Notes to the Financial Statements

for the year ended December 31, 2019

Company Overview and Significant Accounting Policies:

Corporate Information

ACC Limited ("the Company"), is a public Company domiciled in India and was incorporated on August 01, 1936 under the provisions of the Companies Act, 1913 applicable in India. Its shares are listed on The National Stock Exchange of India (NSE) and The Bombay Stock Exchange Ltd. (BSE) of India. The registered office of the Company is located at Cement House, 121, Maharshi Karve Road, Mumbai – 400020, India.

ACC Limited, a member of the LafargeHolcim Group, is principally engaged in the business of manufacturing and selling of Cement and Ready Mix Concrete. The Company has manufacturing facilities across India and caters mainly to the domestic market.

1. Significant Accounting Policies

I. Statement of Compliance

These financial statements have been prepared in accordance with the Indian Accounting Standards (hereinafter referred to as the 'Ind AS') as notified under Section 133 of the Companies Act, 2013 ('the Act') read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These financial statements were approved for issue in accordance with the resolution of the Board of Directors on February 07, 2020.

II. Basis of Preparation

These financial statements have been prepared on a historical cost basis, except for the following material items in the Balance Sheet:

a) Certain financial assets and liabilities are measured at fair value (Refer Note 1(X) for accounting policy on Financial Instruments);

b) Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell; and

c) Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services at the time of their acquisition.

The accounting policies have been applied consistently over all the periods presented in these financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

All assets and liabilities, for which fair value is measured or disclosed in the financial statements, are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

i. Level 1 — inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

ii. Level 2 — inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

iii. Level 3 — inputs that are unobservable for the asset or liability.

III. Functional and Presentation Currency

These financial statements are presented in Indian Rupees (`) which is the functional currency of the Company.

Rounding of amounts

All amounts disclosed in the financial statements which also include the accompanying notes have been rounded off to the nearest Crore as per the requirement of Schedule III to the Companies Act 2013, unless otherwise stated.

IV. Classification of Current / Non-Current Assets and Liabilities

All the assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013 and Ind AS 1 "Presentation of financial statements".

Notes to the Financial Statements

for the year ended December 31, 2019

Assets:

An asset is classified as current when it satisfies any of the following criteria:

a) it is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is expected to be realised within twelve months after the reporting date; or

d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

A liability is classified as current when it satisfies any of the following criteria:

a) it is expected to be settled in the Company's normal operating cycle;

b) it is held primarily for the purpose of being traded;

c) it is due to be settled within twelve months after the reporting date; or

d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other assets / liabilities are classified as non-current. Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash or cash equivalents, the Company has ascertained its normal operating cycle as twelve months for the purpose of Current / Non-current classification of assets and liabilities.

V. Property, Plant and Equipment

Recognition and measurement

a) Property, Plant and Equipment are stated at cost of acquisition / installation or construction less accumulated depreciation and impairment losses, if any (except freehold non-mining land which is carried at cost less impairment losses, if any).

Cost comprises the purchase price, including import duties and non-refundable purchase taxes (net of taxes credit wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use, including relevant borrowing costs.

The present value of the expected cost for the decommissioning of an asset after its use, is included in the cost of the respective asset if the recognition criteria for a provision are met.

b) Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

c) When a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.

d) Spares which meet the definition of Property, Plant and Equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalised on such date with consequent impact in the Statement of Profit and Loss.

e) Property, Plant and Equipment not ready for the intended use on the date of Balance Sheet are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of Property, Plant and Equipment when completed and ready for intended use. Advances given towards acquisition / construction of Property, Plant and Equipment outstanding at each Balance Sheet date are disclosed as Capital Advances under "Other non-current assets".

f) An item of Property, Plant and Equipment and any significant part initially recognised

Notes to the Financial Statements

for the year ended December 31, 2019

is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss under "Other Income / Other Expenses" when the asset is derecognised.

g) The Company had elected to continue with the carrying value of all its Property, Plant and Equipment as recognised in the financial statements as at transition date to Ind AS, measured as per the Previous GAAP and use that as the deemed cost as at transition date pursuant to the exemption under Ind AS 101 "First-time Adoption of Indian Accounting Standards".

Depreciation and amortisation

a) Leasehold non-mining land held under finance lease is amortised over the period of lease on a straight-line basis.

b) Cost of mineral reserves embedded in the cost of freehold mining land is depreciated in the proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non-mining land is not depreciated.

c) Depreciation on Property, Plant and Equipment, other than plant and equipment assets related to Captive Power Plant (CPP assets), is provided using the straight-line method and on CPP assets using the written down value method based on their respective estimated useful lives.

The Company identifies and determines cost of each component / part of the asset and depreciates separately, if the component / part have a cost which is significant to the total cost of the asset and has a useful life that is materially different from that of the remaining asset.

Estimated useful lives of assets are determined based on technical parameters / assessment, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, past history of replacement, anticipated technological changes, manufacturers warranties and maintenance support, etc.

The estimated useful lives are as follows:

Assets	Useful Life
Buildings	3-60 years
Plant and Equipment	8-30 years
Railway sidings	8-15 years
Furniture & Fixtures and Office equipment	3-10 years
Vehicles	6-8 years

The useful life as estimated above is aligned to the prescribed useful life specified under Schedule II to the Companies Act, 2013 except useful life for computing depreciation is different in the following case:

Particulars	Useful Life estimated by the management	Useful Life as per Schedule II
Plant and Equipment related to Captive Power Plant	20 years	40 years

d) Depreciation on additions to Property, Plant and Equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.

e) Depreciation on an item of Property, Plant and Equipment sold, discarded, demolished or scrapped, is provided upto the date on which such item of Property, Plant and Equipment is sold, discarded, demolished or scrapped.

f) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.

g) The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.

h) In respect of an asset for which impairment loss, if any, is recognised, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

Notes to the Financial Statements

for the year ended December 31, 2019

VI. Intangible Assets

Recognition and Measurement:

a) Mining rights and computer software acquired are measured on initial recognition at cost. Cost comprises the purchase price (net of tax / duty credits availed wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use.

After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

b) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an item of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of such item of intangible asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

c) The Company had elected to continue with the carrying value of all its intangible assets as recognised in the financial statements as at the date of transition to Ind AS, measured as per the Previous GAAP and use that as the deemed cost as at the transition date pursuant to the exemption under Ind AS 101 “First-time Adoption of Indian Accounting Standards”.

Amortisation

A summary of the policies applied to the intangible assets is, as follows:

Intangible assets	Useful life	Amortisation method used
Computer software	Finite (3 years)	Amortised on a straight-line basis over the useful life
Mining Rights		Over the period of the respective mining agreement

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset are reviewed at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the Statement of Profit and Loss unless such expenditure forms part of the carrying value of another asset.

VII. Impairment of Non-Financial Assets

The carrying amounts of the Company’s non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset’s recoverable amount is estimated.

For goodwill and intangible assets that have indefinite lives or which are not yet available for use, an impairment test is performed as at each Balance Sheet date (irrespective of impairment indicator) and whenever there is an indication that the asset may be impaired.

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the “cash-generating unit”).

The recoverable amount of an asset or cash-generating unit (CGU) is the higher of its value in use and its fair value less costs to sell. In assessing value in use, the estimated pre-tax future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit.

Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from the other assets or group of assets.

The future cash flows are derived from the detailed budgets and forecast for the next three years, which are prepared separately for each of the Company’s CGUs to which the individual assets are allocated.

An impairment loss is recognised in the Statement of Profit and Loss if the estimated recoverable amount of an asset or its cash-generating unit is lower than its carrying amount.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal of impairment loss is recognised in the Statement of Profit and Loss.

VIII. Business Combinations and Goodwill

The Company uses the acquisition method of accounting to account for business combinations. The Company measures goodwill as of the acquisition date at the difference of the fair value consideration transferred (including fair value of previously held interest and contingent consideration) less the net fair value of the identifiable assets acquired and liabilities (including contingent liabilities) assumed. When such difference results into deficit, the excess is recognised in equity as capital reserve.

Business combination involving entities or businesses under common control is accounted for using the pooling of interest method. Under pooling of interest method, the assets and liabilities of combining entities are reflected at their carrying amount and no adjustments are made to reflect fair values.

Transaction costs that the Company incurs in connection with a business combination are expensed as incurred.

IX. Inventories

Inventories are valued after providing for obsolescence, as follows:

a) Raw Materials, Stores and Spare parts, Packing Material and Fuels

At lower of cost and net realisable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

b) Work-in-progress, Finished Goods and Stock-in-Trade

At lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Cost of Stock-in-Trade includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition. Cost is determined on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

X. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

The Company's financial assets comprise the following:

i. Current financial assets mainly consisting of (a) trade receivables, (b) mutual funds, (c) cash and bank balances, (d) investment in certificates of deposit, (e) fixed deposits with bank and financial institutions, (f) other short-term receivables (including incentive receivable from Government) and deposits and (g) forward contract.

ii. Non-current financial assets mainly consisting of (a) financial investments – equity, bond and fixed deposits and (b) other long-term receivables (including incentive receivable from Government) and deposits.

Initial recognition and measurement

The Company recognises a financial asset in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

Notes to the Financial Statements

for the year ended December 31, 2019

All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified in the following categories:

i. Financial assets at amortised cost

A 'financial asset' is measured at the amortised cost if both the following conditions are met:

(a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

(b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest ("SPPI") on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

ii. Financial assets at fair value through other comprehensive income (FVTOCI) unless the same are designated as FVTPL

A 'debt instrument' is classified as at the FVTOCI unless the same are designated as FVTPL, if both of the following criteria are met:

a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

b) The asset's contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

The Company does not own any financial asset classified at fair value though other comprehensive income.

iii. Financial assets at fair value through profit or loss (FVTPL)

Debt instrument at FVTPL

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for classification as at amortised cost or as fair value through other comprehensive income (FVTOCI), is classified as FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on remeasurement recognised in Statement of Profit and Loss. The net gain or loss recognised in Statement of Profit and Loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item of Statement of Profit and Loss.

Equity instruments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at FVTPL with all changes in fair value recognised in the Statement of Profit and Loss. The net gain or loss recognised in the Statement of Profit and Loss incorporates any dividend earned on the equity instruments and is included in the 'other income' line item of Statement of Profit and Loss.

Notes to the Financial Statements

for the year ended December 31, 2019

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.

Notes to the Financial Statements
for the year ended December 31, 2019

Impairment of financial assets

In accordance with Ind AS 109 "Financial Instruments", the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

a) Financial assets that are debt instruments, and are measured at amortised cost e.g. loans, debt securities, deposits, bond, incentive receivable from Government and;

b) Trade receivables.

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables resulting from transactions within the scope of Ind AS 115 "Revenue from Contracts with Customers", if they do not contain a significant financing component

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, twelve month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on twelve month ECL.

Lifetime ECL is the expected credit loss resulting from all possible default events over the expected life of a financial instrument. The twelve month ECL is a portion of the lifetime ECL which results from default events that are possible within twelve months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original effective interest rate (EIR).

ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss. This amount is reflected in a separate line in the Statement of Profit and Loss under the head 'Other expenses' as an impairment gain or loss.

For financial assets measured at amortised cost, ECL is presented as an allowance, i.e. as an integral part of the measurement of those assets in the Balance Sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

b) Financial liabilities and equity instruments

Classification as debt or equity

An instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Statement of Profit and Loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Dividend paid on equity instruments are directly reduced from equity.

Financial liabilities

The Company's current financial liabilities mainly comprise (a) borrowings (b) trade payables, (c) liability for capital expenditure,

Notes to the Financial Statements
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(d) security deposit, (e) other payables and (f) forward contract.

Initial recognition and measurement

The Company recognises a financial liability in its Balance Sheet when it becomes party to the contractual provisions of the instrument.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss or at amortised cost (loans and borrowings and payables) as appropriate.

Subsequent measurement

Financial liabilities at amortised cost

This is the category most relevant to the Company. All the financial liabilities of the Company are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the Statement of Profit and Loss.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition if:

(a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;

(b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or

(c) it forms part of a contract containing one or more embedded derivatives and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

The Company does not owe any financial liability which is either classified or designated at fair value though profit or loss.

Derecognition of financial liabilities

A financial liability (or, where applicable, a part of a financial liability or part of a group of similar financial liability) is primarily derecognised (i.e. removed from the Company's financial statements) when, and only when, the obligation under the liability is discharged or cancelled or expired.

An exchange with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the Statement of Profit and Loss.

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 "Financial Instruments" to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the

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host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting a financial asset and a financial liability

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet when, and only when, there is a currently enforceable legal right to set-off the recognised amounts and there is an intention to realise the assets and settle the liabilities simultaneously on a net basis.

XI. Effective Interest Method

The effective interest method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating interest income / interest expenses over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts / payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

XII. Investment in Subsidiaries, Associates and Joint Ventures

Investments in subsidiaries, associates and joint ventures are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed. Where the carrying amount of an investment is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount and the difference is transferred to the Statement of Profit and Loss. On disposal of investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Profit and Loss.

Upon first-time adoption of Ind AS, the Company had elected to measure its investments in subsidiaries, associates and joint ventures at the Previous GAAP carrying amount and use it as its deemed cost on the transition date.

XIII. Provisions and Contingencies

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

These estimates are reviewed at each Balance Sheet date and adjusted to reflect the current best estimate.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. The Company does not recognise a contingent asset, if any but discloses in the financial statements.

