

	As at December 31, 2020	As at December 31, 2019
Guarantees given to Government Bodies on behalf of subsidiary companies	0.04	12.54

NOTE 41: 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.

The HP Hon’ble High Court, had, in 2012, dismissed the Company’s appeal. The Company believes the Hon’ble High Court’s judgement 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 modernisation and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid for each financial year. However, no disbursements were made (except an amount of ₹7 Crore representing part of the One Time Lumpsum capital subsidy claim of ₹15 Crore) as the authorities have raised new conditions and restrictions, that were extraneous to the approvals and confirmations expressly received by the Company. The Company had filed two writ appeals before the Jharkhand Hon’ble High Court against these conditions, restrictions and disputes to the extent of the eligible claims which are now being sought to be effected/raised by the Government.

The Division Bench of the Jharkhand Hon’ble High Court, while dealing with appeals by both the Company and the State Government, against a single bench order only partially allowing the Company’s claim, in its order dated February 24, 2015, allowed the Company’s appeal in totality while dismissing the Government’s appeal, thereby confirming that the entire amount claimed by the Company is correct and hence payable immediately.

The Government of Jharkhand had filed an Special Leave petition (SLP) in the Hon’ble Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due. Consequently, as of date, the Company received only ₹64 Crore out of total ₹235 Crore in part disbursement from the Government of Jharkhand.

The Company is pursuing the matter of disbursement of further amounts outstanding.

The Company is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP 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 2, 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 up to 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 up to March 2030 permitting the Company to commence mining operations after depositing ₹48 Crore, being assessed value of materials dispatched between April 2014 to September 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 42. 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	Holcim Services (South Asia) Limited	Fellow Subsidiary
5	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
6	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
7	Holcim Technology Ltd, Switzerland	Fellow Subsidiary
8	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
9	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
10	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
11	Lafarge SA, France	Fellow Subsidiary
12	LH Global Hub Services Private Limited	Fellow Subsidiary
13	Lafarge International Services Singapore Pte Ltd	Fellow Subsidiary
14	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (up to January 31, 2019)
15	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16	Asian Fine Cement Private Limited	Subsidiary of Asian Concretes and Cements Private Limited
17	The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
18	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 (up to February 20, 2020). Additional Director (w.e.f. February 21, 2020) Non-Executive/Non Independent Director (w.e.f. July 6, 2020)
2	Mr Sridhar Balakrishnan	Managing Director & CEO (w.e.f. February 21, 2020)
3	Mr Sunil K. Nayak	Chief Financial Officer (up to July 31, 2019)
4	Ms Rajani Kesari	Chief Financial Officer (w.e.f. August 1, 2019, up to August 31, 2020)
5	Mr Yatin Malhotra	Chief Financial Officer (w.e.f. September 1, 2020)
6	Mr Ramaswami Kalidas	Company Secretary (up to September 26, 2019)
7	Mr Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
8	Mr N. S. Sekhsaria	Chairman, Non-Executive/Non Independent Director
9	Mr Jan Jenisch	Deputy Chairman, Non-Executive/Non Independent Director

Table with 2 columns: (b) Name of the Related Parties, Nature of Relationship. Rows include Mr Martin Kriegner, Mr Shailesh Haribhakti, Mr Sushil Kumar Roongta, Mr Ashwin Dani, Mr Farrokh K Kavarana, Mr Vijay Kumar Sharma, Mr Arunkumar R Gandhi, Ms Falguni Nayar, Mr Christof Hassig, Mr Damodarannair Sundaram, Mr Vinayak Chatterjee, Mr Sunil Mehta, Mr M. R. Kumar.

Table with 3 columns: (C) Transactions with Subsidiary Companies, For the year ended December 31, 2020, For the year ended December 31, 2019. Rows include Purchase of Property, Plant and Equipments, Purchase of Raw Material, Sale of finished goods, Reimbursement of Expenses Paid/Payable, Reimbursement of Expenses Received/Receivable, Rendering of Services, Receiving of Services, Inter Corporate Deposit, Interest received on Inter Corporate Deposit, Inter Corporate Deposits Given, Conversion of outstanding interest into Inter Corporate Deposits.

Table with 3 columns: Outstanding balances with Subsidiary Companies, As at December 31, 2020, As at December 31, 2019. Rows include Guarantee outstanding as at the end of the Year, Inter Corporate Deposits as at the end of the Year, Outstanding balance of interest receivables on Inter Corporate Deposits, Outstanding balance included in Trade receivables, Outstanding balance included in Trade payables.

Table with 3 columns: (D) Transactions with Joint Venture Companies, For the year ended December 31, 2020, For the year ended December 31, 2019. Rows include Purchase of Finished Goods, Sale of Finished Goods, Receiving of Services, Dividend Received, Reimbursement of Expenses Paid/Payable, Reimbursement of Expenses Received/Receivable, Other recoveries (Net).

Table with 3 columns: Outstanding balances with Joint venture Companies, As at December 31, 2020, As at December 31, 2019. Rows include Outstanding balance included in Trade receivables, Outstanding balance included in Trade payables.

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(E) Transactions with Associate Companies			
1 Purchase of Finished Goods		47.77	68.46
Alcon Cement Company Private Limited {Refer Note – 46 (i)}		47.77	68.46
2 Purchase of Raw Materials		4.87	11.19
Asian Concretes and Cements Private Limited		4.87	11.19
3 Sale of Unfinished Goods		15.68	20.78
Alcon Cement Company Private Limited {Refer Note – 46 (i)}		14.18	20.78
Asian Fine Cement Private Limited		1.50	-
4 Dividend Received		0.29	0.37
Alcon Cement Company Private Limited		0.29	0.37
5 Receiving of Services		62.10	107.60
Asian Concretes and Cements Private Limited		62.10	107.60
6 Reimbursement of Expenses Received/Receivable		11.24	13.47
Alcon Cement Company Private Limited		11.24	13.47
7 Reimbursement of Expenses Paid/Payable		2.38	2.22
Alcon Cement Company Private Limited		0.14	1.67
Asian Concretes and Cements Private Limited		2.24	0.55

		₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Outstanding balances with Associate Companies			
1 Outstanding balance included in Trade receivables		6.39	6.81
Alcon Cement Company Private Limited		6.39	6.81
2 Outstanding balance included in Trade payables		12.75	17.80
Asian Concretes and Cements Private Limited		6.16	14.69
Alcon Cement Company Private Limited		6.09	3.11
Asian Fine Cement Private Limited		0.50	-

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(F) Details of Transactions relating to Ultimate Holding and Holding Companies			
1 Dividend paid		143.36	143.36
Ambuja Cements Limited		131.58	131.58
Holderind Investments Limited		11.78	11.78
2 Purchase of Raw materials		15.83	0.80
Ambuja Cements Limited		15.83	0.80
3 Purchase of Finished/Unfinished goods		498.37	112.87
Ambuja Cements Limited		498.37	112.87
4 Purchase of Stores & Spares		1.75	0.44
Ambuja Cements Limited		1.75	0.44
5 Purchase of Property, Plant and Equipments		1.28	-
Ambuja Cements Limited		1.28	-
6 Sale of Finished/Unfinished Goods		220.25	101.39
Ambuja Cements Limited		220.25	101.39
7 Sale of Raw Material		1.76	1.44
Ambuja Cements Limited		1.76	1.44
8 Sale of Stores & Spares		0.36	1.17
Ambuja Cements Limited		0.36	1.17
9 Sale of Scrap		-	0.11
Ambuja Cements Limited		-	0.11

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(F) Details of Transactions relating to Ultimate Holding and Holding Companies			
10 Sale of Property, Plant and Equipments		0.72	-
Ambuja Cements Limited		0.72	-
11 Rendering of Services		53.44	42.46
Ambuja Cements Limited		53.44	42.46
12 Receiving of Services		39.58	32.71
Ambuja Cements Limited		39.58	32.71
13 Reimbursement of Expenses Received/Receivable		0.06	0.04
Ambuja Cements Limited		0.06	0.01
LafargeHolcim Ltd		-	0.03
14 Reimbursement of Expenses Paid/Payable		1.45	9.74
Ambuja Cements Limited		1.45	9.74

		₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Outstanding balances with Ultimate Holding and Holding Companies			
1 Outstanding balance included in Trade receivables		24.36	29.05
Ambuja Cements Limited		24.36	29.02
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		68.11	43.72
Ambuja Cements Limited		68.11	43.72

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(G) Details of Transactions relating to Fellow Subsidiary Companies/Joint Venture of Holding Company			
1 Purchase of Raw materials		210.25	238.94
LafargeHolcim Energy Solutions SAS		210.04	237.84
Counto Microfine Products Private Limited		0.21	1.10
2 Sale of Finished/Unfinished Goods		0.03	0.11
Counto Microfine Products Private Limited		0.03	0.11
3 Technology and Know-how fees		132.79	152.33
Holcim Technology Ltd		132.79	152.33
4 Receiving of Services		64.54	64.76
Holcim Services (South Asia) Limited		52.43	59.53
Holcim Group Services Ltd		-	0.33
Lafarge SA		0.66	2.79
Holcim Technology Ltd		0.37	2.11
LH Global Hub Services Private Limited		11.08	-
5 Rendering of Services		11.05	11.05
Holcim Services (South Asia) Limited		9.63	9.33
Lafarge SA		0.79	1.72
Holcim Technology Ltd		0.63	-
6 Expense recognised in respect of doubtful debts **		1.73	-
Holcim Technology Ltd		1.45	-
LafargeHolcim Trading Pte Ltd		0.13	-
PT Holcim Indonesia Tbk		0.15	-

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
(G) Details of Transactions relating to Fellow Subsidiary Companies/Joint Venture of Holding Company		For the year ended December 31, 2020	For the year ended December 31, 2019
7 Reimbursement of Expenses Paid/Payable		1.77	-
Lafargeholcim Energy Solutions SAS		0.27	-
Lafarge International Services Singapore Pte Ltd		1.47	-
Holcim Group Services Ltd		0.03	-
8 Reimbursement of Expenses Received/Receivable		1.48	2.69
Lafargeholcim Energy Solutions SAS		0.51	0.76
LafargeHolcim Trading Pte Ltd		-	1.92
Holcim Technology Ltd		0.78	0.01
LH Global Hub Services Private Limited		0.19	-

		₹ Crore	
Outstanding balances with Fellow Subsidiary Companies/Joint Venture of Holding Company		As at December 31, 2020	As at December 31, 2019
1 Outstanding balance included in Trade receivables		5.23	11.89
Holcim Services (South Asia) Limited		4.78	5.93
Lafarge SA		0.03	2.22
Holcim Technology Ltd		0.21	3.37
PT Holcim Indonesia Tbk		-	0.15
Lafarge Holcim Trading Pte Limited		-	0.13
Counto Microfine Product Pvt Ltd		-	0.06
Holcim Cement (Bangladesh) Ltd		-	0.01
LafargeHolcim Bangladesh Ltd		0.02	0.02
LH Global Hub Services Private Limited		0.19	-
2 Outstanding balance included in Trade payables		38.88	49.84
LafargeHolcim Energy Solutions SAS		1.93	5.14
Holcim Technology Ltd		29.91	34.54
Counto Microfine Products Private Limited		0.04	0.20
Holcim Services (South Asia) Limited		5.33	9.92
Holcim Group Services Ltd		0.03	0.04
Lafarge SA		0.17	-
Lafarge International Services Singapore Pte Ltd		1.47	-

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
(H) Details of Transactions with Key Management Personnel		For the year ended December 31, 2020	For the year ended December 31, 2019
1 Remuneration***		16.44	13.56
Mr Neeraj Akhoury		6.15	8.90
Mr Sridhar Balakrishnan		3.32	-
Ms Rajani Kesari		4.10	1.49
Mr Rajiv Choubey		2.27	0.38
Mr Yatin Malhotra		0.60	-
Mr Sunil K. Nayak		-	1.95
Mr Ramaswami Kalidas		-	0.84
Breakup of Remuneration		16.44	13.56
Short-term employee benefits		15.83	12.53
Post employment benefits (including defined contribution and defined benefits)***		0.35	0.86
Other long-term benefits***		-	-
Employee share based payments (Refer Note – 53)		0.26	0.17
2 Other Payment to Key Management Personnel			
Commission Payable		2.97	3.19
Mr N. S. Sekhsaria		0.50	0.50
Mr Martin Kriegner#		-	-
Mr Shailesh Haribhakti		0.36	0.36
Mr Sushil Kumar Roongta		0.36	0.36
Mr Vijay Kumar Sharma		0.11	0.20
Mr Jan Jenisch		0.20	0.20
Ms Falguni Nayar		0.20	0.20
Mr Christof Hassig		0.03	0.20
Mr Sunil Mehta		0.36	0.28
Mr Damodarannair Sundaram		0.45	0.35
Mr Vinayak Chatterjee		0.36	0.28
Mr M. R. Kumar		0.04	-
Mr Arunkumar Gandhi		-	0.10
Mr Ashwin Dani		-	0.08
Mr Farrokh Kavarana		-	0.08
Mr Neeraj Akhoury#		-	-
Sitting Fees		0.78	0.47
Mr N. S. Sekhsaria		0.07	0.04
Mr Martin Kriegner#		-	-
Mr Shailesh Haribhakti		0.11	0.07
Mr Sushil Kumar Roongta		0.11	0.09
Mr Vijay Kumar Sharma		0.03	0.03
Mr Jan Jenisch		0.02	0.01
Ms Falguni Nayar		0.06	0.03
Mr Christof Hassig		0.01	0.02
Mr Sunil Mehta		0.12	0.04
Mr Damodarannair Sundaram		0.12	0.05
Mr Vinayak Chatterjee		0.12	0.05
Mr M. R. Kumar		0.01	-
Mr Arunkumar Gandhi		-	0.01
Mr Ashwin Dani		-	0.01
Mr Farrokh Kavarana		-	0.02
Mr Neeraj Akhoury#		-	-

* During the year, the Company divested 100% stake in National Limestone Company Private Limited ("NLCPL") under a Share Purchase Agreement dated November 18, 2020 for a consideration of ₹20 Crore and the outstanding Inter-Corporate Loans granted by the Company to the NLCPL including accrued interest as on the date of transfer of the shares of NLCPL is written-off.

** Reimbursements and cost sharing expenses receivable from the Group companies written-off.

*** 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.

Waived their right to receive Directors' commission and sitting fees.

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 ₹24.31 Crore (Previous year – ₹25.64 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 ₹25.00 Crore (Previous year – ₹0.80 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.

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.

NOTE 43. 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 organisation 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

	Cement		Ready Mix Concrete		Total	
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue						
External sales	12,531.41	13,870.08	955.42	1,473.03	13,486.83	15,343.11
Inter-segment sales	126.76	190.23	2.49	1.58	129.25	191.81
Other operating revenue	294.06	305.60	3.65	7.94	297.71	313.54
	12,952.23	14,365.91	961.56	1,482.55	13,913.79	15,848.46
Less: Elimination	126.76	190.23	2.49	1.58	129.25	191.81
Total revenue	12,825.47	14,175.68	959.07	1,480.97	13,784.54	15,656.65
Operating EBITDA	2,292.08	2,256.30	60.08	153.15	2,352.16	2,409.45
Segment result	1,708.06	1,701.25	13.51	133.21	1,721.57	1,834.46
Unallocated corporate income net of unallocated expenditure					16.54	16.47
Operating Profit					1,738.11	1,850.93
Finance costs					(57.04)	(86.22)
Interest and Dividend income					182.72	266.76
Exceptional item {Refer Note – 2 (3)}					(176.01)	-
Tax expenses (Refer Note – 22)					(272.84)	(672.56)
Profit after tax					1,414.94	1,358.91
Capital expenditure (including capital work-in-progress and capital advances)	700.22	493.49	17.32	27.44	717.54	520.93
Depreciation and Amortisation	588.72	584.04	46.58	18.93	635.30	602.97
Other non-cash expenses						
Impairment losses	176.01	-	-	-	176.01	-
Expected credit loss on Incentives under Government schemes	128.92	-	-	-	128.92	-
Others	18.39	11.10	32.05	18.37	50.44	29.47

₹ Crore

	Cement		Ready Mix Concrete		Total	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Segment assets	10,500.41	10,925.45	447.99	470.27	10,948.40	11,395.72
Unallocated Corporate assets					7,177.53	5,686.38
Total assets					18,125.93	17,082.10
Segment liabilities	3,900.80	3,792.39	416.54	355.15	4,317.34	4,147.54
Unallocated corporate liabilities					1,147.15	1,413.28
Total liabilities					5,464.49	5,560.82

₹ Crore

Sales from external customer	For the year ended December 31, 2020	For the year ended December 31, 2019
Within India	13,482.07	15,341.39
Outside India *	4.76	1.72
TOTAL	13,486.83	15,343.11

No single customer contributed 10% or more to the Company's revenue for the year ended December 31, 2020 and December 31, 2019.
* 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, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Net Cash flow from operating activities	3,054.57	2,878.09	11.96	17.00	(850.96)	(646.74)	2,215.57	2,248.35
Net cash used in investing activities	(732.63)	(465.77)	(12.53)	(27.68)	208.57	165.13	(536.59)	(328.32)
Net cash used in financing activities	(1.80)	-	(22.79)	-	(302.77)	(374.16)	(327.36)	(374.16)

NOTE 44. 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, 2020	As at December 31, 2019
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)	6.29	11.27
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 45.

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.

As at December 31, 2020, 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.
- (c) The cost of production is given an inflation effect of 4%.
- (d) Weighted average cost of capital (WACC) of these Companies are estimated as 15.50%.

The Company 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.

(ii) The Company has investment in ACC Mineral Resources Limited (AMRL), a wholly-owned subsidiary of ₹106.80 Crore (*Previous year – ₹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 judgement 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 judgement on March 9, 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 re-imbursement 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 – 37 of the consolidated financial statements for Group information).

(iii) The Company has investment of ₹2.50 Crore (*Previous year – ₹2.50 Crore*) in equity shares of OneIndia BSC Private Limited (‘BSC’), joint venture of ACC Limited (‘the Company’). BSC is engaged in the business of providing business shared services. The Master service agreement (MSA) for these services was entered for a period of 5 years ending December 31, 2020. The MSA agreement is not renewed. Accordingly, the financial statements of BSC for the year ended December 31, 2020 has not been prepared on going concern basis. BSC is currently not under liquidation. The management believes that amount of investment in BSC is recoverable and no impairment is necessary given the positive net worth of ₹13.09 Crore and net current assets value of ₹9.59 Crore as at December 31, 2020.

NOTE 46.

- (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 ₹11.08 Crore (*Previous year – ₹16.24 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 – 38)
- (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 ₹73.18 Crore (*Previous year – ₹85.34 Crore*) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

NOTE 47. 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, 2020 *	Maximum Balance during the Year *	As at December 31, 2019 *	Maximum Balance during the Previous Year *
(a)	Loans and Advances to wholly-owned Subsidiaries –					
	National Limestone Company Private Limited (Refer Note – 54)	Working Capital	-	1.86	1.63	1.63
	Singhania Minerals Private Limited	Working Capital	0.71	0.71	0.69	0.69
	Lucky Minmat Limited	Working Capital	0.11	0.11	0.09	0.09

* Balance does not include outstanding interest

- (b) Details of Investments made are given in Note 5.
- (c) Guarantee given on behalf of Singhania Minerals Private Limited, wholly-owned subsidiary company, of ₹0.04 Crore (*Previous year – ₹0.04 Crore*) are for the purpose of approval of mining plan.
- (d) Guarantee given on behalf of ACC Mineral Resources Limited, wholly-owned subsidiary company of ₹ Nil (*Previous year – ₹12.50 Crore*) is for the purpose of allocation 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 48. CAPITALISATION OF EXPENDITURE

During the year, the following amount of expenditures are recognised in the carrying amount of Property, Plant and Equipment/Capital work-in-progress (CWIP) in the course of its construction. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	₹ Crore	
	2020	2019
Balance at the beginning of the year	17.53	4.99
Expenditure during construction for projects:		
Employee benefits expense*	23.43	11.68
Rates and taxes**	0.80	1.86
Power and fuel**	0.56	-
Miscellaneous expenses**	2.02	-
Total	44.34	18.53
Less: Capitalised during the year	5.25	1.00
Balance at the end of the year	39.09	17.53

* Employee benefits expense represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.