XIV. Site Restoration and Other Environmental Provisions

The Company provides for the costs of restoring a site where a legal or constructive obligation exists. The estimated future costs for known restoration requirements are determined on a site-by-site basis and are calculated based on the present value of estimated future cash out flows.

The site restoration provision before exploitation of the raw materials has commenced is included

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in Property, Plant and Equipment and depreciated over the life of the related asset.

Changes in the measurement of a provision that result from changes in the estimated timing or amount of cash outflows, or a change in the discount rate, are added to or deducted from the cost of the related asset to the extent that they relate to the asset's installation, construction or acquisition.

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through the Statement of Profit and Loss over the life of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Statement of Profit and Loss.

XV. Foreign Currency Transactions / Translations

These financial statements are presented in Indian Rupees (`).

Transactions in currencies other than Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the date of transaction. At the end of the reporting period, monetary items denominated in foreign currencies are reported using the exchange rate prevailing as at reporting date. Non-monetary items denominated in foreign currencies which are carried in terms of historical cost are reported using the exchange rate at the date of the transaction.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the exchange rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or expenses in the year in which they arise.

XVI. Revenue Recognition

Revenue is recognised on the basis of approved contracts regarding the transfer of goods or services to a customer for an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Sale of goods

Revenue from the sale of the Company's core products Cement and Ready Mix Concrete is recognised when delivery has taken place and control of the goods has been transferred to the customer, and when there are no longer any unfulfilled obligations.

The customer obtains control of the goods when the significant risks and rewards of products sold are transferred to the customer, being at the point the goods are delivered to and accepted by the customer, according to the specific delivery terms that have been agreed with the customer.

Revenue is measured at fair value of the consideration received or receivable, after deduction of any discounts, price concessions, volume rebates and any taxes or duties collected on behalf of the government such as goods and services tax, etc. Accumulated experience is used to estimate the provision for such discounts, price concessions and rebates. Revenue is only recognised to the extent that it is highly probable a significant reversal will not occur.

No element of financing is deemed present as the sales are made with credit terms largely ranging between 30 days and 60 days depending on the specific terms agreed to with the customer concerned, which is consistent with market practice.

Contract Balances

Trade receivables

A trade receivable is recognised when the products are delivered to a customer as this is the point in time that the consideration becomes unconditional because only a passage of time is required before the payment is due.

Contract assets, which is a company's right to consideration that is conditional on something other than the passage of time. Currently there are no contract assets.

Contract liabilities

Contract liabilities, which is a company's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers which are disclosed in Note no. 23. Contract liabilities are recognised as revenue when the Company performs under the contract.

Rendering of services

Income from services rendered is recognised based on agreements/arrangements with the customers as the service is performed and there are no unfulfilled obligations.

Notes to the Financial Statements

for the year ended December 31, 2019

Interest income and royalties

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividends

Dividend income from investments is recognised when the right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

XVII. Retirement and Other Employee Benefits

a) Short term employee benefits

Short term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

b) Defined Contribution Plans

Employee benefits in the form of contribution to Superannuation Fund, Provident Fund managed by Government Authorities, Employees State Insurance Corporation and Labour Welfare Fund are considered as defined contribution plans and the same are charged to the Statement of Profit and Loss for the year in which the employee renders the related service.

c) Defined Benefit Plans

The Company's gratuity scheme, additional gratuity scheme and post-employment benefit scheme are considered as defined benefit plans. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at the Balance Sheet date. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using discount rate with reference to the market yield on government bonds at the end of reporting period.

Defined benefit costs are categorised as follows:

i. The current service cost of the defined benefit plans, recognised in the Statement of Profit and Loss in employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognised immediately in the Statement of Profit and Loss when they occur.

ii. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss.

iii. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

In respect of certain employees, provident fund contributions are made to a trust administered by the Company. Periodic contributions to the fund are charged to the Statement of Profit and Loss. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India and any expected loss in investment. Such shortfall is recognised in the retained earnings through OCI. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

d) Accumulated Compensated Absences

Accumulated compensated absences which are expected to be settled wholly within twelve months after the end of the period in which the employees render the related service are treated as short term

Notes to the Financial Statements

for the year ended December 31, 2019

employee benefits. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

e) Other Long-term benefits

Long service awards and accumulated compensated absences which are not expected to be settled wholly before twelve months after the end of the annual reporting period in which the employees render the related service are treated as other long term employee benefits for measurement purposes.

Liabilities recognised in respect of other long term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Company in respect of services provided by employees up to the reporting date.

The Company's liability is determined on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the Balance Sheet. Re-measurements are immediately recognised in the Statement of Profit and Loss.

f) Termination benefits

Termination benefits are payable when employment is terminated by the Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following dates:

i. when the Company can no longer withdraw the offer of those benefits; and

ii. when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than twelve months after the end of the reporting period are discounted to present value.

g) Presentation and disclosure:

For the purpose of presentation of defined benefit plans, the allocation between the current and non-current provisions has been made as determined by an actuary. The Company presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

h) Employee share-based payments

The Ultimate holding Company of the company operates various equity-settled share-based compensation plans. Senior executive of the Company received remuneration in the form of share-based payments, whereby employee render service as consideration for equity instruments (equity settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model.

The cost of equity settled transactions is recognised in the Statement of Profit and Loss, together with a corresponding increase in equity, representing contribution received from the ultimate holding company, over the period in which the performance and/ or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and company's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to the Statement of Profit and Loss for a period represents movement in the cumulative expenses recognised as at the beginning and end of that period.

XVIII. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use. This condition is regarded as met only when the asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset and its sale is highly probable. Also, such assets are classified as held for sale only if the management expects to complete the sale within one year from the date of classification.

Notes to the Financial Statements

for the year ended December 31, 2019

Non-current assets classified as held for sale are measured at the lower of their carrying amount and the fair value less cost to sell. Non-current assets are not depreciated or amortised.

XIX. Borrowing Costs

Borrowing cost directly attributable to acquisition and construction of assets that necessarily takes substantial period of time are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use or sale.

All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

XX. Taxation

Tax expense comprises current tax and deferred income tax and includes any adjustments related to past periods in current and / or deferred tax adjustments that may become necessary due to certain developments or reviews during the relevant period.

Current income tax

Current income tax is measured at the amount expected to be paid to or recovered from the tax authorities in accordance with the Income Tax Act, 1961 including the relevant Transfer Pricing regulations prescribed thereunder, read with applicable judicial precedents or interpretations, wherever relevant.

Current income tax relating to items recognised outside the Statement of Profit and Loss is recognised in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Current tax assets and current tax liabilities are offset when there is a legally enforceable right to set-off the recognised amounts and there is an intention to settle the asset and the liability on a net basis.

Deferred tax

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised only to the extent that it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised, except:

a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

Deferred tax assets and liabilities are measured based on the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside Statement of Profit and Loss is recognised outside profit or loss (either in other comprehensive income or in equity). Deferred tax items are recognised in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to income tax levied by the same taxation authority.

Minimum alternate tax

Deferred tax assets include Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability and is considered as an asset if it is probable that future taxable profit will be available against which these tax credits can be utilized. Accordingly, MAT is recognised as deferred tax asset in the Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the Company. MAT credit is reviewed at each Balance Sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

XXI. Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease. A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

In respect of assets obtained on finance leases, assets are recognised at lower of the fair value at the date of acquisition and present value of the minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a lessor:

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating leases and included in Property, Plant and Equipment. Lease income is recognised in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases. Costs, including depreciation, are recognised as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. incurred by the Company in negotiating and arranging an operating lease shall be added to the carrying amount of the leased asset and recognised as an expense over the lease term on the same basis as the lease income.

XXII. Segment Reporting

Identification of segments

An operating segment is a component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's Chief Operating Decision Maker ("CODM") to make decisions for which discrete financial information is available.

The Board of Directors of the Company has appointed Executive Committee (ExCo) which has been identified as being the CODM. The ExCo

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for the year ended December 31, 2019

assesses the financial performance and position of the Company and makes strategic decisions.

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets.

Allocation of common costs

Common allocable costs are allocated to each segment according to the relative contribution of each segment to the total common costs.

Inter-segment transfers

Inter-segment revenue has been accounted for based on the transaction price agreed to between segments which is based on current market prices.

Unallocated items

Revenue, expenses, assets and liabilities which relate to the Company as a whole and not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Segment Policies

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

Operating segment is reported in a manner consistent with the internal reporting provided to Chief Operating Decision Maker ("CODM").

XXIII. Cash and Cash Equivalents

Cash and cash equivalents consist of cash and cheques on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of the Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition. These short-term highly liquid instruments are open-ended debt funds and certificates of deposit that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

XXIV. Government Grants and Subsidies

a) Grants and subsidies from the Government are recognised when there is reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

b) Government grants related to income under State Investment Promotion Scheme linked with VAT / GST payment are recognised in the Statement of Profit and Loss in the period in which they become receivable.

c) Where the government grant / subsidy relates to revenue, it is recognised as income on a systematic basis in the Statement of Profit and Loss, under other operating revenue over the periods necessary to match them with the related costs, which they are intended to compensate. Government grant and subsidy receivable against an expense are deducted from such expense.

d) Where the grant or subsidy relates to an asset, it is presented in the balance sheet by setting up the grant as deferred income and recognised in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

XXV. Earnings Per Share

Basic earnings per share are calculated by dividing the net profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted earnings per share are computed by dividing the profit after tax as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on conversion of all dilutive potential equity shares.

XXVI. Use of Estimates and Judgements

The preparation of the Company's financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, the accompanying disclosures and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Notes to the Financial Statements

for the year ended December 31, 2019

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period. Revisions in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes estimates and assumptions concerning the future. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below:

Impairment of non-financial assets

The carrying amounts of the Company's non-financial assets, other than inventories and deferred tax assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the recoverable amounts of cash-generating units have been determined based on value in use calculations. These calculations require the use of estimates such as discount rates and growth rates.

Defined benefit plans

The liabilities and costs for defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long term nature of these plans, such estimates are subject to significant uncertainty.

Provisions

Provisions are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events that can reasonably be estimated. The timing of recognition requires application of judgement to existing facts and circumstances which may be subject to change. The litigations and claims to which the Company is exposed are assessed by management and in certain cases with the support of external specialised lawyers.

Contingencies

In the normal course of business, contingent liabilities may arise from litigation and other claims against the Company. Potential liabilities that are possible but not probable of crystalising or are very difficult to quantify reliably are treated as contingent liabilities. Such liabilities are disclosed in the notes but are not recognised.

Useful lives of Property, Plant and Equipment

The Company uses its technical expertise along with historical and industry trends for determining the economic life of an asset / component of an asset. The useful lives are reviewed by management periodically and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the asset.

Impairment of investments in subsidiaries, associates and joint ventures

Determining whether the investments in subsidiaries, associates and joint ventures are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity utilization of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses / operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above mentioned factors could impact the carrying value of investments.

XXVII. New Accounting Pronouncement – Adoption of Ind AS 115 "Revenue from contracts with Customers" (Change in accounting policy)

Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Ind AS 115 replaces Ind AS 18 Revenue.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract

Notes to the Financial Statements

for the year ended December 31, 2019

and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

Effective January 01, 2019, the Company has adopted Ind AS 115 'Revenue from Contracts with Customers' using the full retrospective approach.

The effect of adopting Ind AS 115 as at December 31, 2018 is as follows;

'Advances received from customers', as at December 31, 2018 has been classified as 'Contract Liabilities'.

Further, the adoption of Ind AS 115 did not have any significant impact on overall financial statements of the Company.

XXVIII. New Ind AS that has been issued but not yet effective

In March 2019, the Ministry of Corporate Affairs (MCA) issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, 2019, notifying Ind AS 116 'Leases' and amendments to certain Ind AS. The Standard / amendments are applicable to the Company with effect from January 01, 2020.

Ind AS 116: Leases

Ind AS 116 – on March 30, 2019, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) Amendment Rules, 2019, notifying Ind AS 116 "Leases", which replaces Ind AS 17 "Leases". The new standard introduces a single on-balance sheet lease accounting model for lessee. This will result in the Company recognising right of use assets and lease liability in the books.

The standard changes the recognition, measurement, presentation and disclosure of leases. It requires:

- Lessees to record all leases on the balance sheet with exemptions available for underlying assets of low value and short-term leases. The Company intends to use low value exemptions and short term exemption in accordance with Ind AS 116.
- At the commencement of a lease, a lessee will recognise lease liability and an asset representing the right to use the asset during the lease term (right-of-use asset).
- Lessees will subsequently reduce the lease liability when paid and recognise depreciation on the right-of-use asset.
- A lease liability is remeasured upon the occurrence of certain events such as a change in the lease term or a change in an index or rate used to determine lease payments. The remeasurement normally also adjusts the right-of-use asset.
- The standard has no impact on the actual cash flows of a Company. However, operating lease payments currently expensed as operating cash outflows will instead be capitalised and presented as financing cash outflows in the statement of cash flows.
- The Company has reviewed all relevant contracts to identify leases and preparations for this standard are substantially complete.

This review included:

- an assessment about whether the contract depends on a specific asset,
- whether the Company obtains substantially all the economic benefits from the use of that asset; and whether the Company has the right to direct the use of that asset.
- The estimated impact of Ind AS 116 on the Company's financial statements at December 31, 2020 is as follows:

The Company intends to apply the new standard in accordance with the modified retrospective approach without restatement of the comparative period. Leases that were accounted for as operating leases in accordance with Ind AS 17 Leases, will be recognised at the present value of the remaining lease payments starting January 1, 2020, and discounted using the lessee's incremental borrowing rate as at the date of initial application.