** Miscellaneous expenses, power and fuel 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 the management.

NOTE 49. FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

		₹ Crore	
Particulars	Note No.	Carrying value	
		As at December 31, 2020	As at December 31, 2019
Financial assets			
1. Measured at Fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
Investment in Unquoted equity shares	6	4.50	-
Cash and cash equivalents - Mutual funds	12	580.09	725.47
(b) Designated as at FVTPL		-	-
2. Measured at amortised cost			
Cash and cash equivalents (Certificates of deposits and other deposits)	12	250.00	1,492.98
Other Cash and cash equivalents (Balances with banks)	12	4,904.83	2,164.73
Bank balances other than Cash and Cash Equivalents	13	156.17	154.92
Investments in Bonds	6	3.70	3.70
Security deposits (Current and Non-Current)	7 & 14	174.88	150.16
Loans and Other financial assets (Current and Non-Current)	7, 8, 14 & 15	926.19	897.56
Trade receivables	11	451.53	628.43
3. Measured at fair value through Other Comprehensive Income		-	-
Total		7,451.89	6,217.95

			₹ Crore
Particulars	Note No.	As at December 31, 2020	As at December 31, 2019
Financial liabilities			
1. Measured at FVTPL			
Foreign currency forward contract	23	0.28	-
2. Measured at amortised cost			
Trade payables		1,416.30	1,470.97
Security deposits and retention money	23	801.26	710.54
Lease Liabilities	20 & 23	102.48	-
Other financial liabilities	23	205.80	223.42
Total		2,526.12	2,404.93

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.

(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:

Particulars	₹ Crore	
	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Financial assets measured at amortised cost		
Interest income	(182.43)	(165.59)
Impairment losses on trade receivable (including reversals of impairment losses)	37.34	21.51
Expected credit loss on Incentives under Government schemes	128.92	-
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(14.82)	(19.53)
Net gain on fair valuation of current financial assets	(0.12)	(0.47)
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	1.74	4.46
Interest expenses on deposits from dealers	17.14	33.45
Interest expenses on lease liabilities	9.80	-
Derivatives – Foreign exchange forward contracts		
Net loss/(gain) on foreign currency forward contract	0.59	(0.94)
Net gain recognised in Statement of Profit and Loss	(1.84)	(127.11)

(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

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, 2020				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	4.50	4.50
Cash and cash equivalents – Mutual funds	580.09	-	-	580.09
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	0.28	-	0.28

	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	-	-	-	-

During the reporting period ending December 31, 2020 and December 31, 2019, 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: 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.
- Level 3: Investments in equity shares included in Level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range

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.

NOTE 50. 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 minimise 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 minimise 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, lease liabilities 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 Petcoke	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.

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.

Incentives receivable from the Government

The Company's manufacturing units in various states; mainly those in Maharashtra and Jharkhand are eligible for incentives under the respective State Industrial Policy. The Company accrued these incentives as refund claims in respect of VAT/GST paid, on the basis that all attaching conditions were fulfilled by the Company and there was reasonable assurance that the incentive claims will be disbursed by the State Governments.

During the current year, in view of the management re-assessing the expected recovery period for incentives receivables, a charge of ₹128.92 Crore due to time value of money computed based on the expected credit loss method is included in Other Expenses.

The Company is confident about the ultimate realisation of the dues from the State Governments and there is no risk of default.

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:

	As at December 31, 2020	As at December 31, 2019
Neither past due nor impaired	221.33	221.25
Past due not impaired		
- 1-180 days	214.63	375.02
- more than 180 days	15.56	32.16
Past due impaired		
- 1-180 days	1.18	1.96
- more than 180 days	66.12	39.17
Total	518.82	669.56

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.

The following table summarises the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	₹ Crore
As at January 1, 2019	24.65
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	41.13
Provided during the year	39.64
Amounts utilised	(11.18)
Reversals of Provision	(2.30)
As at December 31, 2020	67.29

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	1 -5 Years	More than 5 years	Total
As at December 31, 2020					
Other financial liabilities*	1,007.06	1,027.54	-	-	1,027.54
Lease Liabilities	102.48	26.10	76.18	29.15	131.43
Foreign exchange Forward contract	0.28	0.28	-	-	0.28
Trade payables	1,416.30	1,416.30	-	-	1,416.30
	2,526.12	2,470.22	76.18	29.15	2,575.55

	Carrying amount	Less than 1 year	1 -5 Years	More than 5 years	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

*Other financial liabilities includes deposits received from customers amounting to ₹706.13 Crore (Previous year – ₹641.59 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, 2020	USD	EUR	CHF	GBP		
Trade Payable	5.19	6.33	0.11	0.01		
Foreign exchange derivative contracts	(0.35)	-	-	-		
Net exposure to foreign currency risk (liabilities)	4.84	6.33	0.11	0.01		

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

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	₹ Crore			
	As at December 31, 2020		As at December 31, 2019	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
USD	0.21	(0.21)	0.20	(0.20)
EUR	0.32	(0.32)	0.11	(0.11)
CHF	0.01	(0.01)	-	-
SEK	-	-	0.04	(0.04)
TOTAL	0.54	(0.54)	0.35	(0.35)

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

Market Risk – Commodity price risk

Commodity price risk for the Company is mainly related to fluctuations in coal and petcoke 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 optimise 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, 2020 would decrease/increase by ₹3.53 Crore (Previous year - ₹3.18 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 51. 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.

	Note No.	₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Total Debt		-	-
Less: Cash and cash equivalents	12	(5,734.92)	(4,383.18)
Net debt		(5,734.92)	(4,383.18)
Equity	18 & 19	12,661.44	11,521.28
Debt to Equity (Net)		NA	NA

NOTE 52. DIVIDEND DISTRIBUTION AND PROPOSED DIVIDEND

	₹ Crore	
	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2019 ₹ Nil per share (Previous year – ₹14 per share for 2018)	-	262.90
Interim dividend for the year ended December 31, 2019 ₹14 per share (Previous year – ₹ Nil)*	262.90	-
Dividend distribution tax on final dividend#	-	54.04
	262.90	316.94
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2020 ₹14 per share	262.90	-
Dividend for the year ended December 31, 2019 ₹14 per share*	-	262.90
	262.90	262.90

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at December 31.

* Subsequent to the year end, the Board of Directors decided to revoke the recommendation for payment of final dividend for the Financial Year ended December 31, 2019 and declared payment of interim dividend for the financial year ended December 31, 2019 at ₹14 per share.

Dividend Distribution Tax is abolished with effect from April 1, 2020.

NOTE 53. 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. 7,800 (*Previous year – 9,000*) performance shares at a fair value of ₹3,352 per share (*Previous year – ₹3,405 per share*) were granted in 2020. 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, ₹2.66 Crore (*Previous 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.

Information related to awards granted through the Performance Share Plan is presented below:

	For the Year ended December 31, 2020	For the Year ended December 31, 2019
As at January 1	9,000	-
Granted	7,800	9,000
Forfeited	(600)	-
As at December 31	16,200	9,000

Fair value of shares granted is determined based on the estimated achievement of LafargeHolcim Earnings per Share, Return on Invested Capital and Sustainability indicators.

Note 54. The Company divested 2,00,000 Equity Shares representing 100% stake in National Limestone Company Private Limited (NLCPL) under a Share Purchase Agreement dated November 18, 2020. The Company has received the entire consideration amount of ₹20 Crore and the necessary instructions have been lodged with the depository to transfer the shares to the acquirer in accordance with the provisions of the Companies Act, 2013 and SEBI Regulations. Further the Company’s nominee directors stepped down from NLCPL Board allowing reconstitution of the Board by the acquirers. With the completion of the sale formalities and ceding of control, NLCPL has ceased to be the Company’s subsidiary. The Company has, therefore, accounted for ₹3.94 Crore as profit arising from divestment.

Note 55. The Company successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on January 2, 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

Note 56. The Competition Commission of India (“CCI”) has initiated an investigation against cement companies in India including the Company regarding alleged anti-competitive behavior and conducted search and seizure operations in December 2020 against few companies. The Company is in the process of providing information sought. The Company is of the firm view that it has acted and continues to act in compliance with competition laws. The Company believes that this does not have any impact on the financial statements.

NOTE 57. RISK DUE TO OUTBREAK OF COVID-19 PANDEMIC

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The Company has used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

NOTE 58. The new Code on Social Security, 2020 has been enacted, which could impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE 59. 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

MARTIN KRIEGNER
Director
DIN: 00077715

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

YATIN MALHOTRA
Chief Financial Officer

NEERAJ AKHOURY
Director
DIN: 07419090

RAJIV CHOUBEY
Company Secretary
ACS: 13063

Mumbai, February 11, 2021

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 of the Companies Act, 2013 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 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA	NA
4	Share capital	121.95	33.64	3.25	-	0.52
		121.95	33.64	3.25	2.00	0.52
5	Reserves and surplus	(37.39)	25.68	(5.74)	-	(1.48)
		(40.29)	24.10	(5.24)	(1.94)	(0.87)
6	Total assets	88.40	68.30	0.65	-	1.40
		85.57	69.27	0.66	2.03	1.86
7	Total liabilities	3.84	8.98	3.14	-	2.36
		3.91	11.53	2.65	1.97	2.21
8	Turnover	-	18.48	-	-	-
		0.09	18.78	-	-	3.63
9	Profit/(Loss) before tax	2.91	2.08	(0.50)	1.64	(0.61)
		6.36	3.18	(0.48)	(0.39)	0.05
10	Tax expenses	0.01	0.50	-	-	-
		(0.58)	0.76	-	-	-
11	Profit/(Loss) after tax	2.90	1.58	(0.50)	1.64	(0.61)
		6.94	2.42	(0.48)	(0.39)	0.05
12	Proposed dividend	-	-	-	-	-
		-	-	-	-	-
13	% of shareholding	100%	94.65%	100%	-	100%
		100%	94.65%	100%	100%	100%

Part “B”: Associates and Joint Ventures

ASSOCIATES

Sl. No.	Name of Associates	Alcon Cement Company Private Limited	Asian Concretes and Cements Private Limited
1	Latest audited Balance Sheet Date	December 31, 2020	December 31, 2020
	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 (b)	Note (b)
4	Reason why the associates is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	5.70	89.12
		5.73	80.52
6	Total comprehensive income for the year (₹ Crore)	0.73	19.11
		2.29	26.65
	i. Considered in consolidation (₹ Crore)	0.29	8.60
		0.92	11.99
	ii. Not considered in consolidation (₹ Crore)	0.44	10.51
		1.37	14.66

JOINT VENTURES

Sl. No.	Name of Joint Ventures	OneIndia BSC Private Limited	Aakaash Manufacturing Company Private Limited
1	Latest audited Balance Sheet date	December 31, 2020	December 31, 2020
	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	NA	NA
4	Reason why the joint venture is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	6.55	8.08
		7.19	7.44
6	Total comprehensive income for the year (₹ Crore)	(1.30)	1.61
		2.30	(0.72)
	i. Considered in consolidation (₹ Crore)	(0.65)	0.64
		1.15	(0.29)
	ii. Not considered in consolidation (₹ Crore)	(0.65)	0.97
		1.15	(0.43)

Notes: (a) *During the year, the Company divested 100% stake in its wholly-owned subsidiary company National Limestone Company Private Limited under a Share Purchase Agreement dated November 18, 2020.
(b) There is significant influence due to percentage (%) of equity Share capital.
(c) Figures in italics pertain to previous year.

For and on behalf of the Board of Directors of ACC Limited,

N. S. SEKHSARIA Chairman DIN: 00276351	MARTIN KRIEGNER Director DIN: 00077715	DAMODARANNAIR SUNDARAM Director DIN: 00016304	NEERAJ AKHOURY Director DIN: 07419090
SRIDHAR BALAKRISHNAN Managing Director & CEO DIN: 08699523	YATIN MALHOTRA Chief Financial Officer	RAJIV CHOUBEY Company Secretary ACS: 13063	

Mumbai, February 11, 2021

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, 2020, 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 venture 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, 2020, 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, its associates and joint ventures 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 42(A)(a) and 42(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 ₹1147.59 Crore 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 judgement of NCLAT before the Hon’ble Supreme Court was admitted vide its order dated October 5, 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 Crore on the Company for alleged contravention of the provisions of the Competition Act. On Company’s filing an appeal together with application for interim stay against payment of penalty, COMPAT 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 judgement, were of most significance in our audit of the consolidated financial statements of 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.

Sl. No.	Key Audit Matters	Auditor’s Responses
1.	Litigation, Claims and Contingent Liabilities: (Refer Notes 24 and 42(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 judgement 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 judgement 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 evaluate 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.
2.	Income tax provision: (Refer Notes 22 and 42(A) of the consolidated financial statements) This matter has been identified as a Key Audit Matter due to the significant level of management judgement 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, 2020 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.

Independent Auditor's Report

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, standalone 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 (which include four joint operations), 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 (which include four joint operations), associates and joint venture, is traced from their financial statements audited by the other auditors.
- 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 judgements 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 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 respective Board of Directors 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 judgement and maintain professional scepticism 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,

Independent Auditor's Report

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 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.
- Obtain 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 three subsidiaries (which includes four joint operations), whose financial statements reflect total assets of ₹90.44 Crore as at December 31, 2020, total revenues of ₹3.17 Crore and net cash inflows amounting to ₹2.46 Crore for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, whose financial statements reflects total assets of ₹1.97 Crore as at as at the date of sale i.e. November 18, 2020, total revenues of ₹2.06 Crore and net cash inflows amounting to ₹0.01 Crore up to the date of sale, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹9.57 Crore for the year ended December 31, 2020, as considered in the consolidated financial statements, in respect of two associates and one joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the management and

our opinion on the consolidated 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, 2020 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, 2020 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:

- 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 42 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: 21040081AAAAAQ7937

Place: Mumbai
Date: February 11, 2021

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, 2020, 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 Board of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint ventures, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company’s assets that could have a material effect on the financial statements.

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 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, 2020, 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 three 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: 21040081AAAAAQ7937

Place: Mumbai
Date: February 11, 2021

Consolidated Balance Sheet

as at December 31, 2020

₹ Crore			
Particulars	Note No.	As at December 31, 2020	As at December 31, 2019
A. ASSETS			
1. Non-current assets			
a) Property, Plant and Equipment	2	6,508.38	6,976.89
b) Capital work-in-progress		548.11	445.67
c) Other Intangible assets	3	45.98	34.27
d) Right of use assets	4	129.89	-
e) Goodwill on consolidation		10.19	15.57
f) Investments in associates and joint ventures	5	121.07	112.48
g) Financial Assets			
(i) Investments	6	8.20	3.70
(ii) Loans	7	135.91	143.76
(iii) Other financial assets	8	645.65	609.86
h) Non-current Tax Assets (Net)		944.06	859.76
i) Other non-current assets	9	654.16	399.45
Total Non-current assets		9,751.60	9,601.41
2. Current assets			
a) Inventories	10	901.27	1,141.93
b) Financial assets			
(i) Trade receivables	11	451.41	626.65
(ii) Cash and Cash Equivalents	12	5,849.36	4,492.53
(iii) Bank balances other than Cash and Cash Equivalents	13	156.34	155.20
(iv) Loans	14	58.99	29.02
(v) Other financial assets	15	266.33	270.38
c) Current Tax Assets (Net)		71.26	-
d) Other current assets	16	690.76	808.39
		8,445.72	7,524.10
e) Non-current assets classified as held for sale	17	2.91	10.47
Total Current assets		8,448.63	7,534.57
Total – Assets		18,200.23	17,135.98
B. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	18	187.99	187.99
b) Other Equity	19	12,511.14	11,355.78
Equity attributable to owners of the parent		12,699.13	11,543.77
Non-controlling interest		3.24	3.16
Total Equity		12,702.37	11,546.93
Liabilities			
Non-current liabilities			
a) Financial Liabilities			
Lease Liabilities	20	83.98	-
b) Provisions	21	214.83	235.10
c) Deferred tax liabilities (Net)	22	394.79	655.72
Total – Non-current liabilities		693.60	890.82
Current liabilities			
a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises	46	6.30	11.27
Total outstanding dues of creditors other than micro and small enterprises		1,415.93	1,463.71
(ii) Other financial liabilities	23	1,028.36	937.50
b) Other current liabilities	24	1,998.07	1,919.39
c) Provisions	25	15.87	23.39
d) Current tax liabilities (Net)		339.73	342.97
Total – Current liabilities		4,804.26	4,698.23
Total – Liabilities		5,497.86	5,589.05
Total – Equity and Liabilities		18,200.23	17,135.98
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

For and on behalf of the Board of Directors of ACC Limited,
N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS: 13063

MARTIN KRIEGNER
Director
DIN: 00077715

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

NEERAJ AKHOURY
Director
DIN: 07419090

Mumbai, February 11, 2021

Consolidated Statement of Profit and Loss

for the year ended December 31, 2020

₹ Crore			
Particulars	Note No.	For the year ended December 31, 2020	For the year ended December 31, 2019
INCOME			
1. Revenue from operations	26	13,785.98	15,657.55
2. Other Income	27	216.74	318.43
3. Total Income (1+2)		14,002.72	15,975.98
4. Expenses			
a) Cost of materials consumed	28	1,673.21	2,256.39
b) Purchases of Stock-in-trade	29	696.89	361.69
c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	30	142.41	100.81
d) Employee benefits expense	31	841.21	866.11
e) Power and Fuel		2,574.65	3,134.01
f) Freight and Forwarding expense	32	3,416.09	4,032.09
g) Finance costs	33	57.08	86.27
h) Depreciation and amortisation expense	34	638.84	606.44
i) Other expenses	35	2,087.43	2,495.99
		12,127.81	13,939.80
Captive consumption of cement		(1.02)	(2.32)
Total Expenses		12,126.79	13,937.48
5. Profit before share of profit of associates and joint ventures and tax (3-4)		1,875.93	2,038.50
6. Share of profit in associates and joint ventures		8.93	14.02
7. Profit before exceptional item and tax (5+6)		1,884.86	2,052.52
8. Exceptional item {Refer Note – 2(3)}		176.01	-
9. Profit before tax (7-8)		1,708.85	2,052.52
10. Tax expense	22		
a) Current tax		548.06	690.20
b) Deferred tax (credit)/charge		(269.47)	(15.22)
		278.59	674.98
11. Profit for the year (9-10)		1,430.26	1,377.54
12. Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to profit and loss:			
(a) Re-measurement gain/(loss) on defined benefit plans	39	(6.01)	(75.28)
(b) Share of Re-measurement gain/(loss) on defined benefit plans of associates and joint ventures (net of tax)		(0.04)	(0.25)
(ii) Income tax relating to items that will not be reclassified to profit and loss	22	(8.53)	26.30
Other comprehensive income for the year, net of tax		(14.58)	(49.23)
13. Total comprehensive income for the year (11+12)		1,415.68	1,328.31
11. Profit Attributable to:			
Owners of the Company		1,430.18	1,377.41
Non-controlling interests		0.08	0.13
Profit for the year		1,430.26	1,377.54
12. Other comprehensive income Attributable to:			
Owners of the Company		(14.58)	(49.23)
Non-controlling interests		-	-
Other comprehensive income		(14.58)	(49.23)
13. Total comprehensive income Attributable to:			
Owners of the Company		1,415.60	1,328.18
Non-controlling interests		0.08	0.13
Total comprehensive income		1,415.68	1,328.31
14. Earnings per equity share of ₹10 each:	36		
(a) Basic ₹		76.16	73.35
(b) Diluted ₹		75.98	73.17
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 11, 2021