Furthermore, the Company has chosen the option whereby the right-of-use asset would equal the lease liability at the initial application of Ind AS 116.

Balance sheet:

- The Company is currently finalising the implementation of the Ind AS 116 standard, which is expected to translate as of January 01, 2020 into additional lease liabilities and right-of-use assets approximately ` 137 Crore.

Statement of Profit and Loss:

- The Company estimates that the adoption of Ind AS 116 will result in increased depreciation of approximately ` 30 Crore from the right-of-use assets. This will offset the reduction in operating lease expenses of around ` 35 Crore per year, resulting in an overall increase in Earnings before interest and taxes (EBIT) of ` 5 Crore. Finance costs are expected to increase by approximately ` 10 Crore per year due to the interest recognised on lease liabilities.

Statement of Cash Flows:

- The Company estimates that the adoption of Ind AS 116 will increase cash flows from operating activities by approximately ` 35 Crore with a related decrease in cash flows used in financing activities of ` 35 Crore which relates to lease payments.

Others

Ministry of Corporate Affairs ("MCA") has notified following amendments to Ind AS on March 30, 2019 which is effective from January 01, 2020.

1. **Ind AS 12 - Appendix C, Uncertainty over Income Tax Treatments**

   The amendment requires an entity to determine probability of the relevant tax authority accepting the uncertain tax treatment that the Company has used in tax computation or plan to use in their income tax filings. The Company has currently carried out an initial assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

2. **Amendment to Ind AS 12 – Income taxes**

   The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events

3. **Ind AS 19 - Plan amendment, curtailment or settlement**

   The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

4. **Amendments to Ind AS 28, Investments to Associates and Joint Ventures**

   The amendments clarify that an entity applies Ind AS 109 Financial Instruments, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not currently have any such long-term interests in associates and joint ventures.

5. **Amendments to Ind AS 23, Borrowing Costs**

   The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not have any borrowings.

6. **Ind AS 103 – Business Combinations and Ind AS 111 - Joint Arrangements**

   The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

7. **Amendments to Ind AS 109, Financial Instruments**

   The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

Based on preliminary assessment, the Company does not expect these amendments to have any significant impact on its Financial Statements.

Notes to the Financial Statements
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NOTE 2. Property, Plant and Equipment

Refer Note 1 (V) for accounting policy on Property, Plant and Equipment

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Depreciation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Tangible Assets :										
Freehold Non-Mining Land	133.62	0.78	-	134.40	-	-	-	-	134.40	133.62
Freehold Mining Land	306.54	33.76	-	340.30	0.77	0.27	-	1.04	339.26	305.77
Leasehold Land	39.47	-	-	39.47	1.33	0.53	-	1.86	37.61	38.14
Buildings	1,654.68	64.31	8.16	1,710.83	218.38	77.52	7.69	288.21	1,422.62	1,436.30
Plant and Equipment	6,289.36	429.33	34.22	6,684.47	1,465.58	477.16	15.95	1,926.79	4,757.68	4,823.78
Railway Sidings	251.83	4.33	-	256.16	54.17	20.98	-	75.15	181.01	197.66
Furniture and Fixtures	26.50	2.47	0.11	28.86	12.49	3.11	0.09	15.51	13.35	14.01
Vehicles	68.62	19.69	0.09	88.22	27.40	10.59	0.09	37.90	50.32	41.22
Office equipment	58.61	8.51	1.40	65.72	36.90	9.06	1.27	44.69	21.03	21.71
TOTAL	**8,829.23**	**563.18**	**43.98**	**9,348.43**	**1,817.02**	**599.22**	**25.09**	**2,391.15**	**6,957.28**	**7,012.21**

(₹ Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Depreciation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Tangible Assets :										
Freehold Non-Mining Land	130.61	3.03	0.02	133.62	-	-	-	-	133.62	130.61
Freehold Mining Land	304.45	2.09	-	306.54	0.51	0.26	-	0.77	305.77	303.94
Leasehold Land	39.21	0.26	-	39.47	0.79	0.54	-	1.33	38.14	38.42
Buildings	1,608.57	48.87	2.76	1,654.68	141.42	78.33	1.37	218.38	1,436.30	1,467.15
Plant and Equipment	5,973.02	341.42	25.08	6,289.36	1,002.87	470.77	8.06	1,465.58	4,823.78	4,970.15
Railway Sidings	243.31	8.52	-	251.83	33.49	20.68	-	54.17	197.66	209.82
Furniture and Fixtures	24.85	2.61	0.96	26.50	8.98	3.86	0.35	12.49	14.01	15.87
Vehicles	57.07	11.95	0.40	68.62	17.76	9.92	0.28	27.40	41.22	39.31
Office equipment	52.69	6.49	0.57	58.61	26.71	10.71	0.52	36.90	21.71	25.98
TOTAL	**8,433.78**	**425.24**	**29.79**	**8,829.23**	**1,232.53**	**595.07**	**10.58**	**1,817.02**	**7,012.21**	**7,201.25**

Note:-

1 Buildings include cost of shares ₹ 4,120 (Previous Year - ₹ 4,120) in various Co-operative Housing Societies, in respect of 8 (Previous Year - 8) residential flats.

2 The title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company except for 1 case of leasehold land amounting to net block of ₹ 2.10 Crore (Previous year - ₹ 2.16 Crore), 2 cases of freehold land amounting to net block of ₹ 1.37 Crore (Previous year - ₹ 1.41 Crore) and 2 cases of Buildings amounting to net block of ₹ 5.76 Crore (Previous year - ₹ 6.46 Crore) respectively as at December 31, 2019 for which title deeds are in the name of the erstwhile Company that merged with the Company.

3 Capital work in progress as at December 31, 2019 is ₹ 435.34 Crore (Previous year - ₹ 392.16 Crore). Refer Note 47 for the amount of expenditure recognised in the carrying amount of an item of Property, Plant and Equipment / Capital work in progress (CWIP) during the course of its construction.

4 For contractual commitment with respect to Property, Plant and Equipment, refer Note - 38.

NOTE 3. Other Intangible assets

Refer Note 1 (VI) for accounting policy on Intangible Assets

(` Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2019	Additions	Disposals	As at December 31, 2019	As at January 01, 2019	Amortisation charge for the year	Disposals	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Intangible Assets :										
Computer Software	2.73	0.01	-	2.74	1.87	0.67	-	2.54	0.20	0.86
Mining Rights	45.45	0.61	-	46.06	9.09	3.08	-	12.17	33.89	36.36
TOTAL	**48.18**	**0.62**	**-**	**48.80**	**10.96**	**3.75**	**-**	**14.71**	**34.09**	**37.22**

(` Crore)

Particulars	GROSS CARRYING VALUE				ACCUMULATED AMORTISATION				NET CARRYING VALUE	
	As at January 01, 2018	Additions	Disposals	As at December 31, 2018	As at January 01, 2018	Amortisation charge for the year	Disposals	As at December 31, 2018	As at December 31, 2018	As at December 31, 2017
Intangible Assets :										
Computer Software	2.62	0.11	-	2.73	1.04	0.83	-	1.87	0.86	1.58
Mining Rights	43.54	1.91	-	45.45	5.35	3.74	-	9.09	36.36	38.19
TOTAL	**46.16**	**2.02**	**-**	**48.18**	**6.39**	**4.57**	**-**	**10.96**	**37.22**	**39.77**

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 4. Investments in subsidiaries, associates and joint ventures (measured at cost)

Refer Note 1 (XII) for accounting policy on Investment in subsidiaries, associates and joint ventures

	As at December 31, 2019			As at December 31, 2018	
	Numbers	(` Crore)		**Numbers**	(` Crore)
Investment in Unquoted equity instruments					
Investment in subsidiaries					
Face value ` 10 each fully paid					
Bulk Cement Corporation (India) Limited (94.65% shareholding)	3,18,42,050	37.27		3,18,42,050	37.27
Singhania Minerals Private Limited (100% shareholding)	5,20,000	5.50		5,20,000	5.50
Face value ` 100 each fully paid (Refer Note - 44)					
Lucky Minmat Limited (100% shareholding)	3,25,000	38.10		3,25,000	38.10
ACC Mineral Resources Limited (100% shareholding)	1,21,95,000	106.80		1,21,95,000	106.80
Less: Accumulated impairment		42.81			42.81
		63.99			**63.99**
National Limestone Company Private Limited (100% shareholding)	2,00,000	14.02		2,00,000	14.02
Investment in Associates					
Face value ` 10 each fully paid					
Alcon Cement Company Private Limited (40% shareholding)	4,08,001	22.25		4,08,001	22.25
Asian Concretes and Cements Private Limited (45% shareholding)	81,00,000	36.81		81,00,000	36.81
Investment in Joint Ventures					
Face value ` 10 each fully paid					
Aakaash Manufacturing Company Private Limited (40% shareholding)	4,401	6.01		4,401	6.01
OneIndia BSC Private Limited (50% shareholding)	25,01,000	2.50		25,01,000	2.50
TOTAL			**226.45**		**226.45**

		2019	2018
Notes (I)	Aggregate amount of unquoted Investments	226.45	226.45
(II)	Aggregate amount of impairment in value of investments in unquoted equity shares	42.81	42.81
(III)	Each of the above Companies is incorporated in India and Principal activities are Cement and cement related products and services.		

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 5. Non-current - Investments

Refer Note 1 (X) for accounting policy on Investments

	As at December 31, 2019			As at December 31, 2018	
	Numbers	(₹ Crore)		**Numbers**	(₹ Crore)
Investment at fair value through profit or loss (FVTPL)					
Investment in equity instruments (fully paid)					
Unquoted*					
Face value ₹ 10 each fully paid					
Kanoria Sugar & General Mfg. Company Limited	4	-		4	-
Gujarat Composites Limited	60	-		60	-
Rohtas Industries Limited	220	-		220	-
The Jaipur Udyog Limited	120	-		120	-
Digvijay Finlease Limited	90	-		90	-
The Travancore Cement Company Limited	100	-		100	-
Ashoka Cement Limited	50	-		50	-
Face value ₹ 5 each fully paid					
The Sone Valley Portland Cement Company Limited	100	-		100	-
Investment at amortized cost			-		-
Investment in Unquoted bonds					
Face value ₹ 1,000,000 each fully paid					
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	3.70	37	3.70
TOTAL			3.70		3.70

Notes

(I) Aggregate value of unquoted investments **3.70** 3.70

(II) * Each of such investments is carried at value less than ₹ 50,000

Refer Note 48 for information about fair value measurement and Note 49 for credit risk and market risk of investments.

NOTE 6. Non-Current Loans

Considered good - unsecured

Refer Note 1 (X) for accounting policy on Loans

(₹ Crore)

	As at December 31, 2019	As at December 31, 2018
Security deposits	126.68	150.04
Loans to Employees	9.24	11.19
TOTAL	**135.92**	**161.23**

No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

Refer Note 49 for information about credit risk and market risk of loans

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 7. Other Non-Current financial assets

Refer Note 1 (X) for accounting policy on Financial Instruments

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	431.55	320.92
Bank deposits with more than 12 months maturity*	29.06	0.26
Margin money deposit with more than 12 months maturity**	7.62	4.15
TOTAL	**468.23**	**325.33**

*Lodged as security with government authorities of ` 28.80 Crore (Previous year - ` Nil).

**Margin money deposit is against bank guarantees given to Government authorities.

Refer Note 49 for information about credit risk and market risk of other financial assets.

NOTE 8. Non-current tax assets (net)

Refer Note 1 (XX) for accounting policy on Taxation

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Advance tax (Net of provision for tax) (Refer Note - 21)	857.01	673.01
TOTAL	**857.01**	**673.01**

NOTE 9. Other non-current assets

Unsecured, Considered Good, unless otherwise stated

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Capital Advances	94.60	180.65
Advance other than Capital Advances		
Claim receivables from Government and Others	155.81	156.02
Unsecured, considered good	4.21	4.32
Considered doubtful	(4.21)	(4.32)
Less: Allowance for doubtful deposits	155.81	156.02
Deposits with Government Bodies and Others		
Unsecured, considered good	290.37	275.10
Considered doubtful	3.33	3.33
Less: Allowance for doubtful deposits	(3.33)	(3.33)
	290.37	275.10
TOTAL	**540.78**	**611.77**

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 10. Inventories

At lower of cost and net realizable value

Refer Note 1 (IX) for accounting policy on Inventories

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Raw Materials {Including goods-in-transit ` 4.09 Crore (Previous year - ` 11.22 Crore)}	117.44	185.73
Work-in-Progress	177.61	222.89
Finished Goods	230.96	293.41
Stock-in-trade {Including goods-in-transit ` 0.49 Crore (Previous year - ` Nil)}	7.90	0.98
Stores and Spares {Including goods-in-transit ` 14.74 Crore (Previous year - ` 20.70 Crore)}	310.85	393.84
Packing Materials	20.65	21.83
Fuels {Including goods-in-transit ` 11.53 Crore (Previous year - ` 46.37 Crore)}	275.54	559.88
TOTAL	**1,140.95**	**1,678.56**

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares in the current year is ` 6.38 Crore (Previous year - ` 4.42 Crore). There has been no reversal of such write down in current and previous year

NOTE 11. Trade receivables

Refer Note 1 (X) for accounting policy on Trade receivables

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Considered good - Secured	43.35	105.90
Considered good - Unsecured*	585.08	762.36
Receivables which have significant increase in credit risk {Refer Note 49(i)}	41.13	24.65
	669.56	892.91
Less : Allowance for doubtful receivables	(41.13)	(24.65)
TOTAL	**628.43**	**868.26**

No trade receivables are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member.