For and on behalf of the Board of Directors of ACC Limited,

N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS: 13063

MARTIN KRIEGNER
Director
DIN: 00077715

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

NEERAJ AKHOURY
Director
DIN: 07419090

Consolidated Statement of Changes in Equity

for the year ended December 31, 2020

A. EQUITY SHARE CAPITAL

	Note no.	₹ Crore
As at January 1, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2020	18	187.99

B. OTHER EQUITY

For the year ended December 31, 2020

	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 1, 2020	845.03	2,796.78	0.63	7,713.34	11,355.78	3.16	11,358.94
Profit for the year	-	-	-	1,430.18	1,430.18	0.08	1,430.26
Other Comprehensive income for the year, net of tax	-	-	-	(14.58)	(14.58)	-	(14.58)
Total Comprehensive income for the year	-	-	-	1,415.60	1,415.60	0.08	1,415.68
Employee share based payments (Refer Note – 56)	-	-	2.66	-	2.66	-	2.66
Interim dividend paid for 2019 (Refer Note – 54)	-	-	-	(262.90)	(262.90)	-	(262.90)
As at December 31, 2020	845.03	2,796.78	3.29	8,866.04	12,511.14	3.24	12,514.38

₹ Crore

Consolidated Statement of Changes in Equity

for the year ended December 31, 2020

For the year ended December 31, 2019

	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 1, 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
Employee share based payments (Refer Note – 56)	-	-	0.63	-	0.63	-	0.63
Final dividend paid for 2018 (Refer Note – 54)	-	-	-	(262.90)	(262.90)	-	(262.90)
Dividend distribution tax on dividend (Refer Note – 54)	-	-	-	(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

₹ Crore

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 11, 2021

For and on behalf of the Board of Directors of ACC Limited,

N. S. SEKHSARIA

Chairman
DIN: 00276351

MARTIN KRIEGER

Director
DIN: 00077715

SRIDHAR BALAKRISHNAN

Managing Director & CEO
DIN: 08699523

DAMODARANNAIR SUNDARAM

Director
DIN: 00016304

YATIN MALHOTRA

Chief Financial Officer

NEERAJ AKHOURY

Director
DIN: 07419090

RAJIV CHOUBEY

Company Secretary
ACS: 13063

Consolidated Statement of Cash Flow

for the year ended December 31, 2020

Particulars	Note No.	₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before tax		1,708.85	2,052.52
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	34	638.84	606.44
Exceptional item (Refer Note – 2(3))		176.01	-
Expected credit loss on incentives under Government schemes		128.92	
Loss/(Profit) on sale/write-off of Property, Plant & Equipment (net)	35&27	10.96	(26.87)
Gain on termination of leases	27	(2.38)	-
Gain on sale of current financial assets measured at FVTPL	27	(15.83)	(21.64)
Gain on sale of investment in Subsidiary Company	27	(12.91)	-
Interest income	27	(185.46)	(269.49)
Finance costs	33	57.08	86.27
Impairment losses on trade receivables (net)	35	37.34	21.51
Provision for doubtful advances (net)		-	0.05
Provision for slow and non-moving Stores & Spares (net)	10	7.96	6.38
Provision no longer required written back	26	(5.80)	(9.53)
Net gain on fair valuation of current financial assets measured at FVTPL	27	(0.16)	(0.43)
Employee share based payments	31	2.66	0.63
Share of profit in associates and joint ventures	38	(8.93)	(14.02)
Fair value movement in derivative instruments		0.28	-
Unrealised exchange loss (net)		0.34	0.12
Operating profit before working capital changes		2,537.77	2,431.94
Changes in working capital:			
Adjustments for Decrease/(Increase) in operating assets:			
Decrease in inventories	10	232.34	531.08
Decrease in trade receivable	11	137.83	219.21
(Increase)/Decrease in loans & advances	7&14	(22.10)	73.54
Increase in other assets	8,9, 15-17	(44.31)	(258.84)
Adjustments for Increase/(Decrease) in operating liabilities:			
Decrease in trade payables		(47.29)	(441.87)
(Decrease)/Increase in provision	21&25	(49.06)	5.79
Increase in other liabilities	23-24	180.86	141.00
Cash generated from operations		2,926.04	2,701.85
Direct tax paid including interest on income tax – (Net of refunds)		(706.85)	(447.14)
Net Cash flow from operating activities		2,219.19	2,254.71
B. CASH FLOW FROM INVESTING ACTIVITIES			
Loans to Joint Venture	7	(0.02)	-
Payment received against loan given to Joint Venture		-	0.12
Investment in Equity shares	6	(4.50)	-
Proceeds from sale of investment in Subsidiary Company		20.00	-
Purchase of Property, Plant and Equipments (Including capital work-in-progress and capital advances)			
Capex for increases in operating capacity		(409.30)	(108.70)
Capex for efficiency improvement and maintaining operating capacity		(339.23)	(440.26)

Consolidated Statement of Cash Flow

for the year ended December 31, 2020

Particulars	Note No.	₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
Proceeds from sale of Property, Plant and Equipment		0.68	54.05
Net proceeds from sale of mutual funds		15.83	21.64
Investment in bank and margin money deposits (having original maturity for more than 12 months)	8	(3.81)	(32.27)
Redemption of bank and margin money deposits (having original maturity for more than 12 months)	8	1.40	-
Investment in bank and margin money deposits (having original maturity for more than 3 months)	13	(7,238.00)	(2,476.87)
Redemption of bank and margin money deposits (having original maturity for more than 3 months)	13	7,234.37	2,481.73
Investment in certificate of deposits		(750.00)	(600.00)
Redemption of certificate of deposits		750.00	600.00
Dividend received from Associate/Joint venture		0.29	1.69
Interest received		187.14	177.21
Net cash used in investing activities		(535.15)	(321.66)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(39.87)	(57.22)
Payment of lease liabilities		(24.59)	-
Dividend paid	54	(262.90)	(262.90)
Dividend distribution tax paid	54	-	(54.04)
Net cash used in financing activities		(327.36)	(374.16)
Net increase in cash and cash equivalents		1,356.68	1,558.89
Add: Cash and cash equivalents at the beginning of the year	12	4,492.53	2,933.21
Less: Transfer on sale of investment in subsidiary Company		(0.01)	-
Add: Adjustment for gain on fair valuation of current financial assets measured at FVTPL	27	0.16	0.43
Cash and cash equivalents at the end of the year	12	5,849.36	4,492.53
See accompanying notes to the financial statements			

Note:
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 and on behalf of the Board of Directors of ACC Limited,	
FOR DELOITTE HASKINS & SELLS LLP Chartered Accountants ICAI Firm Registration No. 117366W/W-100018	N. S. SEKHSARIA Chairman DIN: 00276351	MARTIN KRIEGNER Director DIN: 00077715
SAIRA NAINAR Partner Membership No. 040081	SRIDHAR BALAKRISHNAN Managing Director & CEO DIN: 08699523	DAMODARANNAIR SUNDARAM Director DIN: 00016304
	YATIN MALHOTRA Chief Financial Officer	NEERAJ AKHOURY Director DIN: 07419090
	RAJIV CHOUBEY Company Secretary ACS: 13063	

Mumbai, February 11, 2021

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

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 1, 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 – 400 020, 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 – 37. Information on related party relationship of the Group is provided in Note – 44.

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 11, 2021.

(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, 2020.

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;
- d) Investments in associates and joint ventures which are accounted for using the equity method; and
- e) Employee share based payments measured at fair value.

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 except change in accounting policy on Leases as disclosed in Note No. (xxx).

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- i. Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. Level 2 – inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 – inputs that are unobservable for the asset or liability.

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(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 current ability to direct the relevant activities of the investee);
- ii. Exposure, or rights, to variable returns from its involvement with the investee; and
- iii. The ability to use its power over the investee to affect its returns.
- b) The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.
- c) When the Group has less than majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
 - i. a contractual arrangement with the other vote holders of the investee
 - ii. rights arising from other contractual arrangements

- iii. the Group’s voting rights and potential voting rights
- iv. the size of the Group’s holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders
- v. any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.
- d) Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Financial Statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
- e) The financial statements of all the entities used for the purpose of consolidation are drawn up to same reporting date as that of parent company i.e. December 31, 2020.
- 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 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.

Notes to the Consolidated Financial Statements
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- 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 of 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.

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

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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.

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 reclassifies to profit or loss the proportion

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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:

- 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;
- 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
- 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.

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

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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.

(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.

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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 recognise 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.

(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.

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- 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 has applied Ind AS 116 with effect from January 1, 2020 and all leases are disclosed under Right of use assets.

Depreciation and Amortisation

- a) 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.
- b) 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

- c) 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.
- d) Depreciation on an item of Property, Plant and Equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of Property, Plant and Equipment is sold, discarded, demolished or scrapped.

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- e) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- f) 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.
- g) 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.

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	20 years	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.

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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 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:

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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.

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 through other comprehensive income.

iii. *Financial assets at fair value through profit or loss (FVTPL)*

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at

amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

A Financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in Consolidated Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other Income' line item of Consolidated Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at FVTPL with all changes in fair value recognised in the Consolidated Statement of Profit and Loss. The net gain or loss recognised in the Consolidated Statement of Profit and Loss incorporates any dividend earned on the equity instruments and is included in the 'Other Income' line item of the Consolidated Statement of Profit and Loss.

For all investments in equity instruments other than held for trading, at initial recognition, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the 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.

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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; and
- b) trade receivables and other receivables (including incentive receivable from Government)

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.

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) 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.

b) Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Group are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised

in the Consolidated Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Group's own equity instruments. Dividend paid on equity instruments are directly reduced from equity.

Financial liabilities

The Group's financial liabilities mainly comprise (a) trade payables, (b) liability for capital expenditure (c) security deposit (d) other payables (e) lease liabilities and (f) forward contract.

Initial recognition and measurement

The Group 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 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 through profit or loss.

Derecognition of financial liabilities

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liability) is primarily derecognised (i.e. removed from the Consolidated Statement of Profit and Loss) when, and only when, the obligation under the liability is discharged or cancelled or expires.

An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Consolidated Statement of Profit and Loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Group does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 "Financial Instruments" to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Consolidated Statement of Profit and Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when, and only when, there is a currently enforceable legal right to set off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously on a net basis.

(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

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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

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from customers which are disclosed in Note No. 24. 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.

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.

Provident Fund

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. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

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

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(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.

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 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 performance share 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

Notes to the Consolidated Financial Statements

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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 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

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- 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 tax assets and liabilities and when the deferred tax balances relate to income tax levied by the same taxation authority.

The Group applies significant judgement in identifying uncertainties over income tax treatments. Uncertain tax positions are reflected in the overall measurement of tax expense of respective group entities and are based on the most likely amount or expected value that is to be disallowed by the taxing authorities in respective group entities, whichever better predict the resolution of uncertainty. Uncertain tax balances are monitored and updated as and when new information becomes available, typically upon examination or action by the taxing authorities or through statute expiration.

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 utilised. 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

I. Accounting policy effective January 1, 2020

Ind AS 116 “Leases” replaces Ind AS 17 “Leases” and applicable to the Group with effect from January 1, 2020.

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- i. the contract involves the use of an identified asset;
- ii. the Group has substantially all of the economic benefits from use of the asset through the period of the lease; and
- iii. the Group has the right to direct the use of the asset.

Group as a lessee:

Right-of-use assets (“ROU”)

At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the

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commencement date of the lease plus any initial direct costs and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset and the average lease terms are as follows:

Right of use assets	Average (Range) lease terms (in years)
Buildings	8
Land	8-99
Machines	6
Furniture and Vehicles	5

The right of use assets is also subject to impairment. Right of use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

Lease liabilities

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payments which the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line “other expenses” in the Consolidated Statement of Profit or Loss.

The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

Lease liability (Financial liabilities) and ROU asset have been separately presented in the Consolidated Balance Sheet and related cash flows are classified as financing activities in the Consolidated Statement of Cash Flows.

Deferred tax on the deductible temporary difference and taxable temporary differences in respect of carrying value of right of use assets and lease liability and their respective tax bases are recognised separately.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (in the range of

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₹4,00,000 to ₹16,00,000 for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The related cash flows are classified as operating activities in the Consolidated Statement of Cash Flows.

Group as a lessor:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Consolidated Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

II. Accounting policy up to December 31, 2019

In the comparative period, accounting and disclosure for leases was done as per Ind AS 17.

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.

Notes to the Consolidated Financial Statements

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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 organised and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Inter-segment transfers

Inter-segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

Unallocated items

Revenue, expenses, assets and liabilities which relate to the Group as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue/expenses/assets/liabilities'.

Segment Policies

The Group prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the Consolidated Financial Statements of the Group as a whole.

Operating segment is reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker ("CODM").

(xxv) Cash and Cash equivalents

Cash and cash equivalents consist of cash 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

- Grants and subsidies from the Government are recognised when the Group will comply with all the conditions attached to them and there is a reasonable assurance that the grant/subsidy will be received.
- 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.
- 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.
- 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) Exceptional items:

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and disclosed separately in the financial statements.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

(xxix) 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 judgements 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 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.

Leases

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate

the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Group’s operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

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 crystallising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

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 utilisation 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.

(xxx) New Accounting Pronouncements

Effective from January 1, 2020, the Group has adopted the following new Standard and amendments to certain Ind AS relevant to the Group:

IND AS 116: Leases

Changes in Accounting Policy and Disclosures:

The Group has adopted Ind AS 116 effective January 1, 2020, using 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, are recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted using the incremental borrowing rate as at the date of initial application.

Further, the application of Ind AS 116 did not have any significant impact on the consolidated financial statements and EPS for the year ended December 31, 2020. Information regarding the financial impacts of the initial application of Ind AS 116 is outlined in Note No. 40.

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 carried out an assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

There is no material impact on the Group due to the application of the above amendment.

Several other amendments apply for the first time for the year ending December, 31 2020, but do not have an impact on the consolidated financial statements of the Group.

(xxxi) Recent Accounting Developments

There is no new standard or amendment to the existing standards which are applicable from January 1, 2021.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 2: PROPERTY, PLANT AND EQUIPMENT

Refer Note 1 (x) for accounting policy on Property, Plant and Equipment

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION AND IMPAIRMENT			NET CARRYING VALUE	
	As at January 1, 2020	Additions	Disposals/ December 31, 2020 Adjustments	As at January 1, 2020	Depreciation charge for the year	Impairment losses recognised in the year (Refer Note – 3 below)	As at December 31, 2020	As at December 31, 2019
Tangible Assets:								
Freehold non-mining land	134.40	3.84	-	138.24	-	-	138.24	134.40
Freehold mining land	340.66	3.62	0.04	344.24	0.22	-	342.98	339.62
Leasehold land (Refer Note – 4 below)	39.51	-	39.51	-	-	-	-	37.65
Buildings	1,717.77	73.45	9.81	1,781.41	83.45	29.27	1,385.30	1,426.95
Plant and equipment	6,706.58	231.05	44.72	6,892.91	479.07	116.75	4,396.82	4,770.42
Railway sidings	259.33	16.46	-	275.79	21.97	1.43	175.88	182.82
Furniture and fixtures	29.62	4.91	0.52	34.01	3.15	0.27	15.29	13.92
Vehicles	88.24	8.44	1.78	94.90	10.79	10.14	36.91	50.34
Office equipment	66.28	5.67	0.99	70.96	8.92	0.53	16.96	20.77
Total	9,382.39	347.44	97.37	9,632.46	607.57	158.39	6,508.38	6,976.89

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION			NET CARRYING VALUE	
	As at January 1, 2019	Additions	Disposals	As at January 1, 2019	Depreciation charge for the year	As at December 31, 2019 Disposals	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	-	339.62	306.13
Leasehold land	39.51	-	-	39.51	1.33	-	37.65	38.18
Buildings	1,661.56	64.37	8.16	1,717.77	220.44	78.07	1,426.95	1,441.12
Plant and equipment	6,311.44	429.36	34.22	6,706.58	1,472.51	15.95	4,770.42	4,838.93
Railway sidings	255.00	4.33	-	259.33	55.27	-	182.82	199.73
Furniture and fixtures	27.26	2.47	0.11	29.62	12.64	0.09	13.92	14.62
Vehicles	68.64	19.69	0.09	88.24	27.40	0.09	50.34	41.24
Office equipment	59.17	8.51	1.40	66.28	37.56	1.27	20.77	21.61
Total	8,863.10	563.27	43.98	9,382.39	1,827.92	25.09	6,976.89	7,035.18

Notes:

1. Buildings include cost of shares ₹34,600 (*Previous year – ₹34,600*) in various Co-operative Housing Societies, in respect 17 (*Previous year – 17*) 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 (under ROU assets in current year) amounting to net block of ₹2.04 Crore (*Previous year – ₹2.10 Crore*), 2 cases of freehold land amounting to net block of ₹1.37 Crore (*Previous year – ₹1.37 Crore*) and 2 cases of Buildings amounting to net block of ₹5.39 Crore (*Previous year – ₹5.76 Crore*) respectively as at December 31, 2020 for which title deeds are in the name of the erstwhile Company that merged with the Company.
3. Considering lower profitability due to higher input cost, the Company has suspended part of it's operations at Madukkarai plant. The Company has carried out a review of the recoverable amount of the tangible assets and capital work in progress used in cement manufacturing facility at Madukkarai. The recoverable amount from such tangible assets and capital work-in-progress at Madukkarai plant is assessed to be lower than it's carrying amount and consequently an impairment loss of ₹176.01 Crore (including Capital work-in-progress ₹17.62 Crore) has been recognised and disclosed as an exceptional item. The discount rate used in measuring recoverable value is 10.64% per annum. The future cash flows are derived from the detailed budgets and forecast for the next three years. Steady growth rate of 4% per annum is applied beyond the forecast period.
4. Upon introduction of Ind AS 116 Leases effective January 1, 2020, all Finance Lease assets amounting to net block of ₹37.61 Crore identified under the earlier Ind AS 17 Leases, have been reclassified to Right of use assets.
5. Capital work-in-progress as at December 31, 2020 is ₹548.11 Crore (*Previous year – ₹445.67 Crore*). Refer Note 49 for the amount of expenditure recognised in the carrying amount of Property, Plant and Equipment/Capital work-in-progress (CWIP) during the course of its construction.
6. For contractual commitment with respect to Property, Plant and Equipment, Refer Note – 41.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 3: OTHER INTANGIBLE ASSETS

Refer Note 1 (xi) for accounting policy on Intangible Assets

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2020	Additions	As at December 31, 2020 Disposals	As at January 1, 2020	Amortisation charge for the year	As at December 31, 2020 Disposals	As at December 31, 2020	As at December 31, 2019
Intangible assets:								
Computer software	2.90	1.02	-	3.92	0.19	-	2.89	0.20
Mining rights	46.28	14.59	-	60.87	3.71	-	15.92	34.07
Total	49.18	15.61	-	64.79	3.90	-	18.81	34.27
Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2019	Additions	As at December 31, 2019 Disposals	As at January 1, 2019	Amortisation charge for the year	As at December 31, 2019 Disposals	As at December 31, 2019	As at December 31, 2018
Intangible assets:								
Computer software	2.89	0.01	-	2.90	0.68	-	2.70	0.87
Mining rights	45.67	0.61	-	46.28	3.09	-	12.21	36.55
Total	48.56	0.62	-	49.18	3.77	-	14.91	37.42

NOTE 4: RIGHT OF USE ASSETS

Refer Note 1 (xxiii) for accounting policy on Leases

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 1, 2020*	Reclassified on account of Ind AS 116*	Additions	As at December 31, 2020 Disposals	As at January 1, 2020	Reclassified on account of Ind AS 116*	Amortisation charge for the year	As at December 31, 2020 Disposals	As at December 31, 2020	As at December 31, 2019
Leasehold Land	69.69	39.47	6.93	5.07	111.02	-	12.95	0.85	13.96	97.06
Buildings	5.03	-	-	0.08	4.95	-	1.46	-	1.46	3.49
Plant and Equipment	56.45	-	1.27	18.37	39.35	-	12.80	2.51	10.29	29.06
Vehicles	0.44	-	-	-	0.44	-	0.16	-	0.16	0.28
Total	131.61	39.47	8.20	23.52	155.76	-	27.37	3.36	25.87	129.89

* Refer Note 40 on adoption of Ind AS 116 'Leases'

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 5: 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, 2020		As at December 31, 2019	
	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	14.22
Asian Concretes and Cements Private Limited	81,00,000	88.65	81,00,000	80.05
	102.87		94.27	
Investment in Joint Ventures				
Face value ₹10 each fully paid				
OneIndia BSC Private Limited {Refer Note – 47(ii)}	25,01,000	6.31	25,01,000	6.96
Aakaash Manufacturing Company Private Limited	4,401	11.89	4,401	11.25
	18.20		18.21	
Total	121.07		112.48	
Aggregate amount of unquoted Investments	121.07		112.48	

NOTE 6: NON-CURRENT INVESTMENTS

Refer Note 1 (xiv) for accounting policy on Investments

	As at December 31, 2020		As at December 31, 2019	
	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				
Amplus Green Power Private Limited (Refer Note – II below)	25,78,592	4.50	-	-
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	-
	4.50		-	
Investment at amortised cost				
Investment in unquoted bonds				
Face value ₹10,00,000 each fully paid				
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	37	3.70
Total	8.20		3.70	

Notes:

- (i) Aggregate value of unquoted investments.
- 8.20
- 3.70

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

- (II) During the year, the Group has subscribed 25,78,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹4.50 Crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company's Tikaria plant would be one of the consumers.
- (III) *Each of such investments is carried at value less than ₹50,000.