*Refer Note 41 for receivables from related parties.

Refer Note 49 for information about credit risk of trade receivables.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 12. Cash and Cash Equivalents

Refer Note 1 (XXIII) for accounting policy on Cash and Cash Equivalents

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Balances with banks:		
In current accounts	28.01	96.16
Deposits with original maturity of less than three months	2,100.00	1,015.00
	2,128.01	**1,111.16**
Cheques on hand*	36.71	98.66
Deposit with other than banks with original maturity of less than three months	250.00	100.00
Post office saving accounts	0.01	0.01
	2,414.73	**1,309.83**
Investments in liquid mutual funds measured at FVTPL	725.47	690.91
Certificates of deposit with original maturity of less than three months	1,242.98	836.10
TOTAL	**4,383.18**	**2,836.84**

*Cheques on hand are cleared subsequent to the year end.

As at December 31, 2019, the Company has sanctioned and available undrawn borrowing facilities of ` 145.00 Crore (Previous year - ` 155.00 Crore). There are no restrictions on the use of these facilities. The amount of undrawn borrowing facilities are available for future operating activities and to settle capital commitments.

NOTE 13. Bank balances other than Cash and Cash Equivalents

Refer Note 1 (X) for accounting policy on Financial Instruments

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Other bank balances		
*Deposits with original maturity for more than 3 months but less than 12 months	121.56	114.98
**Margin money deposits with original maturity for more than 3 months but less than 12 months	2.44	13.88
#On unpaid dividend accounts	30.92	34.63
TOTAL	**154.92**	**163.49**

*Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) of ` 121.56 Crore {(Previous year - ` 114.76 Crore) - Refer Note - 39 (A) (a)}.

**Margin money deposit is against bank guarantees given to Government authorities.

#These balances are available for use only towards settlement of corresponding unpaid dividend liabilities.

NOTE 14. Current - Loans

Considered good - unsecured

Refer Note 1 (X) for accounting policy on Loans

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Security deposits	23.48	72.02
Loans and advances to related parties (Refer Note - 41)	2.41	1.56
Loans to Employees	5.54	5.29
TOTAL	**31.43**	**78.87**

No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.

Refer Note 49 for information about credit risk and market risk of loans.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 15. Other current financial assets

Refer Note 1 (X) for accounting policy on Financial Instruments

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Incentives under Government schemes	258.95	213.02
Interest Accrued on Investments	10.18	16.78
Other Accrued Interest	1.38	1.22
TOTAL	**270.51**	**231.02**

Refer Note 49 for information about credit risk and market risk of other financial assets.

NOTE 16. Other current assets

Unsecured, Considered Good

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Advances other than capital advances		
Advance to suppliers	437.39	322.68
Prepaid expenses	42.04	23.59
Other receivables		
Balances with statutory / government authorities	280.59	326.47
Others	43.39	40.64
TOTAL	**803.41**	**713.38**

No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.

NOTE 17. Non-current assets classified as held for sale

Refer Note 1 (XVIII) for accounting policy on Non-current assets held for sale

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Plant and equipment (i)	5.36	6.44
Building (ii)	5.11	5.11
TOTAL	**10.47**	**11.55**

(i) The Company intends to dispose off plant and equipment in the next 12 months which it no longer intends to utilise. It was previously used in its manufacturing facility at plants. A selection of potential buyers is underway. No impairment loss was recognised on reclassification of the plant and equipment as held for sale and the Company expects the fair value less cost to sell to be higher than carrying amount.

(ii) The Company intends to dispose off buildings (mainly residential flats) in the next 12 months which it no longer intends to utilise. These were previously used for residential purpose. A selection of potential buyers is underway. Impairment loss of ` Nil (Previous year - ` 0.28 Crore) is recognised in the Statement of Profit and Loss under other expenses.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 18. Equity Share Capital

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Authorised		
22,50,00,000 (Previous year - 22,50,00,000) Equity shares of ` 10 each	225.00	225.00
10,00,00,000 (Previous year - 10,00,00,000) Preference shares of ` 10 each	100.00	100.00
Issued		
18,87,93,243 (Previous year - 18,87,93,243) Equity shares of ` 10 each	188.79	188.79
Subscribed & Paid-up		
18,77,87,263 (Previous year - 18,77,87,263) Equity shares of ` 10 each fully paid	187.79	187.79
Add : 3,84,060 (Previous year - 3,84,060) Equity shares of ` 10 each forfeited - amount originally paid	0.20	0.20
TOTAL	**187.99**	**187.99**

i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	(` Crore)
As at January 01, 2018	18,77,87,263	187.79
Increase/ (decrease) during the year	-	-
As at December 31, 2018	18,77,87,263	187.79
Increase/ (decrease) during the year	-	-
As at December 31, 2019	**18,77,87,263**	**187.79**

ii) Terms / rights attached to equity shares

The Company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholder.

iii) Equity shares held by holding company/ ultimate holding company and/ or their subsidiaries/ associates

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Ambuja Cements Limited, the holding company 9,39,84,120 (Previous year - 9,39,84,120) Equity shares ` 10 each fully paid	93.98	93.98
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited 84,11,000 (Previous year - 84,11,000) equity shares ` 10 each fully paid	8.41	8.41

Companies referred above are subsidiaries of LafargeHolcim Ltd, Switzerland, the ultimate holding company.

Notes to the Financial Statements

for the year ended December 31, 2019

iv) Details of shareholders holding more than 5% shares in the Company

	As at December 31, 2019		As at December 31, 2018	
	No. of shares	% holding	No. of shares	% holding
Ambuja Cements Limited, the holding company	9,39,84,120	50.05	9,39,84,120	50.05
Life Insurance Corporation of India	1,06,79,857	5.69	1,94,05,142	10.33

v) There are no shares allotted as fully paid up by way of bonus shares or allotted as fully paid up pursuant to contract without payment being received in cash, or bought back during the period of five years immediately preceding the reporting date.

There are no securities which are convertible into equity shares.

NOTE 19. Other Equity

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Capital Reserve	67.81	67.81
Securities Premium	845.03	845.03
General Reserve	2,723.30	2,723.30
Capital contribution from parent	0.63	-
Retained earnings	7,696.52	6,703.53
TOTAL	**11,333.29**	**10,339.67**

The description of the nature and purpose of each reserve within equity is as follows:

Capital Reserve: It represents the gains of capital nature which mainly includes the excess of value of net assets acquired over consideration paid by the Company for business amalgamation transaction in earlier years.

Securities Premium: The amount received in excess of face value of the equity shares is recognised in Securities Premium. The reserve is utilised in accordance with the specific provisions of the Companies Act, 2013.

General Reserve: The General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the General reserve will not be reclassified subsequently to the statement of profit and loss. As per Companies Act 2013, transfer of profits to General reserve is not mandatory. General reserve is a free reserve available to the Company.

Capital Contribution from parent: Capital contribution from parent represents the fair value of the employee performance share plan. These shares are granted by the parent company "LafargeHolcim Ltd" to the executives and senior management of the Company.

Retained earnings: Retained earnings are the profits that the Company has earned till date, less any transfers to general reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans, net of taxes that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Company.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 20. Non-current provisions

Refer Note 1 (XIII) for accounting policy on provisions
Refer Note 1 (XIV) for accounting policy on Site restoration provisions

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note - 36)	141.92	103.33
Provision for provident fund (Refer Note - 36)	55.25	0.03
Provision for long service award	4.49	3.85
Other Provisions		
Provision for Site Restoration (Refer note - 20.1 below)	32.47	32.31
TOTAL	**234.13**	**139.52**

NOTE 20.1 Movement of provisions during the year as required by Ind AS - 37 "Provisions, Contingent Liabilities and Contingent Asset" specified under Section 133 of the Companies Act, 2013:

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Opening Balance	32.31	32.09
Reversal of provision during the year (net)	(1.36)	(1.62)
Utilised during the year	(0.35)	(0.09)
Unwinding of discount and changes in the discount rate	1.87	1.93
Closing Balance	**32.47**	**32.31**

Provision for Site Restoration

Site restoration expenditure is incurred on an ongoing basis until the closure of the site. The actual expenses may vary based on the nature of restoration and the estimate of restoration expenditure.

NOTE 21. Income tax

Refer Note 1 (XX) for accounting policy on Taxation
Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2019:

	For the year ended December 31, 2019		For the year ended December 31, 2018	
	(` Crore)	In %	(` Crore)	In %
Profit before tax	2,031.47		1,494.29	
At India's statutory income tax rate	709.80	34.94%	522.10	34.94%
Effect of Allowances for tax purpose				
- Tax Holiday claim under Section 80-IA	(60.07)	(2.96%)	(52.29)	(3.50%)
Effect of Non-Deductible expenses				
- Corporate social responsibility expenses	8.76	0.44%	7.13	0.48%
- Others (including effect of change in tax rate in Previous year)	14.66	0.72%	11.73	0.79%
Effect of Tax Exempt Income - Dividend	(0.59)	(0.03%)	(0.38)	(0.03%)
	(37.24)	**(1.83%)**	**(33.81)**	**(2.26%)**
At the effective income tax rate	**672.56**	**33.11%**	**488.29**	**32.68%**
Tax adjustments for earlier years (Refer Note below)	-	-	(500.63)	(33.50%)
Income tax expense reported in the Statement of Profit and Loss	**672.56**	**33.11%**	**(12.34)**	**(0.83%)**

The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profits under Indian tax law.

Notes to the Financial Statements

for the year ended December 31, 2019

On September 20, 2019, vide the Taxation Laws (Amendment) Ordinance 2019, the Government of India inserted Section 115BAA in the Income Tax Act, 1961 which provides domestic companies a non-reversible option to pay corporate tax at reduced rates effective April 01, 2019 subject to certain conditions. The Company is currently in the process of evaluating this option.

The Company will apply the lower tax rate in measurement of deferred tax only to the extent the the assets/ liabilities are expected to be realised/settled in the periods during which the Company expects to be subject to lower tax rate. This has also been clarified by the Ind AS Technical Facilitation Group (ITFG) of Ind AS Implementation Committee of the Institute of Chartered Accountants of India on October 26, 2019.

Tax adjustments for earlier years

The Company was entitled to excise incentives from Government at its Gagal plant located in the State of Himachal Pradesh, in respect of Income tax assessment years 2006-07 to 2015-16. The Company contended that the said incentives are in the nature of capital receipts and hence not liable to income tax. The Income tax department had initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A). The Company had received one favourable order from the Assessing Officer. Considering unfavourable orders by the Income tax department, the Company, up to December 31, 2017, had classified the risk for these matters as probable and provided for the same. During the past two years, the matter has been decided in the favour of the Company for three more years, at the Commissioner of Income tax-appeals (CIT-A) and at the Assessing Officer level, against which the department has filed an appeal with the CIT (A) and ITAT.

In view of the series of repeated favourable orders by the Income tax department in the last two years, the Company again reviewed the matter and, after considering the legal merits of the Company's claim, including inter-alia, the ratio of the decisions of Hon'ble Supreme Court, and the pattern of favourable orders by the department including favourable disposal of the Company's appeal by the CIT (A), as mentioned above, the Company reassessed the risk and concluded that the risk of an ultimate outflow of funds for this matter is no longer probable.

Accordingly in the previous year the Company reversed the provisions of ` 500.63 Crore resulting in reduction in current tax liabilities by ` 200.30 Crore, increase in MAT Credit Entitlement (net) of ` 34.72 Crore and an increase in non-current tax assets by ` 265.61 Crore.

During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest expense on income tax related to excise incentive, aggregating ` 88.79 Crore.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the previous year in respect of excise incentives for two years. In the current year, the ITAT has directed the Assessing Officer to re-examine and take final decision independently.

Pending final closure of this matter, the aforesaid reversal of provision for tax of ` 500.63 Crore along with interest payable, if any of ` 97.37 Crore has been included under contingent liabilities in Note 39(A).

Notes to the Financial Statements

for the year ended December 31, 2019

Deferred tax:

Deferred tax relates to the following:

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Deferred Tax Liabilities:		
Depreciation and amortisation differences	933.33	895.13
	933.33	895.13
Deferred Tax Assets:		
MAT Credit Entitlement	-	22.67
Provision for employee benefits	73.68	47.37
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	98.71	103.77
Allowance for obsolescence of Stores and Spares	9.88	9.88
Allowance for doubtful receivables and other assets	17.51	11.79
Other temporary differences	91.34	36.56
	291.12	232.04
Net deferred tax liabilities	**642.21**	**663.09**

The major components of deferred tax liabilities / assets arising on account of timing differences are as follows:

(` Crore)

	Net Balance as on January 01, 2019	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2019
Deferred Tax Liabilities:					
Depreciation and amortisation differences	895.13	38.20	-	-	933.33
	895.13	**38.20**	**-**	**-**	**933.33**
Deferred Tax Assets:					
MAT Credit Entitlement	22.67	-	-	(22.67)	-
Provision for employee benefits	47.37	0.01	26.30	-	73.68
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	103.77	(5.06)	-	-	98.71
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	11.79	5.72	-	-	17.51
Other temporary differences	36.56	54.78	-	-	91.34
	232.04	**55.45**	**26.30**	**(22.67)**	**291.12**
Net deferred tax liabilities	**663.09**	**(17.25)**	**(26.30)**	**22.67**	**642.21**

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

	Net Balance as on January 01, 2018	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2018
Deferred Tax Liabilities:					
Depreciation and amortisation differences	861.13	34.00	-	-	895.13
	861.13	**34.00**	**-**	**-**	**895.13**
Deferred Tax Assets					
MAT Credit Entitlement*	115.73	-	-	(93.06)	22.67
Provision for employee benefits	41.71	3.06	2.60	-	47.37
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	105.44	(1.67)	-	-	103.77
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	13.07	(1.28)	-	-	11.79
Other temporary differences	33.94	2.62	-	-	36.56
	319.77	**2.73**	**2.60**	**(93.06)**	**232.04**
Net deferred tax liabilities	**541.36**	**31.27**	**(2.60)**	**93.06**	**663.09**

*MAT Credit utilised is net of MAT Credit Entitlement of ` 34.72 Crore increased on account of tax adjustments for earlier years as stated above.

The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

NOTE 22. Other current financial liabilities

Refer Note 1 (X) for accounting policy on Financial Instruments

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Financial Liabilities at amortised cost		
Interest accrued	26.50	24.18
Unpaid dividends*	30.92	34.63
Security deposits and retention money	710.54	553.40
Liability for capital expenditure	52.17	67.99
Provision for employees	113.83	92.32
Financial Liabilities at fair value		
Foreign currency forward contract	-	1.19
TOTAL	**933.96**	**773.71**

*Investor Education and Protection Fund ('IEPF') - As at December 31, 2019 , there is no amount due and outstanding to be transferred to the IEPF by the Company. Unclaimed dividend, if any, shall be transferred to IEPF as and when they become due.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 23. Other current liabilities

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Contract Liability *		
Advance from customer	156.80	226.80
Other Liability		
Statutory dues payable	551.42	575.78
Rebates to customers	497.00	446.60
Other payables	708.58	539.82
(including interest on income tax, etc.)		
TOTAL	**1,913.80**	**1,789.00**

* The Company has adopted Ind AS 115 with full retrospective approach. Advance from customer has been included as part of contract liabilities.
The Contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended December 31, 2019.

NOTE 24. Current provisions

Refer Note 1 (XIII) for accounting policy on provisions

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Provision for gratuity and staff benefit schemes (Refer Note - 36)	10.21	18.16
Provision for compensated absences	12.32	8.12
Provision for long service award	0.86	1.02
TOTAL	**23.39**	**27.30**

NOTE 25. Revenue from operations

Refer Note 1 (XVI) for accounting policy on Revenue recognition

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue from contracts with customers		
Sale of Manufactured products	14,895.73	14,357.65
Sale of Traded products	443.48	112.54
Income from services rendered	3.90	7.28
	15,343.11	14,477.47
Other Operating Revenue		
Provision no longer required written back	9.48	24.59
Scrap Sales	29.76	42.88
Government grants*	174.69	162.31
Miscellaneous Income (including insurance claim, other services, etc.)	99.61	94.10
TOTAL	**15,656.65**	**14,801.35**

*Government grants have been accrued for the GST refund claim under various State Investment Promotion Schemes. There are no unfulfilled conditions or contingencies attached to these grants.

Notes to the Financial Statements

for the year ended December 31, 2019

Reconciliation of revenue as per contract price and as recognised in Statement of Profit and Loss:

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Revenue as per Contract price	17,291.36	15,866.60
Less: Discounts and incentives	(1,948.25)	(1,389.13)
Revenue as per statement of profit and loss	**15,343.11**	**14,477.47**

The amounts receivable from customers become due after expiry of credit period which on an average is less than 30 to 60 days. There is no significant financing component in any transaction with the customers.

The Company does not provides performance warranty for products, therefore there is no liability towards performance warranty.

The Company does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.

There are no contracts for sale of services wherein, performance obligation is unsatisfied to which transaction price has been allocated.

Refer Note 42 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

NOTE 26. Other Income

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest income using the effective interest rate method		
Interest on bank deposits	157.94	93.01
Interest on Income Tax **	99.48	-
Other interest income	7.65	9.12
	265.07	102.13
Dividend from non-current investments from associate / joint venture	1.69	1.09
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	19.53	33.43
Net gain on fair valuation of current financial assets measured at FVTPL*	0.47	0.91
Net gain on disposal of Property, Plant and Equipment	24.45	0.94
TOTAL	**311.21**	**138.50**

* These instruments are mandatorily measured at fair value through profit or loss in accordance with Ind AS 109.

** During the current year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ` 276.66 Crore. However, considering the uncertainty of its ultimate realisability, the Company has also made a provision of ` 177.18 Crore for matters other than excise incentive since considered as probable, resulting in recognition of net income of ` 99.48 Crore in other income during the year.

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 27. Cost of materials consumed

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the beginning of the year	185.73	153.96
Add: Purchases	2,189.81	2,402.00
	2,375.54	2,555.96
Less: Inventories at the end of the year	117.44	185.73
TOTAL	**2,258.10**	**2,370.23**

Details of cost of materials consumed

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Slag	334.75	464.91
Gypsum	358.69	356.25
Fly Ash	415.45	455.30
Cement for Ready Mix Concrete	172.50	105.75
Aggregates	252.05	238.55
Others*	724.66	749.47
TOTAL	**2,258.10**	**2,370.23**

*includes no item which in value individually accounts for 10 percent or more of the total value of cost of materials consumed.

NOTE 28. Purchases of Stock-in-Trade

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cement	360.24	79.32
Ready Mix Concrete	1.45	9.94
TOTAL	**361.69**	**89.26**

NOTE 29. Changes in inventories of finished goods, work-in-progress and Stock-in-Trade

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Inventories at the end of the year		
Stock-in-Trade	7.90	0.98
Finished Goods	230.96	293.41
Work-in-progress	177.61	222.89
	416.47	**517.28**
Inventories at the beginning of the year		
Stock-in-Trade	0.98	0.17
Finished Goods	293.41	161.26
Work -in-progress	222.89	230.87
	517.28	392.30
	100.81	**(124.98)**

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 30. Employee benefits expense

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Salaries and Wages* (Refer Note - 47)	756.61	773.47
Contributions to Provident and other Funds	59.00	58.09
Employee share based payments (Refer Note - 52)	0.63	-
Staff welfare expenses	47.73	49.50
TOTAL	**863.97**	**881.06**

*Salaries and Wages expense for the year ended December 31, 2019 include ` Nil (Previous year - ` 70.37 Crore) on account of charge for Employee Separation Scheme.

NOTE 31. Freight and Forwarding expense

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
On Clinker transfer	495.82	515.82
On finished and Semifinished products	3,554.24	3,495.59
TOTAL	**4,050.06**	**4,011.41**

NOTE 32. Finance costs

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Interest		
- On Income tax	16.90	29.59
- On Defined benefit obligation (net) - (Refer Note - 36)	7.91	9.31
- Interest on deposits from dealers	33.45	28.89
- Interest on litigation matters	17.73	10.31
- Interest on loan from related party (Refer Note - 41)	-	1.47
- Others	8.36	7.70
Unwinding of discount on site restoration provision (Refer Note - 20.1)	1.87	1.93
TOTAL	**86.22**	**89.20**

NOTE 33. Depreciation and amortisation expense

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Depreciation on Property, Plant and Equipment	599.22	595.07
Amortisation of intangible assets	3.75	4.57
TOTAL	**602.97**	**599.64**

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 34. Other expenses

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Consumption of stores and spare parts	325.82	318.72
Consumption of packing materials	458.13	502.59
Rent	130.61	137.11
Rates and taxes (Refer Note - 47)	139.32	151.48
Repairs	149.06	168.82
Insurance	20.34	21.29
Royalties on minerals	276.83	269.16
Advertisement	111.60	72.10
Technology and Know-how fees	152.33	144.46
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note - 49(i))}	21.51	5.39
Corporate Social Responsibility expense (Refer Note 2 below)	25.07	20.45
Miscellaneous expenses (Refer Note - 47 and 1 below)	672.93	722.76
TOTAL	**2,483.55**	**2,534.33**

Notes

1. (i) Does not include any item of expenditure with a value of more than 1% of Revenue from operations.

   (ii) Miscellaneous expenses includes Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.

   (iii) Miscellaneous expenses includes net loss of ` 4.46 Crore (Previous year - ` 3.23 Crore) on foreign currency transaction and translation.

   (iv) Miscellaneous expenses includes net gain of ` 0.94 Crore (Previous year - net loss of ` 2.12 Crore) on foreign currency forward contract.

   (v) Payments to Statutory Auditors (excluding applicable taxes)

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
As auditors		
Audit fees	1.78	1.78
Audit fees for financial statements for tax filing purposes	0.45	0.45
Limited Reviews	1.05	1.05
In other capacity		
Fees for other services	0.01	0.10
Reimbursement of expenses	0.04	0.07
TOTAL	**3.33**	**3.45**

2. Details of Corporate Social Responsibility expenses:

   The Company has spent ` 25.07 Crore (Previous Year - ` 20.45 Crore) towards various schemes of Corporate Social Responsibility. The details are:

   (a) The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ` 23.90 Crore (Previous year - ` 19.60 Crore) i.e. 2% of average net profits for last three financial years, calculated as per section 198 of the Companies Act, 2013.

   (b) No amount has been spent on construction / acquisition of an asset of the Company.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 35. Earnings Per Share - [EPS]

Refer Note 1 (xxv) for Earnings Per Share

Basic EPS amounts are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders by the weighted average number of equity shares outstanding during the year plus the weighted average number of equity shares that would be issued on conversion of all the dilutive potential equity shares into equity shares.

The following reflects the income and share data used in the basic and diluted EPS computations:

(` Crore)

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Statement of Profit and Loss)		13,58.91	1,506.63
Weighted average number of equity shares for Earnings Per Share computation			
Number of shares for Basic Earnings Per Share		18,77,87,263	18,77,87,263
Effect of dilution:			
Number of shares held in abeyance		4,57,816	4,55,189
(Movement in number of shares is on account of change in average fair value of share)			
Weighted average number of Equity shares adjusted for the effect of dilution		18,82,45,079	18,82,42,452
Earnings Per Share			
Face value per Share	`	10.00	10.00
Basic	`	72.36	80.23
Diluted	`	72.19	80.04

The following reflects the basic and diluted EPS computations excluding “tax adjustments for earlier years”:

(` Crore)

		For the year ended December 31, 2019	For the year ended December 31, 2018
Profit attributable to equity shareholders (as per Statement of Profit and Loss)		1,358.91	1,506.63
Less: Tax adjustments for earlier years (Refer Note - 21)		-	500.63
Profit before tax adjustments for earlier years		1,358.91	1,006.00
Earnings Per Share			
Face value per Share	`	10.00	10.00
Basic	`	72.36	53.57
Diluted	`	72.19	53.44

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 36. Employee benefits

Refer Note 1 (XVII) for accounting policy on Employee benefits

a) **Defined Contribution Plans** – Amount recognised and included in Note 30 "Contributions to Provident and other Funds" of Statement of Profit and Loss ` 16.60 Crore (Previous year - ` 16.92 Crore)

b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2019.

The Company has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan as given below:

i. The Company operates a Gratuity Plan through a trust for its all employees. Every employee who has completed minimum five years of service is entitled to gratuity at 15 days salary for each completed year of service in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies.

ii. Every employee who has joined before December 01, 2005 and separates from service of the Company on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non Funded.

iii. Benefits under Post Employment Medical Benefit plans are payable for actual domiciliary treatment / hospitalization for employees and their specified relatives. The scheme is Non Funded.

iv. Refer Note - (c) for Provident fund scheme.

Governance and Investment Strategy

The gratuity and provident fund has the form of a trust and it is governed by the Board of Trustees. The Board of Trustees is responsible for the administration of the plan assets including investment of the funds in accordance with the norms prescribed by the Government of India. The trust has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

Each year, the Board of Trustees and the Company review the level of funding. Such a review includes the asset-liability matching strategy and assessment of the investment risk. The Company decides its contribution based on the results of this annual review.

Every year an Asset-Liability-Matching study is performed in which the consequences of the investments are analysed in terms of risk and return profiles. The Board of Trustees, based on the study, takes appropriate decisions on the duration of instruments in which investments are done. As per the latest study, there is no Asset-Liability-Mismatch.

The plans in India typically expose the Company to actuarial risks such as: investment risk, interest rate risk, longevity risk and salary risk.

Investment risk - As the plan assets include significant investments in quoted debt and equity instruments, the Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.

Interest risk - A decrease in the bond interest rate will increase the plan liability; however, this will be partially offset by an increase in the return on the plan's debt investments.