Refer Note 50 for information about fair value measurement and Note 51 for credit risk and market risk of investments.

NOTE 7: NON-CURRENT – LOANS

Considered Good – Unsecured, unless otherwise stated

Refer Note 1 (xiv) for accounting policy on Loans

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Security deposits	124.40	130.62
Loans and advances		
Considered good – unsecured	3.92	3.90
Receivables which have significant increase in credit risk	26.99	26.99
Less: Allowance for doubtful advances	(26.99)	(26.99)
	3.92	3.90
Loans to Employees	7.59	9.24
Total	135.91	143.76

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 51 for information about credit risk and market risk of loans.

NOTE 8: OTHER NON-CURRENT FINANCIAL ASSETS

Refer Note 1 (xiv) for accounting policy on Financial Instruments

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Incentives under Government schemes (Net) {Refer Note – 51((i)}	606.56	573.18
Bank deposits with more than 12 months maturity*	30.84	29.06
Margin money deposit with more than 12 months maturity**	8.25	7.62
Total	645.65	609.86

*Lodged as security with government authorities of ₹30.58 Crore (Previous year – ₹28.80 Crore).

**Margin money deposit is against bank guarantees given to Government authorities.

Refer Note 51 for information about credit risk and market risk of other financial assets.

Notes to the Consolidated Financial Statements

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NOTE 9: OTHER NON-CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Capital advances	348.76	94.72
Advance other than capital advances		
Claim receivables from Government and others		
Unsecured, considered good	14.24	14.18
Considered doubtful	4.21	4.21
Less: allowance for doubtful receivables	(4.21)	(4.21)
	14.24	14.18
Deposits with Government bodies and others		
Unsecured, considered good	291.16	290.55
Considered doubtful	3.33	3.33
Less: allowance for doubtful deposits	(3.33)	(3.33)
	291.16	290.55
Total	654.16	399.45

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, 2020	As at December 31, 2019
Raw materials	115.54	117.44
{Including goods-in-transit ₹2.70 Crore (Previous year – ₹4.09 Crore)}		
Work-in-progress	147.84	177.61
Finished goods	111.74	231.32
Stock-in-trade	14.48	7.90
{Including goods-in-transit ₹4.37 Crore (Previous year – ₹0.49 Crore)}		
Stores and spares	249.74	311.47
{Including goods-in-transit ₹13.99 Crore (Previous year – ₹14.74 Crore)}		
Packing materials	24.07	20.65
Fuels	237.86	275.54
{Including goods-in-transit ₹10.69 Crore (Previous year – ₹11.53 Crore)}		
Total	901.27	1,141.93

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 ₹7.96 Crore (Previous year – ₹6.38 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, 2020

NOTE 11: TRADE RECEIVABLES

Refer Note 1 (xiv) for accounting policy on Trade receivables

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Considered good – secured	35.95	43.35
Considered good – unsecured*	415.46	583.30
Receivables which have significant increase in credit risk {Refer Note 51(i)}	67.29	41.13
	518.70	667.78
Less: allowance for doubtful receivables	(67.29)	(41.13)
Total	451.41	626.65

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 44 for receivables from related parties.

Refer Note 51 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, 2020	As at December 31, 2019
Balances with banks:		
- In current accounts	140.86	30.42
- Deposits with original maturity of less than three months	4,842.86	2,174.90
	4,983.72	2,205.32
Cheques on hand*	-	36.71
Deposit with other than banks with original maturity of less than three months	250.00	250.00
Post office saving accounts	0.01	0.01
	5,233.73	2,492.04
Investments in liquid mutual funds measured at FVTPL	615.63	757.51
Certificates of deposit with original maturity of less than three months	-	1,242.98
Total	5,849.36	4,492.53

*Cheques on hand are cleared subsequent to the year end.

As at December 31, 2020, the Company has sanctioned and available undrawn borrowing facilities of ₹130.80 Crore (Previous year – ₹145.00 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, 2020

NOTE 13: BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Refer Note 1 (xiv) for accounting policy on Bank balances other than Cash and Cash Equivalents

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Other bank balances:		
*Deposits with original maturity for more than 3 months but less than 12 months	127.85	121.84
**Margin money deposits with original maturity for more than 3 months but less than 12 months	-	2.44
#On unpaid dividend accounts	28.49	30.92
Total	156.34	155.20

*Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹127.68 Crore {(Previous year – ₹121.56 Crore) - Refer Note – 42 (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, 2020	As at December 31, 2019
Security deposits	53.13	23.48
Loan to employees	5.86	5.54
Total	58.99	29.02

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 51 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, 2020	As at December 31, 2019
Incentives under Government schemes	256.58	258.95
Interest accrued on investments	8.25	10.19
Other accrued interest	1.50	1.24
Total	266.33	270.38

Refer Note 51 for credit risk and market risk of other financial assets

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 16: OTHER CURRENT ASSETS

Considered Good – Unsecured, unless otherwise stated

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Advances other than capital advances		
Advances to suppliers	259.38	438.86
Prepaid expenses	55.26	42.32
Other receivables		
Balances with statutory/Government authorities	358.79	281.94
Others	17.33	45.27
Other receivables which have significant increase in credit risk	17.88	17.88
	35.21	63.15
Less: allowance for doubtful receivables	(17.88)	(17.88)
	17.33	45.27
Total	690.76	808.39

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, 2020	As at December 31, 2019
Plant and equipment	1.76	5.36
Building	1.15	5.11
Total	2.91	10.47

- (i) The Group intends to dispose off plant and equipment and Building in the next 12 months which it no longer intends to utilise. A selection of potential buyers is underway.
- (ii) During the year, the Group has reclassified buildings of ₹3.96 Crore and plant and equipments of ₹3.01 Crore.

NOTE 18: EQUITY SHARE CAPITAL

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Authorised		
22,50,00,000 (<i>Previous year – 22,50,00,000</i>) Equity shares of ₹10 each	225.00	225.00
10,00,00,000 (<i>Previous year – 10,00,00,000</i>) Preference shares of ₹10 each	100.00	100.00
Issued		
18,87,93,243 (<i>Previous year – 18,87,93,243</i>) Equity shares of ₹10 each	188.79	188.79
Subscribed & Paid-up		
18,77,87,263 (<i>Previous year – 18,77,87,263</i>) Equity shares of ₹10 each fully paid	187.79	187.79
Add: 3,84,060 (<i>Previous year – 3,84,060</i>) Equity shares of ₹10 each forfeited – amount originally paid	0.20	0.20
Total	187.99	187.99

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	₹ Crore
As at January 1, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2020	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, 2020	As at December 31, 2019
Ambuja Cements Limited, the Holding company		
9,39,84,120 (<i>Previous year – 9,39,84,120</i>) Equity shares ₹10 each fully paid	93.98	93.98
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited		
84,11,000 (<i>Previous year – 84,11,000</i>) 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, 2020		As at December 31, 2019	
	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	95,03,365	5.06	1,06,79,857	5.69

- 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, 2020

NOTE 19: OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Securities premium	845.03	845.03
General reserve	2,796.78	2,796.78
Capital contribution from parent	3.29	0.63
Retained earnings	8,866.04	7,713.34
Total	12,511.14	11,355.78

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 FINANCIAL LIABILITY

Refer Note 1 (xxiii) for accounting policy on Leases

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Lease liabilities (Refer Note – 40)	83.98	-
Total	83.98	-

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 21: NON-CURRENT PROVISIONS

Refer Note 1 (xix) for accounting policy on Employee benefits

Refer Note 1 (xvi) for accounting policy on Site restoration provisions

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 39)	102.35	141.92
Provision for provident fund (Refer Note – 39)	66.31	55.25
Provision for long service award	5.77	4.49
Other provisions		
Provision for site restoration (Refer Note – 21.1 below)	40.40	33.44
Total	214.83	235.10

Note 21.1 – Movement of provisions during the year as required by Ind AS 37 “Provisions, Contingent Liabilities and Contingent Asset” specified under Section 133 of the Companies Act, 2013:

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Opening Balance	33.44	33.08
Provision/(reversal) during the year (net)	5.49	(1.21)
Utilised during the year	(0.03)	(0.35)
Unwinding of discount and changes in the discount rate	1.50	1.92
Closing Balance	40.40	33.44

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, 2020

NOTE 22: 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, 2020:

	For the quarter ended March 31, 2020		For the nine months ended December 31, 2020		For the Year ended December 31, 2020		For the Year ended December 31, 2019	
	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %
Profit before share of profit of associates and joint ventures and tax	473.85		1,226.07		1,699.92		2,038.50	
At India's statutory income tax rate (Refer Note (a) below)	165.56	34.94%	308.61	25.17%	474.17	27.89%	712.25	34.94%
Effect of Allowances for tax purpose	(15.73)	(3.32%)	-	-	(15.73)	(0.93%)	(60.07)	(2.96%)
Tax Holiday claim under Section 80-IA (Up to March 31, 2020)	-	-	(0.07)	(0.01%)	(0.07)	(0.01%)	-	-
Effect of Non-Deductible expenses	2.40	0.51%	6.41	0.52%	8.81	0.52%	8.76	0.44%
Corporate social responsibility expenses	0.83	0.18%	3.07	0.25%	3.90	0.23%	14.63	0.72%
Others	-	-	-	-	-	-	(0.59)	(0.03%)
Effect of Tax Exempt Income – Dividend	(12.50)	(2.63%)	9.41	0.76%	(3.09)	(0.19%)	(37.27)	(1.83%)
At the effective income tax rate	153.06	32.31%	318.02	25.93%	471.08	27.70%	674.98	33.11%
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	-	-	(189.61)	(15.46%)	(189.61)	(11.15%)	-	-
Effect of change in tax rate on deferred tax for the period January 1 to March 31, 2020	-	-	(2.88)	(0.23%)	(2.88)	(0.17%)	-	-
Income tax expense reported in the Consolidated Statement of Profit and Loss	153.06	32.31%	125.53	10.24%	278.59	16.38%	674.98	33.11%

Notes:

- a) The Group follows calendar year as financial year, therefore applicable statutory income tax rate is weighted average rate. 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.
- b) The Government of India has inserted Section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective April 1, 2019, subject to certain conditions. The Group has adopted the option of reduced rate and accordingly, opening net deferred tax liability as on January 1, 2020 amounting to ₹179.57 Crore has been reversed (net of reversal of deferred tax assets of ₹10.04 Crore in Other Comprehensive Income) during the year ended December 31, 2020.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

Deferred Tax:

Deferred Tax relates to the following:

	As at December 31, 2020	As at December 31, 2019
Deferred Tax Liabilities:		
Depreciation and amortisation differences	623.21	933.94
Deferred Tax Liabilities on undistributed profit of associates and joint ventures	18.21	12.97
	641.42	946.91
Deferred Tax Assets:		
Provision for employee benefits	48.25	73.68
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	70.78	98.78
Allowance for obsolescence of Stores and Spares	7.12	9.88
Allowance for doubtful debts, advances and other assets	19.20	17.51
Right of use assets and lease liabilities differences	3.03	-
Expected credit loss on incentives receivable from government	32.45	-
Other temporary differences	65.80	91.34
	246.63	291.19
Net Deferred Tax Liabilities	394.79	655.72

The major components of deferred tax liabilities/assets arising on account of timing differences are as follows:

	Net Balance as on January 1, 2020	Recognised in the Consolidated Statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2020
Deferred Tax Liabilities:					
Depreciation and amortisation differences	933.94	(310.73)	-	-	623.21
Deferred Tax Liabilities on undistributed profit of associates and joint ventures	12.97	5.24	-	-	18.21
	946.91	(305.49)	-	-	641.42
Deferred Tax Assets:					
Provision for employee benefits	73.68	(16.90)	(8.53)	-	48.25
Expenditure debited in Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	98.78	(28.00)	-	-	70.78
Allowance for obsolescence of Stores and Spares	9.88	(2.76)	-	-	7.12
Allowance for doubtful receivables and other assets	17.51	1.69	-	-	19.20
Right of use assets and lease liabilities differences	-	3.03	-	-	3.03
Expected credit loss on incentives receivable from government	-	32.45	-	-	32.45
Other temporary differences	91.34	(25.54)	-	-	65.80
	291.19	(36.03)	(8.53)	-	246.63
Net Deferred Tax Liabilities	655.72	(269.46)	8.53	-	394.79

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

	₹ Crore				
	Net Balance as on January 1, 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 venture	10.73	2.24	-	-	12.97
	906.65	40.26	-	-	946.91
Deferred Tax Assets:					
Provision for employee benefits	47.37	0.01	26.30	-	73.68
Expenditure debited in the 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

At the end of the reporting period, the aggregate amount of temporary differences associated with undistributed earnings of the subsidiaries for which deferred tax liabilities have not been recognised is ₹18.57 Crore (Previous Year – ₹24.26 Crore). No liability has been recognised in respect of these differences because management controls the distributions of the earnings of the subsidiaries to the holding company and it has no intention to distribute the earnings of the subsidiaries.

The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set-off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

The 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
2012-13	Business Loss	0.66	March 31, 2021
2013-14	Business Loss	0.85	March 31, 2022
2014-15	Business Loss	0.05	March 31, 2023
2015-16	Business Loss	0.02	March 31, 2024
2016-17	Business Loss	0.63	March 31, 2025
2016-17	Depreciation	0.11	Not Applicable
2017-18	Business Loss	1.32	March 31, 2026
2017-18	Depreciation	0.06	Not Applicable
2018-19	Business Loss	0.31	March 31, 2027
2018-19	Depreciation	0.04	Not Applicable
2019-20	Business Loss	0.02	March 31, 2028
	Total	4.07	

The above information is based on the returns of income filed by the individual subsidiary companies up to assessment year 2020-2021.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 23: OTHER CURRENT FINANCIAL LIABILITIES

Refer Note 1 (xiv) for accounting policy on Financial Instruments

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Financial liabilities at amortised cost		
Interest accrued	13.89	26.50
Unpaid dividends*	28.49	30.92
Security deposits and retention money	801.90	711.49
Liability for capital expenditure	36.75	54.76
Lease liabilities	18.50	-
Provision for employees	128.55	113.83
Financial Liabilities at fair value		
Foreign currency forward contract	0.28	-
Total	1,028.36	937.50

*Investor Education and Protection Fund ('IEPF') – As at December 31, 2020 , 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 24: OTHER CURRENT LIABILITIES

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Contract liability*		
Advances from customers	148.18	156.93
Other liability		
Statutory dues payable	575.14	551.46
Rebates to customers	521.56	497.00
Other payables	753.19	714.00
(including interest on income tax, etc.)		
Total	1,998.07	1,919.39

* The contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2020.

NOTE 25: CURRENT PROVISIONS

Refer Note 1 (xix) for accounting policy on Employee benefits

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 39)	7.49	10.21
Provision for compensated absences	7.48	12.32
Provision for long service award	0.90	0.86
Total	15.87	23.39

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 26: REVENUE FROM OPERATIONS

Refer Note 1 (xviii) for accounting policy on Revenue Recognition

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from contracts with customers		
Sale of Manufactured products	12,676.52	14,895.73
Sale of Traded products	806.96	443.48
Income from services rendered	3.35	3.90
	13,486.83	15,343.11
Other Operating Revenue		
Provision no longer required written back	5.80	9.53
Scrap Sales	23.21	29.76
Government grants*	159.94	174.69
Miscellaneous income (including insurance claim, other services, etc.)	110.20	100.46
Total	13,785.98	15,657.55

* 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, 2020	For the year ended December 31, 2019
Revenue as per Contract price	15,263.40	17,291.37
Less: Discounts and incentives	(1,776.57)	(1,948.26)
Revenue as per Statement of Profit and Loss	13,486.83	15,343.11

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.

Disaggregation of revenue:

Refer Note 45 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 27: OTHER INCOME

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income using the effective interest rate method		
Interest on bank deposits	180.31	162.48
Interest on income tax **	0.02	99.51
Other interest income	5.13	7.50
	185.46	269.49
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	15.83	21.64
Net gain on fair valuation of current financial assets measured at FVTPL*	0.16	0.43
Gain on sale of investment in Subsidiary Company (Refer Note – 57)	12.91	-
Net gain on disposal of Property, Plant and Equipment	-	26.87
Gain on termination of leases	2.38	-
	31.28	48.94
Total	216.74	318.43

* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

**During the previous year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Group recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ₹276.66 Crore. The Group has made a provision of ₹177.18 Crore for matters other than excise incentive in view of uncertainties over tax treatments and considered as probable, resulting in recognition of net income of ₹99.48 Crore.

NOTE 28: COST OF MATERIALS CONSUMED

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the beginning of the year	117.44	185.74
Add: Purchases	1,671.31	2,188.09
	1,788.75	2,373.83
Less: Inventories at the end of the year	115.54	117.44
Total	1,673.21	2,256.39

Details of cost of materials consumed

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Slag	262.08	334.75
Gypsum	258.24	358.69
Fly Ash	332.03	415.45
Cement for Ready Mix Concrete	109.84	172.50
Aggregates	170.75	252.05
Others*	540.27	722.95
Total	1,673.21	2,256.39

*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, 2020

NOTE 29: PURCHASES OF STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Cement	690.26	360.24
Ready Mix Concrete	1.88	1.45
Other Products	4.75	-
Total	696.89	361.69

NOTE 30: CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the end of the year		
Stock-in-trade	14.48	7.90
Finished Goods	111.74	231.32
Work-in-progress	147.84	177.61
	274.06	416.83
Inventories at the Beginning 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
Less: Transfer on sale of Subsidiary Company	0.36	-
	416.47	517.64
Total	142.41	100.81

NOTE 31: EMPLOYEE BENEFITS EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and Wages* (Refer note – 49)	740.45	758.75
Contributions to Provident and other Funds	63.43	59.00
Employee share based payments (Refer Note – 56)	2.66	0.63
Staff welfare expenses	34.67	47.73
Total	841.21	866.11

*Salaries and Wages expense for the year ended December 31, 2020 include ₹20.52 Crore (Previous year – Nil) on account of charge for Employee Separation Scheme.