Longevity risk - The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

Salary risk - The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

Notes to the Financial Statements
for the year ended December 31, 2019

Defined Benefit Plans as per Actuarial valuation on December 31, 2019

(` Crore)

	Particulars	Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
I	**Expense recognised in the Statement of Profit and Loss – for the year ended December 31, 2019**			
	Components recognised in the Statement of Profit and Loss			
1	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
2	Net Interest cost	(0.15)	7.33	0.73
		1.01	*7.80*	*0.50*
3	Past service cost	-	-	-
		-	*(13.36)*	-
4	Net benefit expense	13.24	16.40	0.53
		14.59	*2.98*	*0.19*
	Components recognised in other comprehensive income (OCI)			
5	Actuarial (gains) / losses arising from change in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*
6	Actuarial (gains) / losses arising from change in experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	(Gain) / Loss on plan assets (Excluding amount included in net interest expenses)	(5.73)	-	-
		1.60	-	-
9	Sub-total - Included in OCI	12.12	8.58	(0.63)
		3.24	*0.80*	*3.41*
10	Total expense (4 + 9)	25.36	24.98	(0.10)
		17.83	*3.78*	*3.60*
II	**Amount recognised in Balance Sheet**			
1	Present value of Defined Benefit Obligation	(203.75)	(113.35)	(9.16)
		(181.90)	*(102.89)*	*(10.18)*
2	Fair value of plan assets	174.13	-	-
		173.45	-	-
3	Funded status {Surplus/(Deficit)}	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
4	Net asset/(liability) as at December 31, 2019	(29.62)	(113.35)	(9.16)
		(8.45)	*(102.89)*	*(10.18)*
III	**Present value of Defined Benefit Obligation**			
1	Present value of Defined Benefit Obligation at beginning of the year	181.90	102.89	10.18
		197.92	*109.75*	*7.37*
2	Current service cost	13.39	9.07	(0.20)
		13.58	*8.54*	*(0.31)*
3	Interest cost	12.77	7.33	0.73
		13.73	*7.80*	*0.50*
4	Past service cost	-	-	-
		-	*(13.36)*	-
5	Actuarial (gains) / losses arising from changes in financial assumptions	8.85	5.99	0.64
		(1.85)	*(0.82)*	*0.10*

(Figures in italics pertain to previous year)

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

	Particulars	Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
		Funded	Non Funded	
6	Actuarial (gains) / losses arising from experience adjustments	9.01	2.59	(1.27)
		3.49	*1.62*	*3.31*
7	Actuarial (gains) / losses arising from change in demographic assumptions	(0.01)	-	-
		-	-	-
8	Benefits Payments	(22.16)	(14.52)	(0.92)
		(44.50)	*(10.64)*	*(0.79)*
9	Increase/ (Decrease) due to effect of any business combination, divestitures, transfers	-	-	-
		(0.47)	-	-
10	Present value of Defined Benefit Obligation at the end of the year	203.75	113.35	9.16
		181.90	*102.89*	*10.18*
IV	**Fair value of Plan Assets**			
1	Plan assets at the beginning of the year	173.45	-	-
		180.99	-	-
2	Interest income	12.92	-	-
		12.72	-	-
3	Contributions by Employer	0.80	-	-
		21.00	-	-
4	Actual benefits paid	(18.77)	-	-
		(39.66)	-	-
5	Actuarial gains / (losses) arising from changes in financial assumptions	5.73	-	-
		(1.60)	-	-
6	Plan assets at the end of the year	174.13	-	-
		173.45	-	-
V	**Weighted Average duration of Defined Benefit Obligation**	10 Years	10 Years	NA
		10 Years	*10 Years*	*NA*

(Figures in italics pertain to previous year)

VI Sensitivity Analysis:

Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period, while holding all other assumptions constant.

Sensitivity Analysis as at December 31, 2019

(` Crore)

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(13.26)	15.13	(8.51)	9.46	(0.70)	0.78
Future salary growth (1% movement)	14.95	(13.35)	9.32	(8.53)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.32	(0.31)

Sensitivity Analysis as at December 31, 2018

(` Crore)

Particulars	Gratuity - Funded		Gratuity - Unfunded		PEMB	
	Increase	Decrease	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(11.44)	13.02	(7.78)	8.53	(0.76)	0.89
Future salary growth (1% movement)	12.94	(11.59)	8.94	(8.28)	-	-
Medical inflation increase rate (1% movement)	-	-	-	-	0.37	(0.35)

Notes to the Financial Statements

for the year ended December 31, 2019

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the Balance Sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

VII The major categories of plan assets as a percentage of total plan (%)

Particulars	Gratuity	
	As at December 31, 2019	**As at December 31, 2018**
Debt instruments		
Government securities	60%	54%
Debentures and bonds	33%	38%
Equity shares	4%	4%
Cash and cash equivalents:		
Fixed deposits	3%	4%
	100%	**100%**

VIII Actuarial Assumptions:

		As at December 31, 2019	As at December 31, 2018
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate
5	Mortality post–retirement	Mortality for annuitants LIC (1996-98) Ultimate	Mortality for annuitants LIC (1996-98) Ultimate
6	Medical premium inflation	12% for the first four years and thereafter 8%	12% for the first four years and thereafter 8%

c) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.

d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Notes to the Financial Statements
for the year ended December 31, 2019

e) Expected cash flows:

(` Crore)

Particulars	Funded Gratuity As at December 31, 2019	Funded Gratuity As at December 31, 2018	Unfunded Gratuity As at December 31, 2019	Unfunded Gratuity As at December 31, 2018	PEMB As at December 31, 2019	PEMB As at December 31, 2018
1. Expected employer contribution in the next year	-	15.00	-	-	-	-
2. Expected benefit payments						
Year 1	23.54	20.95	9.43	8.89	0.96	0.83
Year 2	22.98	20.42	9.85	9.02	0.98	0.86
Year 3	24.87	21.30	10.69	9.57	1.00	0.91
Year 4	22.45	22.38	11.88	11.26	1.03	0.95
Year 5	22.79	20.04	10.90	10.34	1.02	0.99
Next 5 years	77.87	77.47	47.33	44.14	4.85	4.90
Total expected payments	**194.50**	**182.56**	**100.08**	**93.22**	**9.84**	**9.44**

f) Post employment defined benefit plan expenses are included under employee benefit expenses in the Statement of Profit and Loss.

g) Other Long term employee benefits - Amount recognised as an expense under employee benefit expenses in the Statement of Profit and Loss in respect of compensated absences and long service award is ` 17.87 Crore (Previous year - ` 14.08 Crore). Following are the actuarial assumptions used for valuation of Other Long term employee benefits.

Actuarial Assumptions:		**As at December 31, 2019**	**As at December 31, 2018**
a)	**Financial Assumptions**		
1	Discount rate	6.80%	7.45%
2	Salary increase rate	7.00%	7.00%
b)	**Demographic Assumptions**		
1	Retirement age	60 years	60 years
2	Expected average remaining working lives of employees	10 years	10 years
3	Disability rate	5.00%	5.00%
4	Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2006-08) (Modified) Ultimate

c) Provident Fund

Provident Fund for certain eligible employees is managed by the Company through a trust "The Provident Fund of ACC Ltd.", in line with the Provident Fund and Miscellaneous Provisions Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

The minimum interest rate payable by the trust to the beneficiaries every year is notified by the Government. The Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust (including investment risk fall) and the notified interest rate. The exempt provident fund set up by the company is a defined benefit plan under Ind AS 19 Employee Benefits.

The Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and loss of ` 55.21 Crore (including investment risk fall as mentioned below) on re-measurement of the defined benefit plan is recognised in Other Comprehensive Income (OCI).

The Provident Fund of ACC Limited (Trust) had invested ` 49 Crore in perpetual bonds of IL&FS Financial Services Limited. In view of uncertainties regarding recoverability of this investment, during the current year ended December 31, 2019 the Company has provided ` 49 Crore being the change in re-measurement of the defined benefit plans, in Other Comprehensive Income towards probable incremental employee

Notes to the Financial Statements

for the year ended December 31, 2019

benefit liability that may arise on the Company on account of any likely shortfall of the Trust in meeting its obligations.

Defined benefit plans as per actuarial valuation on December 31, 2019

(` Crore)

	Particulars	For the year ended December 31, 2019	For the year ended December 31, 2018
I	**Components of expense recognised in the Statement of Profit and Loss**		
1	Current service cost	25.64	22.71
2	Net benefit expense	25.64	22.71
	Components recognised in other comprehensive income (OCI)		
3	Actuarial (gains) / losses arising from changes in financial assumptions on Liability	12.72	-
4	Actuarial (gains) / losses arising from changes in financial assumptions on Plan Assets	42.49	-
5	Sub-total - Included in OCI	55.21	-
6	Total expense (2 + 5)	80.85	22.71
II	**Amount recognised in Balance Sheet**		
1	Present value of Defined Benefit Obligation	(820.64)	(729.68)
2	Fair value of plan assets	765.39	729.65
3	Funded status {Surplus/(Deficit)}	(55.25)	(0.03)
4	Net asset/(liability) as at end of the year	(55.25)	(0.03)
III	**Present Value of Defined Benefit Obligation**		
1	Present value of Defined Benefit Obligation at beginning of the year	729.68	714.09
2	Current service cost	25.64	22.71
3	Interest cost	62.66	43.32
4	Employee Contributions	63.32	63.73
5	Actuarial (gains) / losses arising from changes in financial assumptions	-	(4.40)
6	Actuarial (gains) / losses arising from experience adjustments	12.72	(1.92)
7	Benefits Payments	(82.35)	(134.09)
8	Increase/ (Decrease) due to effect of any transfers	8.97	26.24
9	Present value of Defined Benefit Obligation at the end of the year	820.64	729.68
IV	**Fair Value of Plan Assets**		
1	Plan assets at the beginning of the year	729.65	717.43
2	Interest income	62.65	43.32
3	Contributions by Employer	25.64	22.71
4	Contributions by Employee	63.32	63.73
5	Actual benefits paid	(82.35)	(134.09)
6	Net transfer in / (out)	8.97	26.24
7	Actuarial gains / (losses) arising from changes in financial assumptions	(42.49)	(9.69)
8	Plan assets at the end of the year	765.39	729.65
V	**Weighted Average duration of Defined Benefit Obligation**	10 years	10 years

VI The major categories of plan assets as a percentage of total plan

Particulars	As at December 31, 2019	As at December 31, 2018
Debt instruments		
Government securities	29%	37%
Debentures and bonds	68%	56%
Equity	3%	7%
	100%	**100%**

Notes to the Financial Statements

for the year ended December 31, 2019

VII The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

Particulars	As at December 31, 2019	As at December 31, 2018
Discounting rate	6.80%	7.45%
Guaranteed interest rate	8.65%	8.55%
Yield on assets based on the Purchase price and outstanding term of maturity	8.60%	9.20%

VIII Sensitivity analysis for factors mentioned in Actuarial Assumptions

(` Crore)

Particulars	As at December 31, 2019		As at December 31, 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(2.43)	1.45	(5.31)	22.84
Interest rate guarantee (1% movement)	42.20	(19.18)	22.48	(5.31)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the balance sheet.

There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

IX The Company expects to contribute ` 27.00 Crore (Previous year - ` 24.00 Crore) to trust managed Provident Fund in next year.

NOTE 37. Leases

Refer Note 1 (XXI) for accounting policy on Leases

Operating lease commitments — Company as lessee

The Company has entered into operating leases on certain assets (grinding facility, godowns, flats, land, office premises and other premises). The Company has the option, under some of its leases, to lease the assets for additional terms of three to five years.

Future lease rentals are determined on the basis of agreed terms. There are no restrictions imposed by lease arrangements. There are no subleases. At the expiry of the lease term, the Company has an option either to return the asset or extend the term by giving notice in writing.

Operating lease payment recognised in the Statement of Profit and Loss amounts to ` 133.28 Crore (Previous year - ` 127.80 Crore) .

a) Future minimum rental payables under non-cancellable operating leases are as follows:

(` Crore)

		As at December 31, 2019	As at December 31, 2018
(i)	Not later than one year	35.00	53.93
(ii)	Later than one year and not later than five years	98.81	57.91
(iii)	Later than five years	40.80	28.55
		174.61	**140.39**

The Company has arrangement with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. The Company has evaluated such arrangement and identified them in the nature of lease as the Company takes more than an insignificant amount of the cement that will be produced or generated by the asset during the term of the arrangement and the price for the output is neither

Notes to the Financial Statements
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contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

The Company has further assessed the other terms of the arrangement for classification as operating or finance lease and the arrangement is classified as operating lease.

The Company has concluded that it is impracticable to separate the lease payments from other payments made under this arrangement reliably and hence all payments under this arrangement are considered as lease payments. There are no minimum lease payments under such arrangement.

Finance lease
The Company has entered into long-term leasing arrangements for land which has been assessed as finance lease since the present value of the minimum lease payments is substantially similar to the fair value of the leasehold land. These arrangements do not involve any material recurring payments hence other disclosures are not given.

NOTE 38. Capital and other Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for:

(` Crore)

		As at December 31, 2019	As at December 31, 2018
A)	Estimated value of contracts on capital account remaining to be executed (Net of advance)	457.71	159.17
B)	For commitments relating to lease arrangements, refer note - 37		

NOTE 39. Contingent liabilities not provided for -

Refer Note 1 (XIII) for accounting policy on Contingent liabilities

(A) Claims against the Company not acknowledged as debt:
Disputed claims / levies in respect of:

(` Crore)

Nature of Statute	Brief Description of Contingent Liabilities	As at December 31, 2019	As at December 31, 2018
Competition Act, 2002	CCI matter - Refer Notes a & b below	1,619.39	1,487.98
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts (Refer Note - 21)	598.00	500.63
Service Tax - The Finance Act, 1994	Refer note c below	90.43	87.66
Claims for mining lease rent	Refer note d below	212.22	73.46
Sales Tax Act / Commercial Tax Act of various states	Packing Material - Differential rate of tax. Matters pending with various authorities.	20.52	20.52
	Other Sales tax matters	9.65	14.90
Customs Duty - The Customs Act, 1962	Demand of duty on import of Steam Coal during 2001 to 2013 classifying it as Bituminous Coal	30.97	30.97
Other Statutes/ Other Claims	Claims by suppliers regarding supply of raw material	28.80	32.78
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court	9.80	14.70
	Various other cases pertaining to claims related to Railways, labour laws, etc	7.08	7.12

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

Nature of Statute	Brief Description of Contingent Liabilities	As at December 31, 2019	As at December 31, 2018
Mines and Minerals (Development and Regulation) Act	Demand of additional Royalty on Limestone based on cement produced vis a vis consumption of limestone at its factory in Tamil Nadu. The Company holds the view that the payment of royalty on limestone is correctly made by the Company based on the actual quantity of limestone extracted. Matter is pending at Madras High Court	7.93	7.93
	TOTAL	**2,634.79**	**2,278.65**

In respect of above matters, future cash outflows are determinable only on receipt of judgments pending at various forums / authorities.