NOTE 32: FREIGHT AND FORWARDING EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
On clinker transfer	489.83	495.82
On finished and semifinished products	2,926.26	3,536.27
Total	3,416.09	4,032.09

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 33: FINANCE COSTS

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest		
On Income tax	4.76	16.90
On Defined benefit obligation (net) (Refer Note – 39)	13.76	7.91
Interest on deposits from dealers	17.14	33.45
Interest on litigation matters	0.56	17.73
Interest on Lease Liabilities*	9.80	-
Others	9.56	8.36
Unwinding of discount on site restoration provision (Refer Note – 21.1)	1.50	1.92
Total	57.08	86.27

* Subsequent to introduction of Ind AS 116 Leases, the Group has recognised Long-term leases as ROU Assets and created lease obligation representing present value of future minimum lease payments. The unwinding of such obligation is recognised as interest expense.

NOTE 34: DEPRECIATION AND AMORTISATION EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation on Property, Plant and Equipment	607.57	602.67
Amortisation of intangible assets	3.90	3.77
Depreciation on Right of use assets	27.37	-
Total	638.84	606.44

NOTE 35: OTHER EXPENSES

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Consumption of stores and spare parts	225.63	326.95
Consumption of packing materials	386.26	458.13
Rent*	75.59	130.61
Rates and taxes (Refer note – 49)	77.77	140.02
Repairs	131.50	155.17
Insurance	25.79	20.55
Royalty on minerals	240.05	278.77
Advertisement	56.58	111.60
Technology and know-how fees	132.79	152.33
Expected credit loss on Incentives under Government schemes (Refer Note – 51(i))	128.92	-
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note – 51(i))}	37.34	21.51
Corporate Social Responsibility expense (Refer Note 2 below)	32.33	25.07
Miscellaneous expenses (Refer Note – 49 and 1 below)	536.88	675.28
Total	2,087.43	2,495.99

* Includes impact of Ind AS 116 - Leases (Refer Note - 40)

Notes:

- (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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

- (iii) Miscellaneous expenses includes Loss on sale/write-off of Property, Plant and Equipment (net) of ₹10.96 Crore (Previous year – Nil).
 - (iv) Miscellaneous expenses includes net loss of ₹1.74 Crore (Previous year – ₹4.46 Crore) on foreign currency transaction and translation.
 - (v) Miscellaneous expenses includes net gain of ₹0.59 Crore (Previous year – net loss of ₹0.94 Crore) on foreign currency forward contract.
2. Details of Corporate Social Responsibility expenses:
- The Group has spent ₹32.33 Crore (Previous year – ₹25.07 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 ₹31.52 Crore (Previous year – ₹23.90 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 36: 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, 2020	For the year ended December 31, 2019
Profit attributable to equity shareholders (as per Consolidated Statement of Profit and Loss)	1,430.18	1,377.41
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	4,55,369	4,57,816
(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	18,82,42,632	18,82,45,079
Earnings per share		
Face value per share	₹ 10.00	10.00
Basic	₹ 76.16	73.35
Diluted	₹ 75.98	73.17

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 37: 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, 2020	As at December 31, 2019
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 (Refer Note – 57)	Cement and cement related products	India	NA	100%
Singhania Minerals Private Limited*	Cement and cement related products	India	100%	100%

*The financial statements of each of the above Companies are drawn up to the same reporting date as that of the parent company, i.e. December 31, 2020.

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, 2020	As at December 31, 2019
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, 2020	As at December 31, 2019
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, 2020

NOTE 38: 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 summarised 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, 2020	For the year ended December 31, 2019
OnelIndia BSC Private Limited		
Group’s share of profit	(0.65)	1.29
Group’s share of other comprehensive income	-	(0.14)
Group’s share of total comprehensive income	(0.65)	1.15
Aakaash Manufacturing Company Private Limited		
Group’s share of profit	0.66	(0.24)
Group’s share of other comprehensive income	(0.02)	(0.05)
Group’s share of total comprehensive income	0.64	(0.29)
	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Aggregate carrying amount of the Group’s interests in these Joint ventures		
OnelIndia BSC Private Limited	6.31	6.96
Aakaash Manufacturing Company Private Limited	11.89	11.25

b) Associates

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Alcon Cement Company Private Limited		
Group’s share of profit	0.31	0.98
Group’s share of other comprehensive income	(0.02)	(0.06)
Group’s share of total comprehensive income	0.29	0.92
Asian Concretes and Cements Private Limited		
Group’s share of profit	8.60	11.99
Group’s share of other comprehensive income	-	-
Group’s share of total comprehensive income	8.60	11.99
	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Aggregate carrying amount of the Group’s interests in these Associates		
Alcon Cement Company Private Limited	14.22	14.22
Asian Concretes and Cements Private Limited	88.65	80.05

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 39: EMPLOYEE BENEFITS

Refer Note 1 (xix) for accounting policy on Employee benefits

- a) **Defined Contribution Plans** – Amount recognised and included in Note 31 “Contributions to Provident and other Funds” of Consolidated Statement of Profit and Loss ₹15.97 Crore (Previous year – ₹16.60 Crore).
- b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2020.

The Group has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan.

- 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 1, 2005 and separates from service of the Group on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non-funded .
This plan is discontinued with effect from April 30, 2020 for all the eligible employees of management category and benefits accrued is disbursed to the employees.
- iii. Post Employment Medical Benefit plans – This plan is discontinued with effect from July 1, 2020.
- 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, 2020

Defined Benefit Plans as per Actuarial valuation on December 31, 2020

		₹ 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, 2020				
Components recognised in the Consolidated Statement of Profit and Loss				
1	Current service cost	15.16	8.84	-
		13.39	9.07	(0.20)
2	Net Interest cost	2.01	7.39	0.60
		(0.15)	7.33	0.73
3	Loss on Curtailments	-	1.48	-
		-	-	-
4	(Gain) on settlements	-	-	(9.31)
		-	-	-
5	Net benefit expense	17.17	17.71	(8.71)
		13.24	16.40	0.53
Components recognised in Consolidated other comprehensive income (OCI)				
6	Actuarial (gains)/losses arising from change in financial assumptions	7.86	4.58	-
		8.85	5.99	0.64
7	Actuarial (gains)/losses arising from change in experience adjustments	(0.01)	(6.04)	(0.43)
		9.01	2.59	(1.27)
8	Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-	-
		(0.01)	-	-
9	(Gain)/loss on plan assets (Excluding amount included in net interest expenses)	(4.12)	-	-
		(5.73)	-	-
10	Sub-total – Included in OCI	3.44	(1.46)	(0.43)
		12.12	8.58	(0.63)
11	Total expense (5 + 10)	20.61	16.25	(9.14)
		25.36	24.98	(0.10)
II. Amount recognised in Balance Sheet				
1	Present value of Defined Benefit Obligation	(221.90)	(102.23)	-
		(203.75)	(113.35)	(9.16)
2	Fair value of plan assets	214.29	-	-
		174.13	-	-
3	Funded status {Surplus/(Deficit)}	(7.61)	(102.23)	-
		(29.62)	(113.35)	(9.16)
4	Net asset/(liability) as at December 31, 2020	(7.61)	(102.23)	-
		(29.62)	(113.35)	(9.16)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

		₹ Crore		
		Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non-funded	
III. Present value of Defined Benefit Obligation				
1	Present value of Defined Benefit Obligation at beginning of the year	203.75	113.35	9.16
		181.90	102.89	10.18
2	Current service cost	15.16	8.84	-
		13.39	9.07	(0.20)
3	Interest cost	13.05	7.39	0.60
		12.77	7.33	0.73
4	Loss on Curtailments	-	1.48	-
		-	-	-
5	(Gain) on settlements	-	-	(9.31)
		-	-	-
6	Actuarial (gains)/losses arising from changes in financial assumptions	7.86	4.58	-
		8.85	5.99	0.64
7	Actuarial (gains)/losses arising from experience adjustments	(0.01)	(6.04)	(0.43)
		9.01	2.59	(1.27)
8	Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-	-
		(0.01)	-	-
9	Benefits Payments	(17.62)	(27.37)	(0.02)
		(22.16)	(14.52)	(0.92)
10	Present value of Defined Benefit Obligation at the end of the year	221.90	102.23	-
		203.75	113.35	9.16
IV. Fair value of Plan Assets				
1	Plan assets at the beginning of the year	174.13	-	-
		173.45	-	-
2	Interest income	11.04	-	-
		12.92	-	-
3	Contributions by Employer	25.00	-	-
		0.80	-	-
4	Actual benefits paid	-	-	-
		(18.77)	-	-
5	Actuarial gains/(losses) arising from changes in financial assumptions	4.12	-	-
		5.73	-	-
6	Plan assets at the end of the year	214.29	-	-
		174.13	-	-
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)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

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, 2020

Particulars	Gratuity – Funded		Gratuity – Unfunded		PEMB	
	₹ Crore					
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(14.58)	17.07	(7.85)	9.11	-	-
Future salary growth (1% movement)	16.39	(14.54)	8.07	(7.68)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	-	-

Sensitivity Analysis as at December 31, 2019

Particulars	Gratuity – Funded		Gratuity – Unfunded		PEMB	
	₹ Crore					
	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)

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 (%)

	Gratuity	
	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	63%	60%
Debentures and bonds	32%	33%
Equity shares	3%	4%
Cash and cash equivalents		
Fixed deposits	2%	3%
	100%	100%

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

VIII. Actuarial Assumptions

Particulars	As at December 31, 2020	As at December 31, 2019
a) Financial assumptions		
1 Discount rate	6.25%	6.80%
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 (2012-14) (Modified) Ultimate
5 Mortality post-retirement	NA	Mortality for annuitants LIC (1996-98) Ultimate
6 Medical premium inflation	NA	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.
- e) Expected cash flows:

Particulars	Funded Gratuity		Unfunded Gratuity		PEMB	
	₹ Crore					
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
1. Expected employer contribution in the next year	-	-	-	-	-	-
2. Expected benefit payments						
Year 1	27.60	23.54	7.49	9.43	-	0.96
Year 2	27.86	22.98	9.03	9.85	-	0.98
Year 3	24.56	24.87	9.50	10.69	-	1.00
Year 4	24.87	22.45	9.02	11.88	-	1.03
Year 5	21.52	22.79	10.40	10.90	-	1.02
Next 5 years	78.30	77.87	39.90	47.33	-	4.85
Total expected payments	204.71	194.50	85.34	100.08	-	9.84

- 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 ₹17.14 Crore (Previous year – ₹17.87 Crore). Following are the actuarial assumptions used for valuation of Other Long-term employee benefits.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

Actuarial Assumptions		As at December 31, 2020	As at December 31, 2019
a) Financial Assumptions			
1	Discount rate	6.25%	6.80%
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 (2012-14) (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.

Defined benefit plans as per actuarial valuation on December 31, 2020

		₹ Crore	
Particulars		For the year ended December 31, 2020	For the year ended December 31, 2019
I. Components of expense recognised in the Consolidated Statement of Profit and Loss			
1	Current service cost	27.15	25.64
2	Current interest cost	3.76	-
3	Total expense	30.91	25.64
Components recognised in other comprehensive income (OCI)			
4	Actuarial (gains)/losses arising from changes in financial assumptions on Liability	(0.93)	12.72
5	Actuarial (gains)/losses arising from changes in financial assumptions on Plan Assets	5.39	42.49
6	Sub-total – Included in OCI	4.46	55.21
7	Total expense (3 + 6)	35.37	80.85
II. Amount recognised in Consolidated Balance Sheet			
1	Present value of Defined Benefit Obligation	(848.58)	(820.64)
2	Fair value of plan assets	782.27	765.39
3	Funded status {Surplus/(Deficit)}	(66.31)	(55.25)
4	Net asset/(liability) as at end of the year*	(66.31)	(55.25)
III. Present Value of Defined Benefit Obligation			
1	Present value of Defined Benefit Obligation at beginning of the year	820.64	729.68

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

		₹ Crore	
Particulars		For the year ended December 31, 2020	For the year ended December 31, 2019
2	Current service cost	27.15	25.64
3	Interest cost	70.88	62.66
4	Employee Contributions	73.92	63.32
5	Actuarial (gains)/losses arising from changes in financial assumptions	15.38	-
6	Actuarial (gains)/losses arising from experience adjustments	(16.31)	12.72
7	Benefits Payments	(154.74)	(82.35)
8	Increase/(Decrease) due to effect of any transfers	11.66	8.97
9	Present value of Defined Benefit Obligation at the end of the year	848.58	820.64
IV. Fair Value of Plan Assets			
1	Plan assets at the beginning of the year	765.39	729.65
2	Interest income	67.12	62.66
3	Contributions by Employer	24.31	25.64
4	Contributions by Employee	73.92	63.32
5	Actual benefits paid	(154.74)	(82.35)
6	Net transfer in/(out)	11.66	8.97
7	Actuarial gains/(losses) arising from changes in financial assumptions	(5.39)	(42.50)
8	Plan assets at the end of the year	782.27	765.39
V. Weighted Average duration of Defined Benefit Obligation		10 years	10 years

* 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 previous 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.

VI. The major categories of plan assets as a percentage of total plan

Particulars	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	57%	29%
Debentures and bonds	9%	68%
Equity instruments		
Cash and Cash equivalent	22%	-
	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, 2020	As at December 31, 2019
Discounting rate	6.25%	6.80%
Guaranteed interest rate	8.50%	8.65%
Yield on assets based on the Purchase price and outstanding term of maturity	8.10%	8.60%

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

VIII. Sensitivity analysis for factors mentioned in Actuarial Assumptions

Particulars	As at December 31, 2020		As at December 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.45)	5.30	(2.43)	1.45
Interest rate guarantee (1% movement)	56.54	(29.37)	42.20	(19.18)

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 ₹25.00 Crore (*Previous year – ₹27.00 Crore*) to trust managed Provident Fund in the next year.

NOTE 40: LEASES

Refer Note 1 (xxiii) for accounting policy on Leases

(I) Transition Disclosures for Ind AS 116

The Group has adopted Ind AS 116 effective January 1, 2020, using 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, are recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted with the incremental borrowing rate as of that date. Furthermore, the Group has chosen the option whereby the right-of-use asset is equal to the lease liability at the initial application of Ind AS 116.

The following is the summary of practical expedients elected on initial application:

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
- Excluded the initial direct costs from the measurement of the Right of use assets (ROU) at the date of initial application.
- The Group has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at January 1, 2020
- The Group has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

- (II) The weighted average incremental borrowing rate at the date of initial application of Ind AS 116 used for the discounting as of January 1, 2020 is based on the Group's Portfolio of leases and equals 8.50 percent.

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for the year ended December 31, 2020

- (III) Reconciliation of undiscounted operating lease commitments as of December 31, 2019 to the recognised lease liability as of January 1, 2020

	₹ Crore
Operating lease commitments as of December 31, 2019	174.61
Exemption of commitments for short-term leases	(5.98)
Exemption of commitments for leases of low value assets	(0.04)
Undiscounted future lease payments from operating leases	168.59
Effect of discounting	(36.98)
Lease liabilities as of January 1, 2020	131.61

The Group recognised ROU assets for the following assets categories:

	₹ Crore		
Right of Use Assets Category	Cement	Ready Mix Concrete	Total
Lease hold Land	0.03	69.66	69.69
Buildings	4.89	0.14	5.03
Plant and Equipment	-	56.45	56.45
Vehicles	0.44	-	0.44
Total	5.36	126.25	131.61

(IV) The effect of implementing Standard in the Statement of Profit and Loss is as under:

- Other expenses are lower by ₹32.05 Crore.
- Depreciation and Amortisation expenses is higher by ₹26.83 Crore.
- Finance costs are higher by ₹9.80 Crore.

- (V) The Group has entered into long-term leasing arrangements for land which are 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. The Group has reclassified these assets from Property, Plant and Equipment to Right of use assets pursuant to adoption of Ind AS 116.

Particulars	As at January 1, 2020		
	Gross Carrying Value	Accumulated depreciation	Net Carrying Value
Leasehold Land	39.47	1.86	37.61

Disclosure for the year ended December 31, 2020 as per Ind AS 116:

Group as lessee

The Group's lease asset classes primarily consist of leases for grinding facility, godowns, flats, land, Plant and Equipment, office premises and other premises. There are no restrictions imposed by lease arrangements. There are no subleases.

- (VI) The operating cash flows for the year ended December 31, 2020 has increased by ₹24.59 Crore and the financing cash flows have decreased by ₹24.59 Crore as repayment of lease liabilities and related interest has been classified as cash flows from financing activities.
- (VII) As at December 31, 2020, commitments for leases not yet commenced is ₹37.80 Crore towards leasehold land for a lease term of 30 years.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

(VIII) The movement in lease liabilities during the year ended December 31, 2020 is as follows :

Particulars	₹ Crore
	As at December 31, 2020
Balance at the January 1, 2020	131.61
Additions During the Year	8.20
Finance cost accrued during the period	9.80
Lease Modification	(7.46)
Payment of lease liabilities	(24.59)
Termination of Lease contracts	(15.08)
Balance at December 31, 2020	102.48
Current lease liabilities	18.50
Non-current lease liabilities	83.98

(IX) The maturity analysis of lease liabilities are disclosed in Note 51 (ii) – Liquidity risk

(X) Lease Expenses recognised in Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	₹ Crore
	For the year ended December 31, 2020
Expense relating to short-term leases	48.98
Expense relating to leases low- value assets	0.04
Expense in respect of variable lease payments	28.40
	72.42

Operating Lease Disclosures under earlier Ind AS 17

Refer Note 1 (XXIII) for accounting policy on Leases.

Operating lease commitments — Group as lessee

Operating lease payment of ₹133.28 Crore recognised in the Statement of Profit and Loss for the year ended December 31, 2019.

Future minimum rental payables under non-cancellable operating leases are as follows:

Particulars	₹ Crore
	As at December 31, 2019
(i) Not later than one year	35.00
(ii) Later than one year and not later than five years	98.81
(iii) Later than five years	40.80
	174.61

NOTE 41: CAPITAL AND OTHER COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account and not provided for:

	₹ Crore
	As at December 31, 2020
A) Estimated value of contracts on capital account remaining to be executed (Net of advance)	1,074.26
	460.97

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

	₹ Crore
	As at December 31, 2020
B) For commitments relating to lease arrangements, Refer Note – 40	

NOTE 42: 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:

Nature of Statute	Brief Description of Contingent Liabilities	₹ Crore
		As at December 31, 2020
Competition Act, 2002	CCI matter – Refer Notes a & b below	1,749.85
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts Refer Notes e below	604.44
Service Tax – The Finance Act, 1994	Refer Note c below	90.98
Claims for mining lease rent	Refer Note d below	212.22
Sales Tax Act/Commercial Tax Act of various states	Packing Material – Differential rate of tax. Matters pending with various authorities	20.52
	Other Sales tax matters	9.65
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
Other Statutes/Other Claims	Claims by suppliers regarding supply of raw material and other claim	35.89
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court.	9.80
	Various other cases pertaining to claims related to Railways, labour laws, etc	16.08
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. (Refer Note – 57)	-
	Demand of additional Royalty on Limestone based on cement produced vis-à-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
	Other royalty demand	-
		0.99
	Total	2,788.33
		2,670.09

In respect of above matters, future cash outflows are determinable only on receipt of judgements 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, 2020

- 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 Section 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, 2020 is ₹566.94 Crore (*Previous Year – ₹436.48 Crore*). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgements dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

Against the above judgement of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 5, 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 1, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s Ultratech Cement (Chhattisgarh 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 1, 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 Central Board of Indirect Taxes and Customs (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 1.4.1997 to 31.3.2014 and 1.4.2014 to 31.3.2019, 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

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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 judgement 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 Judgement 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.