The Company does not expect any reimbursements in respect of the above contingent liabilities.

The Company has reviewed all its pending litigations and proceedings, and has adequately provided where required and disclosed as contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

a) In 2012, the Competition Commission of India ('CCI') issued an Order imposing penalty on certain cement manufacturers, including the Company, concerning alleged contravention of the provisions of the Competition Act, 2002, and imposed a penalty of ` 1,147.59 Crore on the Company. On Company's appeal, Competition Appellate Tribunal ('COMPAT'), initially stayed the penalty, and by its final order dated December 11, 2015, set aside the order of the CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order.

After hearing the matter, the CCI had, by its order dated August 31, 2016, held that the cement companies and the Cement Manufacturers Association (CMA) are guilty and in violation of the Section 3(1) read with section 3(3)(a) and Sec 3 (3)(b) of the Competition Act and imposed a penalty of ` 1,147.59 Crore on the Company.

The Company had appealed against the penalty to the Competition Appellate Tribunal ('COMPAT') which granted a stay with a condition to deposit 10% of the penalty amount, which was deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant (the "Interim order"). Interest amount on penalty as on December 31, 2019 is ` 436.48 Crore (Previous Year - ` 305.07 Crore). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgment dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

Against the above judgment of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 05, 2018 had admitted the appeal and directed that the interim order passed by the Tribunal in this case will continue in the meantime.

Based on the advice of external legal counsel, the Company believes it has a strong case on merits for successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the financial statements.

b) In a separate matter, the Director, Supplies and Disposal, Haryana filed information that seven cement companies had engaged in collusive bidding in contravention of the Competition Act. CCI by its order dated January 19, 2017 imposed a penalty of ` 35.32 Crore on the Company. On Company's filing an appeal, COMPAT had stayed the penalty. Matter is now listed before NCLAT and is pending for hearing.

Based on the advice of external legal counsel, the Company believes it has a strong case on merits for a successful appeal in this matter. Accordingly, the Company is of the view that no provision is necessary in the financial statements.

Notes to the Financial Statements

for the year ended December 31, 2019

c) The dispute is regarding whether the "place of removal" is the "factory gate / Depot" or "destination point of customer" for availment of Service Tax Credit on "Outward Transportation cost" of Cement when sales is on F.O.R. basis. The Department has alleged that, the freight cost for transportation of Cement beyond factory gate and Depot being the place of removal, is not "Input Service" and therefore the Service Tax Credit on such services cannot be availed. The Service Tax Department issued show cause notice (SCN) and demand orders against which the Company has filed Appeal with the CESTAT.

In the case of Gujarat Ambuja Cement Limited, the Punjab & Haryana (P&H) High Court has decided that the matter in favour of assessee relying on Board Circular dated August 23, 2017, to which Department has not challenged and hence the same has attained finality. Hon'ble Supreme Court, vide Order dated January 01, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s. Ultratech Cement (Chattishgarh State) has allowed Service Tax Credit on GTA Services and dismissed the Departmental Appeal. In another decision, Hon'ble Supreme court, vide Order dated February 01, 2018 in the case of CCE Bangalore V/S Ultratech Cement (Karnataka state) has disallowed such Service Tax Credit on GTA Services. Similar matter of M/s Mangalam Cement is pending before Hon'ble Supreme Court remanded to High Court for deciding whether decision of Ultratech (Karnataka State) will be applicable or not.

Based on the advice of the external legal counsel, conflicting decisions of various courts and CBIC Circular, the Company believes that matter is a possible case. The Company strongly believes no provision is considered necessary at this stage.

d) The Company has received demand notice dated May 10, 2013 from the Government of Tamil Nadu, and an Order dated August 22, 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 01.04.1997 to 31.03.2014 and 01.04.2014 to 31.03.2019, amounting to ` 73.46 Crores and ` 138.76 Crores respectively for use of the Government land for mining, which land the Company occupies on the basis of the Mining Leases. Despite the Company paying royalty at the prescribed rate for the Minerals extracted from the leased land and paying surface rent regularly as per Rules, the Authorities have issued the demand letters calling upon the company to pay compensation for use of Government land. Company has challenged the demands by way of Revision under the Mineral Concession Rules and in Writ Petitions before the Hon'ble High Court of Tamil Nadu at Chennai, and in a Petition has obtained an order restraining the State from taking coercive steps. Pending the same the High Court of Tamil Nadu in the group Writ Petitions of other cement manufacturers viz Dalmia Cements, Madras Cements and others has passed a judgment dated November 20, 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Company has filed a Writ Appeal against the Judgment dated November 20, 2019 passed in Dalmia Cements, Madras Cements and others.

The Company is of the view and has been advised legally, that the merits are strongly in its favour.

(B) Guarantees excluding financial guarantees

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Guarantees given to Government Bodies on behalf of subsidiary companies	**12.54**	**0.04**

NOTE 40 Material demands and disputes relating to assets and liabilities considered as remote by the Company

a) The Company had availed sales tax incentives in respect of its new 1 MTPA Plant (Gagal II) under the Himachal Pradesh (HP) State Industrial Policy, 1991. The Company had accrued sales tax incentives aggregating ` 56 Crore. The Sales tax authorities introduced certain restrictive conditions after commissioning of the unit stipulating that incentive is available only for incremental amount over the base revenue and production of Gagal I prior to the commissioning of Gagal II. The Company contends that such restrictions are not applicable to the unit as Gagal II is a new unit, as decided by the HP Hon'ble High Court and confirmed by the Hon'ble Supreme Court while determining the eligibility for transport subsidy. The Department recovered ` 64 Crore (tax of ` 56 Crore and interest of ` 8 Crore) which is considered as recoverable.

Notes to the Financial Statements

for the year ended December 31, 2019

The HP Hon'ble High Court, had, in 2012, dismissed the Company's appeal. The Company believes the Hon'ble High Court's judgment was based on an erroneous understanding of certain facts and legal positions and that it also failed to consider certain key facts. The Company has been advised by legal experts that there is no change in the merits of the Company's case. Based on such advice, the Company filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, which is pending for hearing.

b) The Company was eligible for certain incentives in respect of its investment towards modernization and expansion of the Chaibasa Cement Unit pursuant to confirmation received under the State Industrial Policy of Jharkhand. Accordingly, the Company has made claims for refund of VAT paid for each financial year. However, no disbursals were made (except an amount of ₹ 7 Crore representing part of the One Time Lumpsum capital subsidy claim of ₹ 15 Crore) as the authorities have raised new conditions and restrictions, that were extraneous to the approvals and confirmations expressly received by the Company. The Company had filed two writ appeals before the Jharkhand Hon'ble High Court against these conditions, restrictions and disputes to the extent of the eligible claims which are now being sought to be effected/ raised by the Government.

The Division Bench of the Jharkhand Hon'ble High Court, while dealing with appeals by both the Company and the State Government, against a single bench order only partially allowing the Company's claim, in its order dated February 24, 2015, allowed the Company's appeal in totality while dismissing the Government's appeal, thereby confirming that the entire amount claimed by the Company is correct and hence payable immediately.

The Government of Jharkhand had filed an Special Leave petition (SLP) in the Hon'ble Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due. Consequently, as of date, the Company received only ₹ 64 Crore out of total ₹ 235 Crore in part disbursement from the Government of Jharkhand.

The Company is pursuing the matter of disbursement of further amounts outstanding.

The Company is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP will be rejected upholding the order of the Division bench of the Jharkhand Hon'ble High Court by the Apex Court.

c) The Company is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The scheme inter alia, includes refund of royalty paid by the Company on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed the Company's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to the Company, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. The Company maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. The Company has accrued an amount of ₹ 133 Crore (Previous year - ₹ 133 Crore) on this account. The Company has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted and pending before the High Court for hearing on merit. The Company is of the view and has been advised legally, that the merits are strongly in its favour.

d) The Company had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co. Ltd., in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. The Company had purchased another captive power plant ('Wadi TG 3', set up by Tata Power Co. Ltd. in the year 2002-03) in 2004-05. Both these power plants were eligible for tax holiday under the provisions of Section 80-IA of the Income-tax Act, 1961. The Income tax department has disputed the Company's claim of deduction under Section 80-IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹ 56.66 Crore (net of provision) (Previous Year - ₹ 56.66 Crore) , the Company is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 Crore (Previous Year - ₹ 115.62 Crore), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the Company. The Company believes that the merits of the claims are strong and will be allowed.

Notes to the Financial Statements

for the year ended December 31, 2019

e) One of the Company's cement manufacturing plants located in Himachal Pradesh was eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured at that plant. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Company to such deferment on the ground that the Company also manufactures an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was in the negative list. A demand of ` 82.37 Crore (Previous year - ` 82.37 Crore) was raised. The Company filed a writ petition before the Hon'ble High Court of Himachal Pradesh against the demand. The case has been admitted and the hearing is in process. The Company believes its case is strong and the demand is unlikely to sustain under law.

f) The Company was contesting the renewal of mining lease in state of Jharkhand for two of its quarries on lease. There was an unfavourable order by the Hon'ble Supreme Court in judgement on Goa Foundation case, restricting the ""deemed renewal"" provision of captive mining leases to the first renewal period. The Company received demand from District Mining Officer for ` 881 Crore as penalty for alleged illegal mining activities carried out by the Company during January 1991 to September 2014.

On January 02, 2015, the Central Government promulgated the Mines and Minerals (Development and Regulation) Amendment) Ordinance, 2015 [subsequently enacted as Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 in March 2015] amending mining laws with retrospective effect, and decided that all leases granted prior to ordinance will deemed to have been automatically renewed until prescribed period therein.

The Company then filed a writ petition with High Court of Jharkhand, challenging the aforesaid memos from the State Government for directing the State government to renew both the leases upto march 2030 as per the Ordinance.

On October 31, 2015 the High Court passed an interim order in terms of Section 8A(5) of the Ordinance for quarry II extending the lease upto March 2030 permitting the Company to commence mining operations after depositing ` 48 Crore, being assessed value of materials dispatched between April 2014 to Sep 2014 (being the alleged period of illegality) subject to the outcome of the petition filed by the Company.

The Company's assessment coupled with legal advice is that the case shall not stand the test of judicial scrutiny basis the automatic renewal.

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NOTE 41. Related Party Disclosure

(A)	**Names of the Related parties where control exists:**	**Nature of Relationship**
1	LafargeHolcim Ltd, Switzerland	Ultimate Holding Company
2	Holderind Investments Ltd, Mauritius	Holding Company of Ambuja Cements Limited
3	Ambuja Cements Limited	Holding Company
4	Bulk Cement Corporation (India) Limited	Subsidiary Company
5	ACC Mineral Resources Limited	Subsidiary Company
6	Lucky Minmat Limited	Subsidiary Company
7	National Limestone Company Private Limited	Subsidiary Company
8	Singhania Minerals Private Limited	Subsidiary Company
9	OneIndia BSC Private Limited	Joint venture Company
10	Aakaash Manufacturing Company Private Limited	Joint venture Company
(B)	**Others - With whom transactions have been taken place during the current and/or previous year:**	
(a)	**Names of other Related parties**	**Nature of Relationship**
1	Alcon Cement Company Private Limited	Associate Company
2	Asian Concretes and Cements Private Limited	Associate Company
3	Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
4	PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (upto January 31,2019)
5	Holcim Services (South Asia) Limited	Fellow Subsidiary
6	Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
7	Holcim Philippines, Inc, Philippines	Fellow Subsidiary
8	Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
9	Holcim Technology Ltd, Switzerland	Fellow Subsidiary
10	LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
11	LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
12	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
13	Dirk India Private Limited	Fellow Subsidiary
14	Lafarge SA, France	Fellow Subsidiary
15	Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16	The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
17	ACC limited Employees Group Gratuity scheme	Trust (Post-employment benefit plan)
	In accordance with the provisions of Ind AS 24 “Related Party Disclosures” and the Companies Act, 2013, following Personnel are considered as Key Management Personnel (KMP).	
(b)	**Name of the Related Parties:**	**Nature of Relationship**
1	Mr. Neeraj Akhoury	Managing Director & CEO
2	Mr. Sunil K. Nayak	Chief Financial Officer (upto July 31, 2019)
3	Ms. Rajani Kesari	Chief Financial Officer (w.e.f. August 01, 2019)
4	Mr. Ramaswami Kalidas	Company Secretary (upto September 26, 2019)
5	Mr. Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
6	Mr. N S Sekhsaria	Chairman, Non Executive / Non Independent Director
7	Mr. Jan Jenisch	Deputy Chairman, Non Executive / Non Independent Director
8	Mr. Martin Kriegner	Non Executive / Non Independent Director
9	Mr. Shailesh Haribhakti	Independent Director
10	Mr. Sushil Kumar Roongta	Independent Director
11	Mr. Ashwin Dani	Independent Director (upto March 22, 2019)
12	Mr. Farrokh K Kavarana	Independent Director (upto March 22, 2019)
13	Mr. Vijay Kumar Sharma	Non Independent Director
14	Mr. Arunkumar R Gandhi	Independent Director (upto March 22, 2019)
15	Ms. Falguni Nayar	Independent Director
16	Mr. Christof Hassig	Non Independent Director
17	Mr. Damodarannair Sundaram	Independent Director (w.e.f. March 22, 2019)
18	Mr. Vinayak Chatterjee	Independent Director (w.e.f. March 22, 2019)
19	Mr. Sunil Mehta	Independent Director (w.e.f. March 22, 2019)