- e) The Group 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 Group had received one favourable order from the Assessing Officer in the year 2017.

During the year 2018, the matter was 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, 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.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the year 2018 in respect of excise incentives for two years. In the previous year, the ITAT had directed the Assessing Officer to re-examine and take final decision independently.

Pending final closure of this matter, tax amount of ₹500.63 Crore (*Previous year – ₹500.63 Crore*) along with interest payable of ₹103.81 Crore (*Previous year – ₹97.37 Crore*) has been disclosed under contingent liabilities.

NOTE 43: 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 judgement 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 modernisation and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid for each financial year. However, no disbursements

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for the year ended December 31, 2020

- 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.
- 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.

Notes to the Consolidated Financial Statements

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- On January 2, 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 up to 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 up to March 2030 permitting the Company to commence mining operations after depositing ₹48 Crore, being assessed value of materials dispatched between April 2014 to September 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 44. RELATED PARTY DISCLOSURE

(A) Names of the Related parties where control exists:

	Nature of Relationship
1 LafargeHolcim Ltd, Switzerland	Ultimate Holding Company
2 Holderind Investments Ltd, Mauritius	Holding Company of 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 Holcim Services (South Asia) Limited	Fellow Subsidiary
5 Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
6 Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
7 Holcim Technology Ltd, Switzerland	Fellow Subsidiary
8 LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
9 LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
10 LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
11 Lafarge SA, France	Fellow Subsidiary
12 LH Global Hub Services Private Limited	Fellow Subsidiary
13 Lafarge International Services Singapore Pte Ltd	Fellow Subsidiary
14 PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (up to January 31, 2019)
15 Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16 Asian Fine Cement Private Limited	Subsidiary of Asian Concretes and Cements Private Limited
17 The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
18 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).

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(b) Name of the Related Parties:

	Nature of Relationship
1 Mr Neeraj Akhoury	Managing Director & CEO (up to February 20, 2020) Additional Director (w.e.f. February 21, 2020) Non-executive/Non-independent Director (w.e.f. July 6, 2020)
2 Mr Sridhar Balakrishnan	Managing Director & CEO (w.e.f. February 21, 2020)
3 Mr Sunil K. Nayak	Chief Financial Officer (up to July 31, 2019)
4 Ms Rajani Kesari	Chief Financial Officer (w.e.f. August 1, 2019 and up to August 31, 2020)
5 Mr Yatin Malhotra	Chief Financial Officer (w.e.f. September 1, 2020)
6 Mr Ramaswami Kalidas	Company Secretary (up to September 26, 2019)
7 Mr Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
8 Mr N. S. Sekhsaria	Chairman, Non-executive/Non-independent Director
9 Mr Jan Jenisch	Deputy Chairman, Non-executive/Non-independent Director
10 Mr Martin Kriegner	Non-executive/Non-independent Director
11 Mr Shailesh Haribhakti	Independent Director
12 Mr Sushil Kumar Roongta	Independent Director
13 Mr Ashwin Dani	Independent Director (up to March 22, 2019)
14 Mr Farrokh K Kavarana	Independent Director (up to March 22, 2019)
15 Mr Vijay Kumar Sharma	Non-independent Director (up to July 20, 2020)
16 Mr Arunkumar R Gandhi	Independent Director (up to March 22, 2019)
17 Ms Falguni Nayar	Independent Director
18 Mr Christof Hassig	Non-executive/Non-independent Director (up to February 20, 2020)
19 Mr Damodarannair Sundaram	Independent Director (w.e.f. March 22, 2019)
20 Mr Vinayak Chatterjee	Independent Director (w.e.f. March 22, 2019)
21 Mr Sunil Mehta	Independent Director (w.e.f. March 22, 2019)
22 Mr M. R. Kumar	Non-independent Director (w.e.f. October 19, 2020)

(C) Transactions with Joint Venture Companies

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
1 Purchase of Finished Goods	86.59	100.86
Aakaash Manufacturing Company Private Limited {Refer Note 48 (ii)}	86.59	100.86
2 Sale of Finished Goods	8.00	12.52
Aakaash Manufacturing Company Private Limited	8.00	12.52
3 Receiving of Services	17.44	27.15
OneIndia BSC Private Limited	17.44	27.15
4 Dividend Received	-	1.32
Aakaash Manufacturing Company Private Limited	-	1.32
5 Reimbursement of Expenses Paid/Payable	1.22	-
Aakaash Manufacturing Company Private Limited	1.22	-
6 Reimbursement of Expenses Received/Receivable	-	0.02
Aakaash Manufacturing Company Private Limited	-	0.02
7 Other recoveries (Net)	-	2.80
Aakaash Manufacturing Company Private Limited	-	2.80

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Outstanding balances with Joint venture Companies

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
1 Outstanding balance included in Trade receivables	1.59	0.96
Aakaash Manufacturing Company Private Limited	1.59	0.96
2 Outstanding balance included in Trade payables	21.17	16.33
Aakaash Manufacturing Company Private Limited	20.64	14.06
OneIndia BSC Private Limited	0.53	2.27

(D) Transactions with Associate Companies

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
1 Purchase of Finished Goods	47.77	68.46
Alcon Cement Company Private Limited {Refer Note – 48 (i)}	47.77	68.46
2 Purchase of Raw Materials	4.87	11.19
Asian Concretes and Cements Private Limited	4.87	11.19
3 Sale of Unfinished Goods	15.68	20.78
Alcon Cement Company Private Limited {Refer Note – 48 (i)}	14.18	20.78
Asian Fine Cement Private Limited	1.50	-
4 Dividend Received	0.29	0.37
Alcon Cement Company Private Limited	0.29	0.37
5 Receiving of Services	62.10	107.60
Asian Concretes and Cements Private Limited	62.10	107.60
6 Reimbursement of Expenses Received/Receivable	11.24	13.47
Alcon Cement Company Private Limited	11.24	13.47
7 Reimbursement of Expenses Paid/Payable	2.38	2.22
Alcon Cement Company Private Limited	0.14	1.67
Asian Concretes and Cements Private Limited	2.24	0.55

Outstanding balances with Associate Companies

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
1 Outstanding balance included in Trade receivables	6.39	6.81
Alcon Cement Company Private Limited	6.39	6.81
2 Outstanding balance included in Trade payables	12.75	17.80
Asian Concretes and Cements Private Limited	6.16	14.69
Alcon Cement Company Private Limited	6.09	3.11
Asian Fine Cement Private Limited	0.50	-

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(E) Details of Transactions relating to Ultimate Holding and Holding Companies

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
1	Dividend paid	143.36	143.36
	Ambuja Cements Limited	131.58	131.58
	Holderind Investments Limited	11.78	11.78
2	Purchase of Raw materials	15.83	0.80
	Ambuja Cements Limited	15.83	0.80
3	Purchase of Finished/Unfinished goods	498.37	112.87
	Ambuja Cements Limited	498.37	112.87
4	Purchase of Stores & Spares	1.75	0.44
	Ambuja Cements Limited	1.75	0.44
5	Purchase of Property, Plant and Equipments	1.28	-
	Ambuja Cements Limited	1.28	-
6	Sale of Finished/Unfinished Goods	220.25	101.39
	Ambuja Cements Limited	220.25	101.39
7	Sale of Raw Material	1.76	1.44
	Ambuja Cements Limited	1.76	1.44
8	Sale of Stores & Spares	0.36	1.17
	Ambuja Cements Limited	0.36	1.17
9	Sale of Scrap	-	0.11
	Ambuja Cements Limited	-	0.11
10	Sale of Property, Plant and Equipments	0.72	-
	Ambuja Cements Limited	0.72	-
11	Rendering of Services	53.44	42.46
	Ambuja Cements Limited	53.44	42.46
12	Receiving of Services	39.58	32.71
	Ambuja Cements Limited	39.58	32.71
13	Reimbursement of Expenses Received/Receivable	0.06	0.04
	Ambuja Cements Limited	0.06	0.01
	LafargeHolcim Ltd	-	0.03
14	Reimbursement of Expenses Paid/Payable	1.45	9.74
	Ambuja Cements Limited	1.45	9.74

Outstanding balances with Ultimate Holding and Holding Companies

		₹ Crore	
		As at December 31, 2020	As at December 31, 2019
1	Outstanding balance included in Trade receivables	24.36	29.05
	Ambuja Cements Limited	24.36	29.02
	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	68.11	43.72
	Ambuja Cements Limited	68.11	43.72

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for the year ended December 31, 2020

(F) Details of Transactions relating to Fellow Subsidiary Companies/Joint Venture of Holding Company

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
1	Purchase of Raw materials	210.25	238.94
	LafargeHolcim Energy Solutions SAS	210.04	237.84
	Counto Microfine Products Private Limited	0.21	1.10
2	Sale of Finished/Unfinished Goods	0.03	0.11
	Counto Microfine Products Private Limited	0.03	0.11
3	Technology and Know-how fees	132.79	152.33
	Holcim Technology Ltd	132.79	152.33
4	Receiving of Services	64.54	64.76
	Holcim Services (South Asia) Limited	52.43	59.53
	Holcim Group Services Ltd	-	0.33
	Lafarge SA	0.66	2.79
	Holcim Technology Ltd	0.37	2.11
	LH Global Hub Services Private Limited	11.08	-
5	Rendering of Services	11.05	11.05
	Holcim Services (South Asia) Limited	9.63	9.33
	Lafarge SA	0.79	1.72
	Holcim Technology Ltd	0.63	-
6	Expense recognised in respect of doubtful debts*	1.73	-
	Holcim Technology Ltd	1.45	-
	LafargeHolcim Trading Pte Ltd	0.13	-
	PT Holcim Indonesia Tbk	0.15	-
7	Reimbursement of Expenses Paid/Payable	1.77	-
	Lafargeholcim Energy Solutions SAS	0.27	-
	Lafarge International Services Singapore Pte Ltd	1.47	-
	Holcim Group Services Ltd	0.03	-
8	Reimbursement of Expenses Received/Receivable	1.48	2.69
	Lafargeholcim Energy Solutions SAS	0.51	0.76
	LafargeHolcim Trading Pte Ltd	-	1.92
	Holcim Technology Ltd	0.78	0.01
	LH Global Hub Services Private Limited	0.19	-

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Outstanding balances with Fellow Subsidiary Companies/Joint Venture of Holding Company

₹ Crore		
	As at December 31, 2020	As at December 31, 2019
1 Outstanding balance included in Trade receivables	5.23	11.89
Holcim Services (South Asia) Limited	4.78	5.93
Lafarge SA	0.03	2.22
Holcim Technology Ltd	0.21	3.37
PT Holcim Indonesia Tbk	-	0.15
Lafarge Holcim Trading Pte Limited	-	0.13
Counto Microfine Product Pvt Ltd	-	0.06
Holcim Cement (Bangladesh) Ltd	-	0.01
LafargeHolcim Bangladesh Ltd	0.02	0.02
LH Global Hub Services Private Limited	0.19	-
2 Outstanding balance included in Trade payables	38.88	49.84
LafargeHolcim Energy Solutions SAS	1.93	5.14
Holcim Technology Ltd	29.91	34.54
Counto Microfine Products Private Limited	0.04	0.20
Holcim Services (South Asia) Limited	5.33	9.92
Holcim Group Services Ltd	0.03	0.04
Lafarge SA	0.17	-
Lafarge International Services Singapore Pte Ltd	1.47	-

(G) Details of Transactions with Key Management Personnel

₹ Crore		
	For the year ended December 31, 2020	For the year ended December 31, 2019
1 Remuneration**	16.44	13.56
Mr Neeraj Akhoury	6.15	8.90
Mr Sridhar Balakrishnan	3.32	-
Mr Sunil K. Nayak	-	1.95
Mr Ramaswami Kalidas	-	0.84
Ms Rajani Kesari	4.10	1.49
Mr Rajiv Choubey	2.27	0.38
Mr Yatin Malhotra	0.60	-
Breakup of Remuneration	16.44	13.56
Short-term employee benefits	15.83	12.53
Post employment benefits (including defined contribution and defined benefits)**	0.35	0.86
Other long-term benefits**	-	-
Employee share based payments (Refer Note – 56)	0.26	0.17
2 Other Payment to Key Management Personnel		
Commission Payable	2.97	3.19
Mr N. S. Sekhsaria	0.50	0.50
Mr Martin Kriegner#	-	-
Mr Shailesh Haribhakti	0.36	0.36
Mr Sushil Kumar Roongta	0.36	0.36
Mr Vijay Kumar Sharma	0.11	0.20
Mr Jan Jenisch	0.20	0.20

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for the year ended December 31, 2020

(G) Details of Transactions with Key Management Personnel (Cont..)

₹ Crore		
	For the year ended December 31, 2020	For the year ended December 31, 2019
Ms Falguni Nayar	0.20	0.20
Mr Christof Hassig	0.03	0.20
Mr Sunil Mehta	0.36	0.28
Mr Damodarannair Sundaram	0.45	0.35
Mr Vinayak Chatterjee	0.36	0.28
Mr M. R. Kumar	0.04	-
Mr Arunkumar Gandhi	-	0.10
Mr Ashwin Dani	-	0.08
Mr Farrokh Kavarana	-	0.08
Mr Neeraj Akhoury	-	-
Sitting Fees	0.78	0.47
Mr N. S. Sekhsaria	0.07	0.04
Mr Martin Kriegner#	-	-
Mr Shailesh Haribhakti	0.11	0.07
Mr Sushil Kumar Roongta	0.11	0.09
Mr Vijay Kumar Sharma	0.03	0.03
Mr Jan Jenisch	0.02	0.01
Ms Falguni Nayar	0.06	0.03
Mr Christof Hassig	0.01	0.02
Mr Sunil Mehta	0.12	0.04
Mr Damodarannair Sundaram	0.12	0.05
Mr Vinayak Chatterjee	0.12	0.05
Mr M. R. Kumar	0.01	-
Mr Arunkumar Gandhi	-	0.01
Mr Ashwin Dani	-	0.01
Mr Farrokh Kavarana	-	0.02
Mr Neeraj Akhoury#	-	-

* Reimbursements and cost sharing expenses receivable from the Group companies written off.

** 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.

Waived their right to receive Directors' commission and sitting fees.

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 ₹24.31 Crore (Previous year – ₹25.64 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 ₹25.00 Crore (Previous year – ₹0.80 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 45: 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 organisation 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.

Information about primary business segments

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
REVENUE						
External sales	12,531.41	13,870.08	955.42	1,473.03	13,486.83	15,343.11
Inter-segment sales	126.76	190.23	2.49	1.58	129.25	191.81
Other operating revenue	295.50	306.50	3.65	7.94	299.15	314.44
	12,953.67	14,366.81	961.56	1,482.55	13,915.23	15,849.36
Less: Elimination	126.76	190.23	2.49	1.58	129.25	191.81
Total revenue	12,826.91	14,176.58	959.07	1,480.97	13,785.98	15,657.55
Operating EBITDA	2,295.03	2,259.62	60.08	153.16	2,355.11	2,412.78
Segment result	1,707.48	1,703.52	13.51	133.21	1,720.99	1,836.73
Unallocated corporate Income net of unallocated expenditure					26.56	18.55
Operating Profit					1,747.55	1,855.28
Finance costs					(57.08)	(86.27)
Interest and dividend income					185.46	269.49
Share of profit from associates and joint ventures					8.93	14.02
Exceptional item (Refer Note – 2 (3))					(176.01)	-
Tax expenses (Refer Note – 22)					(278.59)	(674.98)
Profit after tax					1,430.26	1,377.54

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for the year ended December 31, 2020

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019	Year ended December 31, 2020	Year ended December 31, 2019
Capital expenditure (including capital work-in-progress and capital advances)	702.21	498.26	17.32	27.44	719.53	525.70
Depreciation and amortisation	592.26	587.51	46.58	18.93	638.84	606.44
Other non-cash expenses						
Impairment losses	176.01	-	-	-	176.01	-
Expected credit loss on Incentives under Government schemes	128.92	-	-	-	128.92	-
Others	18.39	11.10	32.05	18.37	50.44	29.47

	Cement		Ready Mix Concrete		Total	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Segment assets	10,546.28	10,979.56	447.99	470.27	10,994.27	11,449.83
Unallocated corporate assets					7,205.96	5,686.15
Total assets					18,200.23	17,135.98
Segment liabilities	3,915.48	3,806.50	416.54	355.15	4,332.02	4,161.65
Unallocated corporate liabilities					1,165.84	1,427.40
Total liabilities					5,497.86	5,589.05

	For the year ended December 31, 2020		For the year ended December 31, 2019	
Sales from external customer				
Within India	13,482.07		15,341.39	
Outside India *	4.76		1.72	
Total	13,486.83		15,343.11	

No single customer contributed 10% or more to the Group’s revenue for the year ended December 31, 2020 and December 31, 2019.

* Sales outside India are in functional currency.

All the non-current assets are located within India

Cash flows arising from the reportable segments:

	Cement		Ready Mix Concrete		Unallocated		Total	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Net Cash flow from operating activities	3,071.36	2,890.14	11.96	17.00	(864.13)	(652.43)	2,219.19	2,254.71
Net cash used in investing activities	(735.32)	(467.23)	(12.53)	(27.68)	212.70	173.25	(535.15)	(321.66)
Net cash used in financing activities	(1.80)	-	(22.79)	-	(302.77)	(374.16)	(327.36)	(374.16)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 46:

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, 2020	As at December 31, 2019
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) Interest due on above	6.30	11.27
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 47:

- (i) 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 judgement 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 judgement on March 9, 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 re-imbursement of expenses incurred up to the date of vesting order. In respect of other three blocks, auctioning dates are yet to be announced.
- (ii) The Group has investment of ₹2.50 Crore (Previous year – ₹2.50 Crore) in equity shares of OneIndia BSC Private Limited (‘BSC’), joint venture of ACC Limited. BSC is engaged in the business of providing business shared services. The Master service agreement (MSA) for these services was entered for a period of 5 years ending December 31, 2020. The MSA agreement is not renewed. Accordingly, the financial statements of BSC for the year ended December 31, 2020 has not been prepared on going concern basis. BSC is currently not under liquidation. The management believes that amount of investment in BSC is recoverable and no impairment is necessary given the positive net worth of ₹13.09 Crore and net current assets value of ₹9.59 Crore as at December 31, 2020.

NOTE 48:

- (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 ₹11.08 Crore (Previous year – ₹16.24 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 – 40)

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

- (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 ₹73.18 Crore (Previous year – ₹85.34 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

NOTE 49: CAPITALISATION OF EXPENDITURE

During the year, the following amount of expenditures are recognised in the carrying amount of Property, Plant and Equipment / Capital work in progress (CWIP) in the course of its construction. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Group.

	₹ Crore	
	2020	2019
Balance at the beginning of the year	17.53	4.99
Expenditure during construction for projects:		
Employee benefits expense*	23.43	11.68
Rates and taxes **	0.80	1.86
Power and fuel**	0.56	-
Miscellaneous expenses **	2.02	-
Total	44.34	18.53
Less: Capitalised during the year	5.25	1.00
Balance at the end of the year	39.09	17.53

* Employee benefits expense represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.

** Miscellaneous expense, power and fuel 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 the management.

NOTE 50: FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

Particulars	Note No.	₹ Crore	
		Carrying value	
		As at December 31, 2020	As at December 31, 2019
Financial assets			
1. Measured at Fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
Investment in Unquoted equity shares	6	4.50	-
Cash and cash equivalents – Mutual funds	12	615.63	757.51
(b) Designated as at FVTPL		-	-
2. Measured at amortised cost			
Cash and cash equivalents (Certificates of deposits and other deposits)	12	250.00	1,492.98
Other Cash and cash equivalents (Balances with banks)	12	4,983.73	2,242.04
Bank balances other than Cash and Cash Equivalents	13	156.34	155.20
Investments in Bonds	6	3.70	3.70
Security deposits (Current and Non-current)	7 & 14	177.53	154.10
Loans and Other financial assets (Current and Non-current)	7, 8, 14 & 15	929.35	898.92
Trade receivables	11	451.41	626.65
3. Measured at fair value through Other Comprehensive Income		-	-
Total		7,572.19	6,331.10

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Particulars	Note No.	₹ Crore	
		Carrying value	
		As at December 31, 2020	As at December 31, 2019
Financial liabilities			
1. Measured at FVTPL			
Foreign currency forward contract	23	0.28	-
2. Measured at amortised cost			
Trade payables		1,422.23	1,474.98
Security deposits and retention money	23	801.90	711.49
Lease Liabilities	20 & 23	102.48	-
Other financial liabilities	23	207.68	226.01
Total		2,534.57	2,412.48

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.

(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:

Particulars	₹ Crore	
	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Financial assets measured at amortised cost		
Interest income	(185.44)	(169.98)
Impairment losses on trade receivables (including reversals of impairment losses)	37.34	21.51
Expected credit loss on Incentives under Government schemes	128.92	-
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(15.83)	(21.64)
Net gain on fair valuation of current financial assets	(0.16)	(0.43)
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	1.74	4.46
Interest expenses on deposits from dealers	17.14	33.45
Interest expenses on lease liabilities	9.80	-
Derivatives – Foreign exchange forward contracts		
Net (gain)/loss on foreign currency forward contract	0.59	(0.94)
Net gain recognised in the Consolidated Statement of Profit and Loss	(5.90)	(133.57)

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(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.

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, 2020				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	4.50	4.50
Cash and cash equivalents – Mutual funds	615.63	-	-	615.63
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	0.28	-	0.28
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	-	-	-	-

During the reporting period ending December 31, 2020 and December 31, 2019, there was no transfer between level 1 and level 2 fair value measurement.

Notes to the Consolidated Financial Statements

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The following methods and assumptions were used to estimate the fair values:

- 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.
- Level 3: Investments in equity shares included in Level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range

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.

NOTE 51: 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 minimise 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 minimise 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, lease liabilities 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

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

(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.

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.

Incentives receivable from the Government

The Company’s manufacturing units in various states; mainly those in Maharashtra and Jharkhand are eligible for incentives under the respective State Industrial Policy. The Company accrued these incentives as refund claims in respect of VAT/GST paid, on the basis that all attaching conditions were fulfilled by the Company and there was reasonable assurance that the incentive claims will be disbursed by the State Governments.

During the current year, in view of the management re-assessing the expected recovery period for incentives receivables, a charge of ₹128.92 Crore due to time value of money computed based on the expected credit loss method is included in Other Expenses.

The Company is confident about the ultimate realisation of the dues from the State Governments and there is no risk of default.

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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

Summary of the Group’s exposure to credit risk by age of the outstanding from various customers is as follows:

	As at December 31, 2020	As at December 31, 2019
Neither past due nor impaired	221.21	219.47
Past due not impaired		
- 1-180 days	214.63	375.02
- more than 180 days	15.56	32.16
Past due impaired		
- 1-180 days	1.18	1.96
- more than 180 days	66.12	39.17
Total	518.70	667.78

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 summarises the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	₹ Crore
As at January 1, 2019	24.65
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	41.13
Provided during the year	39.64
Amounts utilised	(11.18)
Reversals of Provision	(2.30)
As at December 31, 2020	67.29

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 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

(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.

	Carrying amount	Less than 1 year	1 -5 Years	More than 5 years	Total
As at December 31, 2020					
Other financial liabilities*	1,009.58	1,030.06	-	-	1,030.06
Lease Liabilities	102.48	26.10	76.18	29.15	131.43
Foreign currency forward contract	0.28	0.28	-	-	0.28
Trade payables	1,422.23	1,422.23	-	-	1,422.23
	2,534.57	2,478.67	76.18	29.15	2,584.00

	Carrying amount	Less than 1 year	1 -5 Years	More than 5 years	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

*Other financial liabilities includes deposits received from customers amounting to ₹706.63 Crore (Previous year – ₹641.59 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.

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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

The carrying amounts of the Group’s foreign currency denominated monetary assets at the end of the reporting periods expressed in ₹, are as follows:

As at December 31, 2020	₹ Crore			
	USD	EUR	CHF	GBP
Trade Payable	5.19	6.33	0.11	0.01
Foreign exchange derivative contracts	(0.35)	-	-	-
Net exposure to foreign currency risk (liabilities)	4.84	6.33	0.11	0.01

As at December 31, 2020	₹ Crore					
	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

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	₹ Crore			
	As at December 31, 2020		As at December 31, 2019	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
USD	0.21	(0.21)	0.20	(0.20)
EUR	0.32	(0.32)	0.11	(0.11)
CHF	0.01	(0.01)	-	-
SEK	-	-	0.04	(0.04)
TOTAL	0.54	(0.54)	0.35	(0.35)

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

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 optimise 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, 2020 would decrease/increase by ₹3.53 Crore (Previous year – ₹3.18 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 52: 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.

	Note No.	₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Total Debt		-	-
Less: Cash and cash equivalents	12	(5,849.36)	(4,492.53)
Net Debt		(5,849.36)	(4,492.53)
Equity attributable to owners of the parent	18 & 19	12,699.13	11,543.77
Debt to Equity (Net)		NA	NA

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 53: 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, 2020	As at December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020	December 31, 2020
Parent								
ACC Limited	100.02	12,702.74	99.17	1,418.19	99.72	(14.54)	99.16	1,403.65
Subsidiaries								
Indian								
Bulk Cement Corporation (India) Limited	0.16	20.71	0.11	1.58	-	-	0.11	1.58
ACC Mineral Resources Limited	(0.29)	(37.40)	0.20	2.89	-	-	0.20	2.89
Lucky Minmat Limited	(0.27)	(34.17)	(0.03)	(0.49)	-	-	(0.03)	(0.49)
National Limestone Company Private Limited (Refer Note – 57)	-	-	(0.02)	(0.29)	-	-	(0.02)	(0.29)
Singhania Minerals Private Limited	(0.02)	(3.01)	(0.04)	(0.54)	-	-	(0.04)	(0.54)
Non-controlling interests in all subsidiaries	(0.03)	(3.24)	(0.01)	(0.08)	-	-	(0.01)	(0.08)
Associates (Investment as per the equity method)								
Indian								
Alcon Cement Company Private Limited	(0.06)	(8.03)	0.02	0.31	0.14	(0.02)	0.02	0.29
Asian Concretes and Cements Private Limited	0.41	51.84	0.60	8.60	-	-	0.61	8.60
Joint Ventures (Investment as per the equity method)								
Indian								
OneIndia BSC Private Limited	0.03	3.81	(0.05)	(0.65)	-	-	(0.05)	(0.65)
Aakaash Manufacturing Company Private Limited	0.05	5.88	0.05	0.66	0.14	(0.02)	0.05	0.64
TOTAL	100.00	12,699.13	100.00	1,430.18	100.00	(14.58)	100.00	1,415.60

* 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, 2020.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

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	1,354.79	99.50	(48.98)	98.32	1,305.81
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)
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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 54: DIVIDEND DISTRIBUTION AND PROPOSED DIVIDEND

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2019 ₹ Nil per share (Previous year – ₹14 per share for 2018)	-	262.90
Interim dividend for the year ended December 31, 2019 ₹14 per share (Previous year – ₹ Nil)*	262.90	-
Dividend distribution tax on final dividend#	-	54.04
	262.90	316.94
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2020: ₹14 per share	262.90	-
Dividend for the year ended December 31, 2019: ₹14 per share*	-	262.90
	262.90	262.90

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at December 31.

* Subsequent to the year end, the Board of Directors decided to revoke the recommendation for payment of final dividend for the Financial Year ended December 31, 2019 and declared payment of interim dividend for the financial year ended December 31, 2019 at ₹14 per share.

Dividend Distribution Tax is abolished with effect from April 1, 2020.

NOTE 55: GOODWILL ON CONSOLIDATION

Movement in Goodwill on consolidation

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Carrying amount as at beginning of the year	15.57	15.57
Derecognition in the view of divestment (Refer Note – 57)	(5.38)	-
Net carrying value as at end of the year	10.19	15.57

Goodwill of ₹10.19 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, 2020	As at December 31, 2019
Lucky Minmat Limited (LML)	6.42	6.42
National Limestone Company Private Limited (NLCPL)	-	5.38
Singhania Minerals Private Limited (SMPL)	3.28	3.28
Bulk Cement Corporation (India) Limited (BCCI)	0.49	0.49
TOTAL	10.19	15.57

Of the above CGUs, LML 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.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.

As at December 31, 2020, 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%.
4. Weighted average cost of capital (WACC) of these Companies are estimated as 15.50%

The Group 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 56: 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.

7,800 (Previous Year – 9,000) performance shares at a fair value of ₹3,352 per share (Previous year – ₹3405 per share) were granted in 2020. 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, ₹2.66 Crore (Previous 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.

Information related to awards granted through the Performance Share Plan is presented below:

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
As at January 1	9,000	-
Granted	7,800	9,000
Forfeited	(600)	-
Delivered	-	-
As at December 31	16,200	9,000

Fair value of shares granted is determined based on the estimated achievement of LafargeHolcim Earnings per Share, Return on Invested Capital and Sustainability indicators.

NOTE 57:

The Group divested 2,00,000 Equity Shares representing 100% stake in National Limestone Company Private Limited (NLCPL) under a Share Purchase Agreement dated November 18, 2020. The Company has received the entire consideration amount of ₹20 Crore and the necessary instructions have been lodged with the depository to transfer the shares to the acquirer in accordance with the provisions of the Companies Act, 2013 and SEBI Regulations. Further the Company’s nominee directors stepped down from NLCPL Board allowing reconstitution of the Board by the acquirers. With the completion of the sale formalities and ceding of control, NLCPL has ceased to be the Company’s subsidiary. The Company has, therefore, accounted for ₹12.91 Crore as profit arising from divestment.

Notes to the Consolidated Financial Statements

for the year ended December 31, 2020

NOTE 58:

The Group successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on January 2, 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

NOTE 59:

The Competition Commission of India (“CCI”) has initiated an investigation against cement companies in India including the Company regarding alleged anti-competitive behavior and conducted search and seizure operations in December 2020 against few companies. The Company is in the process of providing information sought. The Company is of the firm view that it has acted and continues to act in compliance with competition laws. The Company believes that this does not have any impact on the financial statements.

NOTE 60:

Risk due to outbreak of COVID-19 pandemic

The Group has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets.

The Group has used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

NOTE 61:

The new Code on Social Security, 2020 has been enacted, which could impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Group will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE 62:

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

MARTIN KRIEGNER

Director
DIN: 00077715

SRIDHAR BALAKRISHNAN

Managing Director & CEO
DIN: 08699523

DAMODARANNAIR SUNDARAM

Director
DIN: 00016304

YATIN MALHOTRA

Chief Financial Officer

NEERAJ AKHOURY

Director
DIN: 07419090

RAJIV CHOUBEY

Company Secretary
ACS: 13063

Mumbai, February 11, 2021

Consolidated Net Profit

for the year ended December 31, 2020

	₹ Crore	
Particulars	2020	2019
ACC’s Net Profit	1,414.94	1,358.91
Add: Pro-rata share of profits/(losses) of subsidiaries –		
Bulk Cement Corporation (India) Limited (BCCI)	1.58	2.42
ACC Mineral Resources Limited	2.90	6.94
Lucky Minmat Limited	(0.50)	(0.48)
National Limestone Co Pvt Limited	1.64	(0.39)
Singhania Mineral Private Limited	(0.61)	0.05
	5.01	8.54
Add: Pro-rata share of profit of Joint ventures and Associates	8.93	14.02
Add: Gain on sale of investment in Subsidiary Company	6.91	-
Less: Minority Interest of Subsidiary (BCCI)	0.08	0.13
Less: Dividend received from Associates and Joint ventures	0.29	1.69
Less: Deferred tax on undistributed profit of Associates and Joint ventures	5.24	2.24
Profit attributable to Owners of the Company	1,430.18	1,377.41

Consolidated Equity

as at December 31,2020

	₹ Crore	
Particulars	2020	2019
ACC’s Equity	12,661.44	11,521.28
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 (BCCI)	59.32	57.74
ACC Mineral Resources Limited	84.56	81.66
Lucky Minmat Limited	(2.49)	(1.99)
National Limestone Co Pvt Limited*	-	0.06
Singhania Mineral Private Limited	(0.96)	(0.35)
	140.43	137.12
Less: Pro- rata share of Minority shareholders interest in the Net Worth of Subsidiary Companies	3.24	3.16
ACC’s share in pre-acquisition Net Worth of Subsidiary Companies	160.01	157.90
	(22.82)	(23.94)
Add: Increase in Net Worth of Alcon Cement Company Pvt Ltd	(8.03)	(8.03)
Add: Increase in Net Worth of Asian Concretes & Cements Pvt Ltd	51.84	43.24
Add: Increase in Net Worth of Aakaash Manufacturing Co Pvt Ltd	5.88	5.24
Add: Increase in Net Worth of OneIndia BSC Pvt Ltd	3.81	4.46
Less: Amortisation of Goodwill in Subsidiary Companies	33.12	43.85
Less: Unrealised profit on purchase of Fixed Assets	(0.53)	(0.53)
Less: Deferred tax on undistributed profit from Joint ventures and Associates	18.21	12.97
Less: Other adjustments (Net)	0.15	0.15
Consolidated Equity	12,699.13	11,543.77

* Divested in current year

Statement containing extract of subsidiaries financial statements

₹ Crore

Particulars	Balance Sheet as at December 31, 2020				
	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	26.95	-	-	1.31	0.18
Financial assets					
Loans	0.21	-	-	6.35	
Other financial assets	-	-	-	-	
Non-current tax assets (Net)	1.21	0.21	-	0.60	
Other non-current assets	0.33	-	-	0.12	-
Total Non-current assets	28.70	0.21	-	8.38	0.18
Current assets					
Inventories	0.80	-	-	-	-
Financial assets					
Trade receivables	2.24	-	-	-	-
Cash and cash equivalents	36.16	0.44	-	77.93	0.10
Loans	-	-	-	-	-
Other financial assets	0.02	-	-	0.15	
Other current assets	0.38	-	-	1.94	1.12
Total Current assets	39.60	0.44	-	80.02	1.22
TOTAL ASSETS	68.30	0.65	-	88.40	1.40
EQUITY AND LIABILITIES					
Equity					
Equity share capital	33.64	3.25	-	121.95	0.52
Other equity	25.68	(5.74)	-	(37.39)	(1.48)
Total Equity	59.32	(2.49)	-	84.56	(0.96)
Liabilities					
Non-current liabilities					
Provisions	-	-	-	-	1.26
Deferred tax liabilities (Net)	0.38	-	-	-	-
Total Non-current liabilities	0.38	-	-	-	1.26
Current liabilities					
Financial liabilities					
Borrowing	-	0.12	-	-	0.80
Trade payables	4.21	0.01	-	3.84	0.23
Other financial liabilities	2.45	-	-	-	0.07
Other current liabilities	1.84	3.01	-	-	-
Provisions	-	-	-	-	-
Current tax liabilities (Net)	0.10	-	-	-	-
Total Current liabilities	8.60	3.14	-	3.84	1.10
TOTAL EQUITY AND LIABILITIES	68.30	0.65	-	88.40	1.40

* During the year, the Company divested 100% stake in its wholly-owned subsidiary company National Limestone Company Private Limited.

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	-
Other financial assets	-	-	-	-	-
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
Provisions	-	-	-	-	-
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	Profit and Loss Account for the year ended December 31, 2020				
	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	18.48	-	-	-	-
Other income	1.10	0.01	2.06	3.16	-
Total Income	19.58	0.01	2.06	3.16	-
EXPENSES					
Cost of materials consumed	-	-	-	-	-
Purchases of stock-in-trade	-	-	-	-	-
Changes in inventories of finished goods, work-in-progress and stock-in-trade	-	-	-	-	-
Employee benefits expense	2.14	-	-	-	-
Power and fuel	2.27	-	-	-	-
Freight and forwarding expense	1.32	-	-	-	-
Finance costs	-	0.01	0.12	-	0.11
Depreciation and amortisation expense	3.53	-	-	0.01	-
Other expenses	8.24	0.50	0.30	0.24	0.50
Total Expenses	17.50	0.51	0.42	0.25	0.61
Profit before tax	2.08	(0.50)	1.64	2.91	(0.61)
Tax expenses	0.50	-	-	0.01	-
Profit after tax	1.58	(0.50)	1.64	2.90	(0.61)

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 amortisation 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

Performance Table

Environment	Unit	2020	2019	2018
RAW MATERIALS-CEMENT				
Limestone	Million tonnes	21.4	26.8	24.9
Gypsum	Million tonnes	0.5	1.5*	1.2*
Synthetic Gypsum	Million tonnes	0.4		
Alternative raw material	Million tonnes	0.3	0.5	0.4
Slag	Million tonnes	2.8	2.8	3.2
Fly ash	Million tonnes	5.3	6.4	5.7
Limestone used as an additive	Million tonnes	0.4	NR	NR
Additives	Million tonnes	0.03	0.1	0.1
Others (Bauxite, Iron ore etc.)	Million tonnes	1.0	0.8	1.7
Lubricating oil (tonnes)	tonnes	261.0	268.5	471.0
Grease (tonnes)	tonnes	84.8	105.7	137.0
Weight of bags consumed	tonnes	33,794.8	38,969.2	36,374.7
% recycled materials used	%	27.6	24.8	25.0
* Value is including synthetic gypsum				
RAW MATERIALS-RMX				
Cement	tonnes	6,68,404	9,89,286	7,53,667
Slag	tonnes	35,053	76,401	75,726
Fly ash	tonnes	1,28,221	1,85,392	1,76,693
Sand	tonnes	3,62,741	5,64,213	20,82,169
Additives	tonnes	6,541	10,367	9,547
Aggregates	tonnes	24,34,512	36,89,929	29,42,832
Lubricating oil (tonnes)	tonnes	16.00	11.1	19.5
Grease (tonnes)	tonnes		8.5	8.2
Crushed rock fines	tonnes	14,50,963	22,56,850	15,00,000
CO ₂ EMISSIONS-CEMENT				
Total CO ₂ Emissions - Gross (excl CPP)	tonnes	1,20,78,719	1,47,32,305	1,44,42,417
Total CO ₂ Emissions - Net (excl CPP)	tonnes	1,18,77,634	1,45,42,692	1,43,00,900
Total CO ₂ Emissions from CPP	Tonnes	17,72,925	22,29,574	23,35,729
Specific CO ₂ Emissions - gross	kg/tonne of cementitious material	501	518	511
Specific CO ₂ Emissions - net	kg/tonne of cementitious material	493	512	506
Scope 1 emissions cement (Including CPP)	tonnes	1,36,50,559	1,67,72,266	1,66,36,630
Scope 2 emissions cement	tonnes	6,01,750	5,56,073	5,34,401
Scope 3 emissions cement	tonnes	16,39,454*	5,91,171	6,66,259
*This year we are reporting categories -1,3,4,6,7,9 whereas till last year it was only for category 4,6 and 9				
CO ₂ EMISSIONS-RMX				
Scope 1 emissions	tCO ₂	4,089	4,706.9	3,297.0
Scope 2 emissions	tCO ₂	6,160	4,831.3	4,932.0
Scope 3 emissions	tCO ₂	41,017*	58,915.0	43,878.0
* only include category 4 and 9. Catgeory 6 is already included in Cement.				
OVERALL CO ₂ REDUCTION ACHIEVED (SCOPE-1 &2)				
On account of thermal savings ⁽¹⁾	tCO ₂	-32,508	0.0	4,067
On account of electrical savings ⁽²⁾	tCO ₂	0	-26,822	88,464
On account of clinker factor improvement ⁽³⁾	tCO ₂	-2,63,609	1,24,322	3,97,293
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				

Performance Table

Environment	Unit	2020	2019	2018
EMISSIONS*				
NOx	g/t clinker	1,036.2	1,293.4	1,718.1
	g/t cement	634.9	816.6	1,051.3
	t	15,082.1	22,759.4	29,810.3
SOx	g/t clinker	134.5	101.7	127.7
	g/t cement	82.4	64.2	78.2
	t	1,957.7	1,789.8	2,216.1
Dust	g/t clinker	20.1	26.8	28.5
	g/t cement	12.3	16.9	17.4
	t	293.0	472.0	494.3
* The emissions reported are based on Kiln stacks only				
ENERGY CONSUMPTION-CEMENT				
KILN FUEL CONSUMPTION				
Coal + petcoke	TJ	42,013.0	52,525.8	51,417.0
Diesel oil	TJ	36.0	44.7	62.0
Alternative fossil and mixed fuels*	TJ	2,458.0	2,329.9	1,744.0
Biomass fuels	TJ	650.0	748.0	648.0
NON-KILN FUEL CONSUMPTION-CPP				
Coal + petcoke	TJ	18,250.0	23,472.7	25,510.0
Diesel oil	TJ	10.0	11.8	7.0
Alternative fuels	TJ	241.0	125.5	100.0
Alternative biomass fuels	TJ	214.0	224.4	167.0
NON-KILN FUEL CONSUMPTION				
Diesel oil consumed for onsite vehicle movement (TJ)	TJ	450	557	NR
Fuels for drying of raw materials and mineral components (TJ)	TJ	1,206	1,149	NR
Electricity purchased/imported	MWh	6,54,964	6,92,162	6,01,649
Energy consumption outside the organisation**	TJ	5,975	7,978	8,991.0
Specifc power consumption upto and including clinker prod	kWh/tonnes clinker	68.84	68.6	69.0
Specifc power consumption upto and including cement grinding	kWh/tonnes cementitious material	77.4	76.4	77.8
Specifc power consumption upto and including cement grinding, colony auxillaries	kWh/tonnes cementitious material	79.6	78.4	79.8
* 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	L	56.3	63.1	43.3
Electricity purchased	MWh	6,695	5,251.0	5,247.0
Energy consumption outside the organisation*	TJ	553.5	795.1	592.0
* Considered diesel as fuel consumed in transportation				

Performance Table

Environment	Unit	2020	2019	2018
TOTAL DIRECT & INDIRECT ENERGY				
Total power generation	TJ	5,000	6,135	5,876
Total renewable energy generation	Million Units	35	36	35
% of RE in total power consumption	%	4	4	3
Renewable energy certificates purchased	MWh	31,381	1,14,565	97,415
Power and fuel expenses	₹Crore	2,572	3,134	2,998
Thermal energy efficiency	MJ/tonne clinker	3,106	3,129	3,099
Electrical energy efficiency	Kwh/tonne cement	81	80	81
WASTE GENERATION				
Hazardous waste				
Waste oil	litres	55,818.1	81,949.0	1,33,246.9
Grease	tonnes	22.0	42.6	52,046.0
Used batteries	tonnes	30.7	48.7	59.0
Biomedical waste	T	0.7	-	-
Ewaste	T	4.0	-	-
Non-hazardous waste				
Steel scrap	tonnes	8,884.4	9,235.9	11,810.4
Others	tonnes	5,002.0	5,050.8	7,329.7
Filter bags	No.	20,863.8	26,729.0	81,510.0
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.				
TOTAL WATER WITHDRAWAL IN CEMENT OPERATIONS				
Surface water	million m ³	1.71	1.98	6.71*
Harvested rainwater	million m ³	1.75	2.46	6.74*
Municipal water	million m ³	0.00	0.00	0.09*
Ground water	million m ³	0.17	0.22	1.17*
Percentage of sites with water recycling	%	100	100	100
Total quantity of water treated and reused annually	%	17.4	17.3	12.2
Total quantity of water treated and reused annually	million m ³	0.6	0.8	1.7
TOTAL WATER WITHDRAWAL IN CPP OPERATION				
Surface water	million m ³	1.4	1.3	Included in above figure
Harvested rainwater	million m ³	3.0	4.4	
Municipal water	million m ³	0.0	0.0	
Ground water	million m ³	0.5	0.4	
WATER WITHDRAWAL IN COLONY				
Surface water	million m ³	1.2	1.5	Included in above figure
Harvested rainwater	million m ³	1.4	0.8	
Municipal water	million m ³	0.0	0.0	
Ground water	million m ³	0.6	0.2	
* Includes water used in CPP and Colony also				

Performance Table

Environment	Unit	2020	2019	2018
TOTAL WATER WITHDRAWAL-RMX				
Surface water	million m³	0	0	0
Harvested rainwater	million m³	0	0	0
Municipal water	million m³	0.3	0.68	0.78
Ground water	million m³	0.0	0.33	0.22
MINING AND BIODIVERSITY				
Total land area	Ha	6,823.4	6,823.4	6,823
Total rehabilitated area	Ha	794.86	789	752
Total land disbursed	Ha	1,972*	1,607	1,051
Plantation in mines	No.	75,725	1,01,541	1,40,000 (total)
Sites with rehabilitation plan	No.	17	17	17
Sites with biodiversity management plan/wildlife conservation plan	No.	5	5	5
*In 2020, disturbed area also includes area of potential extraction				
PRESENCE OF IUCN RED LIST SPECIES*				
Critically endangered	No.	1	1	1
Endangered	No.	2	2	2
Vulnerable	No.	2	2	2
Near threatened	No.	1	1	1
* Only in the sites where we may have potential impact on biodiversity and wildlife conservation plan				
	Unit	2020	2019	2018
PROCUREMENT				
Total No. of suppliers	No.	6,977	7,460	9,517
Indian suppliers (local)	No.	6,918	7,435	9,442
International suppliers	No.	59	25	75
% of suppliers identified as "High Risk"	%	7%	7%	6.2%
Number of suppliers screened (socials, environmental aspects)	No.	498	522	590
Monetary value of payments made to suppliers	₹ Crore	9,875	12,796	12,784
Proportion of spending on local suppliers	%	94.50%	98	97
ANTI CORRUPTION, ANTI-COMPETITIVE BEHAVIOUR				
Total complaints recieved under the EthicalView reporting policy in 2020		123	117	67
How many of them have been resolved		110	64	33
How many still under investigation:		15	46	34
In 2020, there were 4 confirmed cases of corruption				

Performance Table

Social	Unit	2020		2019		2018	
		Male	Female	Male	Female	Male	Female
TOTAL NUMBER OF EMPLOYEES AND THEIR BIFURCATION							
Total employees	No.	6,157	244	6,377	266	6,455	262
Management staff	No.	3,471	198	3,624	220	3,611	218
Non management staff	No.	2,686	46	2,753	46	2,844	44
AGE WISE-OWN EMPLOYEE BREAK UP							
<30	No.	788	79	1,015	104	1,030	102
30-50	No.	3,784	139	3,704	135	3,680	132
>50	No.	1,585	26	1,658	27	1,759	28
Total	No.	6,157	244	6,377	266	6,469	262
EMPLOYEE TURNOVER-AGE WISE							
<30	No.	117	19	117	22	136	22
30-50	No.	211	15	313	21	318	17
>50	No.	203	3	234	6	569	14
Total	No.	531	37	664	49	1,023	53
EMPLOYEE HIRES-AGE WISE							
<30	No.	85	9	312	34	216	25
30-50	No.	122	4	90	0	150	6
>50	No.	4	1	174	17	7	1
Total	No.	211	14	576	51	373	32
Differently abled employees	No.	12	0	12	-	15	
PARENTAL LEAVES*							
No of maternal leave days	No.	-	182	-	182	-	182
Women took maternity leave	No.	-	12	-	11	-	15
Women returned to work after maternal leave	No.	-	9	-	13	-	18
Women still working after maternal leave	No.	-	5	-	2	-	2
Women resigned after/during maternal leave		-	1	-	-	-	2
ANNUAL PERFORMANCE							
Managers who received annual performance	No.	3,477	201	3,624	220	3,611	218
* We have parental leave policy only for women.							
TRAINING HOURS							
For health and safety	No.	12,821	982	24,894	432	30,849	549
For IT training	No.	102	8	120	24	3,646	226
For management skills (Include soft skill training)	No.	7,466	1,149	24,255	1,101	41,837	1,436
For environment & sustainability	No.	958	41	134	1	1,493	18
Anti-corruption policies & procedures	No.	210	19	870	14	2,507	144
Other Trainings (Include operations & technical training)	No.	57,585	2,459	30,360	717	47,978	2,082
Total hours of training		79,142	4,658	80,633	2,288	1,28,307	4,455
No. of training hours for management staff	No.	66,351	4,576	62,405	2,186	1,01,650	4,425
No. of training hours for non management staff	No.	12,790	83	18,228	102	26,657	30

Performance Table

		2020		2019		2018	
Social	Unit	Male	Female	Male	Female	Male	Female
EMPLOYEE COMPENSATION							
Ratio of basic salary of men to women	%	1.1		1.2		NR	
Management staff (Base salary)	₹	14,43,188	12,44,357	7,79,293	9,58,315	NR	
Management staff (Base salary + bonus etc)	₹	17,03,897	14,56,200	8,33,844	10,25,397	NR	
Non-management staff (Base)	₹	5,16,989	4,92,906	4,85,452	4,95,858	NR	
Employee grievance procedures in place	Yes/ No	Yes	Yes	Yes	Yes	Yes	
Anonymous grievances submission	Yes/ No	Yes	Yes	Yes	Yes	Yes	
		2020		2019		2018	
Social	Unit	Male	female	Male	Female	Male	Female
HEALTH AND SAFETY							
Employee fatalities (No.)	No.	0	0	0	0	0	0
Fatality rates (directly employed)	#	0	0	0	0	0	0
Contractor fatalities (onsite)	No.	0	0	4	0	0	0
Contractors fatalities (off site)	No.	2	0	1	0	6	0
Employee Lost Time Injury (LTI) - Permanent employees	No.	2	0	7		NR	
Employee Lost Time Injury (LTI) - Contract employees	No.	8	1	8		NR	
Employee Lost Time Injury (LTI) - Total	No.	10	1	15		4	
Employee Lost Time Injury Frequency Rate (LTIFR) - Permanent employees	#	0.14		0.47		NR	
Employee Lost Time Injury Frequency Rate (LTIFR) - Contract employees	#	0.44		0.28		NR	
Employee Lost Time Injury Frequency Rate (LTIFR) - Total	#	0.31		0.34		0.26	
Employee Injury Rate (IR) - Permanent employees	#	0.75		0.94		NR	
Employee Injury Rate (IR) - Contract employees	#	0.87		0.76		NR	
Employee Injury Rate (IR) - Total	#	0.82		0.92		0.81	
Employee Lost day rate (LDR) - Permanent employees	No.	5.73		1.81		NR	
Employee Lost day rate (LDR) - Contract employees	No.	14.11		6.50		NR	
Employee Lost day rate (LDR) - Total	No.	10.62		4.83		6.18	
Number of permanent employees undergone risk based health assessment	%	100	100	100	100	NR	

NR = Not Reported



INTRODUCTION AND ENGAGEMENT

ACC Limited (hereafter ‘ACC’ or ‘the Company’) engaged TUV India Private Limited (TUVI) to conduct the independent Non-Financial assurance of Integrated Report (hereinafter ‘the Report’), which includes “Type 2, Moderate Level” of ACC Sustainability information for the applied reporting period, 1st January to 31st December 2020. Remote verification was conducted in February 2021 for the Lakheri, plant Rajasthan and ACC Limited, Head Office, Mumbai including the RMX business, together with a desk review carried out for all other ACC sites within the reporting boundary.

SCOPE, BOUNDARY AND LIMITATIONS OF ASSURANCE

The scope of the Sustainability assurance includes following

- Verification of the application of the Report content, and principles as mentioned in the Global Reporting Initiative (GRI) Standards, and the quality of information presented in the Report over the reporting period;
- Review of the policies, initiatives, practices and performance described in the Report;
- Review of the non-financial disclosures made in the Report against the requirements of the GRI Standards
- Verification of the reliability of the GRI Standards Disclosure on environmental and social topics
- Specified information was selected based on the materiality determination and needs to be meaningful to the intended users;
- Confirmation of the fulfilment of the GRI Standards, in accordance with the “Comprehensive” option;

The reporting boundary is based on the internal and external materiality assessment. The reporting aspect boundaries are set out in the Report covering the sustainability performance of the ACC encompassing 11 Integrated Cement Plants and 6 Grinding Units and 80 Ready Mix Concrete (RMX) plants. Our engagement did not include an assessment of the adequacy or the effectiveness of ACC’s strategy or management of sustainability related issues. During the assurance process, TUVI did not come across the limitations to the scope of the agreed assurance engagement. No external stakeholders were interviewed as a part of the Sustainability Verification.

VERIFICATION METHODOLOGY

The Report was evaluated against the following criteria:

- Adherence to the principles of Stakeholder inclusiveness, Materiality, Responsiveness, Completeness, Neutrality, Relevance, Sustainability context, Accuracy, Reliability, Comparability, Clarity and Timeliness; as prescribed in the GRI Standards and AA1000AS Version 3 along with AA1000 AP (2018);
- Application of the principles and requirements of the GRI Standards, in accordance with the “Comprehensive” option;

During the assurance engagement, TUVI adopted a risk-based approach, concentrating on verification efforts on the issues of high material relevance to ACC business and its stakeholders. TUVI has verified the statements and claims made in the Report and assessed the robustness of the underlying data management system, information flows and controls. In doing so:

- TUVI reviewed the approach adopted by ACC for the stakeholder engagement and materiality determination process. TUVI performed the interviews of internal stakeholder engagement to verify the qualitative statements made in the Report;
- TUVI verified the Sustainability -related statements and claims made in the Report and assessed the robustness of the data management system, information flow and controls;
- TUVI examined and reviewed the documents, data and other information made available by ACC Limited for the reported disclosures including the disclosure on Management Approach and performance disclosures;
- TUVI conducted interviews with key representatives including data owners and decision-makers from different functions of the ACC during the remote assessments
- TUVI performed sample-based reviews of the mechanisms for implementing the sustainability related policies, as described in ACC Report;
- TUVI verified sample-based checks of the processes for generating, gathering and managing the quantitative data and qualitative information included in the Report for the reporting period.



OPPORTUNITIES FOR IMPROVEMENT

The following is an extract from the observations and opportunities for improvement reported to the management of ACC and are considered in drawing our conclusions on the Report; however, they are generally consistent with the Management’s objectives. Opportunities are as follows:

- The existing supplier assessment Manual can be calibrated with the contemporary best practices example ISO 20400
- ACC can also report organic waste and improve waste reporting data
- ACC can evaluate and rate its waste minimization programme by adopting appropriate rating system.
- SBTi Target evaluation following sectoral de-carbonization approach or absolute based targets or economic approach may be performed and present targets can be calibrated accordingly

CONCLUSIONS

In our opinion, based on the scope of this assurance engagement, the disclosures on Sustainability performance reported in the Report along with the referenced information provides a fair representation of the material topics, related strategies, and performance disclosures, and meets the general content and quality requirements of the GRI Standards Comprehensive option.

Disclosures: TUVI is of the opinion that the reported disclosures generally meet the GRI Standards reporting requirements for in accordance with the “Comprehensive” option. ACC refers to general disclosure to report contextual information about ACC while the Management Approach is discussed to report the management approach for each material topic.

Universal Standard: ACC followed GRI 101: Reporting Principles for defining report content and quality, GRI 102: General Disclosures were followed when reporting information about an Organization’s profile, strategy, ethics and integrity, governance, stakeholder engagement practices, and reporting process. Furthermore, GRI 103 was selected for Management’s Approach on reporting information about how an organization manages a material topic. TUVI is of the opinion that the reported specific disclosures for each material topic generally meet the GRI Standards reporting requirements in accordance with the “Comprehensive” option.

Topic Specific Standard: 200 series (Economic topics), 300 series (Environmental topics) and 400 series (Social topics); These Topic-specific Standards were used to report information on the organization’s impacts related to environmental and social topics. TUVI is of the opinion that the reported material topics and Topic-specific Standards that ACC used to prepare its Report are appropriately identified and addressed.

On the basis of the procedures we have performed, nothing has come to our attention that causes us to believe that the information subject to the Type 2 moderate level assurance engagement was not prepared, in all material topics, in accordance with the “Comprehensive” option. Sustainability reporting guidelines, or that the Sustainability information is not reliable in all material respects, with regards to the reporting criteria.

ACC procedures on the prospective information, such as targets, expectations and ambitions, disclosed in the Sustainability Information are at discretion of organization. This assurance statement has been prepared in accordance with the terms of our engagement. Type 2 moderate level assurance engagement with respect to sustainability related data involves performing procedures to obtain evidence about the sustainability information. TUVI has evaluated below requirements in context of GRI Standards along with assurance of the scope 1, 2, 3, GHG emission of ACC.

Evaluation of the adherence to AA1000 AccountAbility Principles

Inclusivity: Stakeholder identification and engagement is carried out by ACC on a periodic basis to bring out key stakeholder concerns as material topics of significant stakeholders. In our view, the Report meets the requirements.

Materiality: The materiality assessment process has been carried out, based on the requirements of the GRI Standards, considering topics that are internal and external to the ACC range of businesses. The Report fairly brings out the aspects and topics and its respective boundaries of the diverse operations of ACC. In our view, the Report meets the requirements.

Responsiveness: TUVI believes that the responses to the material aspects are fairly articulated in the report, i.e. disclosures on ACC policies and management systems including governance. In our view, the Report meets the requirements.

Independent Assurance Statement



Impact: ACC communicates its sustainability performance through regular, transparent internal and external reporting throughout the year, aligned with Lafarge Holcim (LH) Guidelines, GRI, WBCSD Cement Protocol, GCCA and CDP as part of its, policy framework that include Environmental Policy, Sustainability Policy, Climate Change Mitigation Policy, Corporate Social Responsibility Policy etc. ACC reports on sustainability performance to Board of Directors, who oversees and monitors the implementation and performance of objectives, as well as progress against goals and targets for addressing sustainability related issues. ACC has established non-financial KPIs aligning with L³ Targets, CDP, GCCA and WBCSD. ACC completed the process of establishing contemporary goals and targets against which performance will be monitored and disclosed periodically.

TUVI expressly disclaims any liability or co-responsibility for any decision a person or entity would make based on this Assurance Statement. The intended users of this assurance statement are the management of ACC. The management of the ACC is responsible for the information provided in the Report as well as the process of collecting, analyzing and reporting the information presented in web-based and printed Reports, including website maintenance and its integrity. TUVI's responsibility regarding this verification is in accordance with the agreed scope of work which includes non-financial quantitative and qualitative information (Sustainability Performance) disclosed by ACC in the Report. This assurance engagement is based on the assumption that the data and the information provided to TUVI by ACC are complete and true.

TUV'S COMPETENCE AND INDEPENDENCE

TUVI is an independent, neutral, third-party providing Sustainability services, with qualified environmental and social assurance specialists. TUVI states its independence and impartiality with regard to this assurance engagement. In the reporting year, TUVI did not work with ACC on any engagement that could compromise the independence or impartiality of our findings, conclusions and recommendations. TUVI was not involved in the preparation of any content or data included in the Report, with the exception of this Assurance Statement. TUVI maintains complete impartiality toward any people interviewed during the assurance engagement.

For and on behalf of TUV India Private Limited

Manojkumar Borekar
Project Manager and Reviewer
Head – Sustainability Assurance Service

Date: 23/02/2021
Place: Mumbai, India
Project Reference No: 8118826310
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