Notes to the Financial Statements

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(` Crore)

(C)	Transactions with Subsidiary Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Property, Plant and Equipments**	**0.06**	**0.03**
	Bulk Cement Corporation (India) Limited	0.06	0.03
2	**Purchase of Raw Material**	**3.81**	**5.28**
	Singhania Minerals Private Limited	3.81	5.28
3	**Sale of finished goods**	**0.49**	**-**
	Bulk Cement Corporation (India) Limited	0.49	-
4	**Reimbursement of Expenses Paid/Payable**	**2.22**	**2.10**
	Bulk Cement Corporation (India) Limited	2.22	2.10
5	**Reimbursement of Expenses Received/Receivable**	**1.33**	**1.70**
	Bulk Cement Corporation (India) Limited	1.16	1.57
	Singhania Minerals Private Limited	0.17	0.13
6	**Rendering of Services**	**2.52**	**2.94**
	Bulk Cement Corporation (India) Limited	2.52	2.94
7	**Receiving of Services**	**19.94**	**21.57**
	Bulk Cement Corporation (India) Limited	19.94	21.57
8	**Interest received on Inter Corporate Deposit**	**0.18**	**0.15**
	National Limestone Company Private Limited	0.11	0.08
	Singhania Minerals Private Limited	0.06	0.07
	Lucky Minmat Limited	0.01	-
9	**Interest on Current borrowings**	**-**	**1.47**
	ACC Mineral Resources Limited	-	1.47
10	**Short Term Loan Re-paid**	**-**	**60.64**
	ACC Mineral Resources Limited	-	60.64
11	**Inter Corporate Deposits Given**	**0.56**	**0.29**
	National Limestone Company Private Limited	0.53	0.24
	Lucky Minmat Limited	0.03	0.05
12	**Inter Corporate Deposits Repayment Received**	**-**	**0.01**
	Singhania Minerals Private Limited	-	0.01
13	**Conversion of outstanding interest into short term borrowings**	**-**	**1.47**
	ACC Mineral Resources Limited	-	1.47
14	**Conversion of trade receivable into Inter Corporate Deposits**	**-**	**0.60**
	Singhania Minerals Private Limited	-	0.60
15	**Conversion of outstanding interest into Inter Corporate Deposits**	**0.29**	**0.02**
	Singhania Minerals Private Limited	0.05	0.02
	National Limestone Company Private Limited	0.23	-
	Lucky Minmat Limited	0.01	-

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

	Outstanding balances with Subsidiary Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Guarantee outstanding as at the end of the Year ##**	**12.54**	**0.04**
	Singhania Minerals Private Limited	0.04	0.04
	ACC Mineral Resources Limited	12.50	-
2	**Inter Corporate Deposits as at the end of the Year**	**2.41**	**1.56**
	National Limestone Company Private Limited	1.63	0.87
	Singhania Minerals Private Limited	0.69	0.64
	Lucky Minmat Limited	0.09	0.05
3	**Outstanding balance of interest receivables on Inter Corporate Deposits**	**0.17**	**0.28**
	National Limestone Company Private Limited	0.11	0.23
	Singhania Minerals Private Limited	0.06	0.05
4	**Outstanding balance included in Trade receivables**	**1.95**	**0.90**
	Bulk Cement Corporation (India) Limited	1.78	0.78
	Singhania Minerals Private Limited	0.17	0.12
5	**Outstanding balance included in Trade payables**	**2.61**	**3.65**
	Bulk Cement Corporation (India) Limited	2.61	3.63
	Singhania Minerals Private Limited	-	0.02

(` Crore)

(D)	Transactions with Joint Venture Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**100.86**	**104.12**
	Aakaash Manufacturing Company Private Limited {Refer Note 45 (ii)}	100.86	104.12
2	**Sale of Finished Goods**	**12.52**	**14.57**
	Aakaash Manufacturing Company Private Limited	12.52	14.57
3	**Receiving of Services**	**27.15**	**29.00**
	OneIndia BSC Private Limited	27.15	29.00
4	**Dividend Received**	**1.32**	**0.68**
	Aakaash Manufacturing Company Private Limited	1.32	0.68
5	**Reimbursement of Expenses Received/Receivable**	**0.02**	**0.02**
	Aakaash Manufacturing Company Private Limited	0.02	0.02
6	**Reimbursement of Expenses Paid / Payable**	**-**	**0.47**
	OneIndia BSC Pvt Limited	-	0.47
7	**Other recoveries (Net)**	**2.80**	**2.11**
	Aakaash Manufacturing Company Private Limited	2.80	2.11

Notes to the Financial Statements
for the year ended December 31, 2019

(` Crore)

	Outstanding balances with Joint venture Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**0.96**	**1.30**
	Aakaash Manufacturing Company Private Limited	0.96	1.30
2	**Outstanding balance included in Trade payables**	**16.33**	**21.92**
	Aakaash Manufacturing Company Private Limited	14.06	19.31
	OneIndia BSC Private Limited	2.27	2.61

(` Crore)

(E)	Transactions with Associate Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Finished Goods**	**68.46**	**71.89**
	Alcon Cement Company Private Limited {Refer Note - 45 (i)}	68.46	71.89
2	**Purchase of Raw Materials**	**11.19**	**20.76**
	Asian Concretes and Cements Private Limited	11.19	20.76
3	**Sale of Unfinished Goods**	**20.78**	**26.40**
	Alcon Cement Company Private Limited {Refer Note - 45 (i)}	20.78	26.40
4	**Dividend Received**	**0.37**	**0.41**
	Alcon Cement Company Private Limited	0.37	0.41
5	**Receiving of Services**	**107.60**	**117.92**
	Asian Concretes and Cements Private Limited	107.60	117.92
6	**Reimbursement of Expenses Received/Receivable**	**13.47**	**14.71**
	Alcon Cement Company Private Limited	13.47	14.71
7	**Reimbursement of Expenses Paid/Payable**	**2.22**	**3.16**
	Alcon Cement Company Private Limited	1.67	2.62
	Asian Concretes and Cements Private Limited	0.55	0.54

(` Crore)

	Outstanding balances with Associate Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**6.81**	**8.99**
	Alcon Cement Company Private Limited	6.81	8.99
2	**Outstanding balance included in Trade payables**	**17.80**	**22.96**
	Asian Concretes and Cements Private Limited	14.69	19.27
	Alcon Cement Company Private Limited	3.11	3.69

Notes to the Financial Statements
for the year ended December 31, 2019

(` Crore)

(F)	Details of Transactions relating to Ultimate Holding and Holding Companies	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Dividend paid**	**143.36**	**153.60**
	Ambuja Cements Limited	131.58	140.98
	Holderind Investments Limited	11.78	12.62
2	**Purchase of Raw materials**	**0.80**	**0.24**
	Ambuja Cements Limited	0.80	0.24
3	**Purchase of Finished /Unfinished goods**	**112.87**	**35.17**
	Ambuja Cements Limited	112.87	35.17
4	**Purchase of Stores & Spares**	**0.44**	**0.10**
	Ambuja Cements Limited	0.44	0.10
5	**Sale of Fixed Assets**	**-**	**19.23**
	Ambuja Cements Limited	-	19.23
6	**Sale of Finished /Unfinished Goods**	**101.39**	**23.59**
	Ambuja Cements Limited	101.39	23.59
7	**Sale of Raw Material**	**1.44**	**8.34**
	Ambuja Cements Limited	1.44	8.34
8	**Sale of Stores & Spares**	**1.17**	**-**
	Ambuja Cements Limited	1.17	-
9	**Sale of Scrap**	**0.11**	**-**
	Ambuja Cements Limited	0.11	-
10	**Rendering of Services**	**42.46**	**47.66**
	Ambuja Cements Limited	42.46	47.66
11	**Receiving of Services**	**32.71**	**47.47**
	Ambuja Cements Limited	32.71	47.47
12	**Reimbursement of Expenses Received / Receivable**	**0.04**	**0.04**
	Ambuja Cements Limited	0.01	0.04
	LafargeHolcim Ltd	0.03	
13	**Reimbursement of Expenses Paid / Payable**	**9.74**	-
	Ambuja Cements Limited	9.74	-

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

	Outstanding balances with Ultimate Holding and Holding Companies	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**29.05**	**15.61**
	Ambuja Cements Limited	29.02	15.61
	LafargeHolcim Ltd	0.03	-
2	**Outstanding balance included in Other current assets - advances**	**0.04**	**0.04**
	Ambuja Cements Limited	0.04	0.04
3	**Outstanding balance included in Trade payables**	**43.72**	**18.25**
	Ambuja Cements Limited	43.72	18.25

(` Crore)

(G)	Details of Transactions relating to Fellow Subsidiary Companies / Joint Venture of Holding Company	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Purchase of Raw materials**	**238.94**	**288.37**
	LafargeHolcim Energy Solutions SAS	237.84	285.04
	Counto Microfine Products Private Limited	1.10	3.28
	Dirk India Private Limited	-	0.05
2	**Sale of Finished /Unfinished Goods**	**0.11**	**0.16**
	Counto Microfine Products Private Limited	0.11	0.16
3	**Technology and Know-how fees**	**152.33**	**144.46**
	Holcim Technology Ltd	152.33	144.46
4	**Receiving of Services**	**64.76**	**75.05**
	Holcim Services (South Asia) Limited	59.53	74.66
	Holcim Group Services Ltd	0.33	0.39
	Lafarge SA	2.79	-
	Holcim Technology Ltd	2.11	-
5	**Rendering of Services**	**11.05**	**11.01**
	Holcim Services (South Asia) Limited	9.33	4.75
	Lafarge SA	1.72	2.62
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	-	1.45
6	**Reimbursement of Expenses Received / Receivable**	**2.69**	**0.77**
	LafargeHolcim Energy Solutions SAS	0.76	0.17
	LafargeHolcim Trading Pte Ltd	1.92	0.13
	LafargeHolcim Bangladesh Ltd	0.01	0.01
	Holcim Technology Ltd	-	0.45
	Counto Microfine Product Private Limited	-	0.01

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

	Outstanding balances with Fellow Subsidiary Companies / Joint Venture of Holding Company	As at December 31, 2019	As at December 31, 2018
1	**Outstanding balance included in Trade receivables**	**11.89**	**11.82**
	Holcim Services (South Asia) Limited	5.93	4.75
	Lafarge SA	2.22	3.07
	Holcim Group Services Ltd	-	2.19
	Holcim Technology Ltd	3.37	1.45
	PT Holcim Indonesia Tbk	0.15	0.15
	LafargeHolcim Trading Pte Limited	0.13	0.13
	Counto Microfine Product Pvt Ltd	0.06	0.03
	Holcim Philippines, Inc	-	0.02
	Holcim Cement (Bangladesh) Ltd	0.01	0.01
	Holcim Technology (Singapore) Pte Ltd	-	0.01
	LafargeHolcim Bangladesh Ltd	0.02	0.01
2	**Outstanding balance included in Trade payables**	**49.84**	**159.80**
	LafargeHolcim Energy Solutions SAS	5.14	124.50
	Holcim Technology Ltd	34.54	33.70
	Counto Microfine Products Private Limited	0.20	0.63
	Holcim Services (South Asia) Limited	9.92	0.62
	Holcim Group Services Ltd	0.04	0.35

(` Crore)

(H)	Details of Transactions with Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
1	**Remuneration***	**13.56**	**11.52**
	Mr. Neeraj Akhoury	8.90	7.13
	Mr. Sunil K. Nayak	1.95	3.36
	Mr. Ramaswami Kalidas	0.84	1.03
	Ms. Rajani Kesari	1.49	-
	Mr. Rajiv Choubey	0.38	-
	Breakup of Remuneration	**13.56**	**11.52**
	Short term employee benefits	12.53	11.05
	Post employment benefits (including defined contribution and defined benefits)*	0.86	0.47
	Other long term benefits*	-	-
	Employee share based payments (Refer Note - 52)	0.17	-

(` Crore)

2	Other Payment to Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
	Commission Payable	**3.19**	**3.19**
	Mr. N S Sekhsaria	0.50	0.50
	Mr. Arunkumar Gandhi	0.10	0.45
	Mr. Martin Kriegner#	-	-
	Mr. Shailesh Haribhakti	0.36	0.36
	Mr. Sushil Kumar Roongta	0.36	0.36
	Mr. Ashwin Dani	0.08	0.36
	Mr. Farrokh Kavarana	0.08	0.36
	Mr. Vijay Kumar Sharma	0.20	0.20
	Mr. Jan Jenisch	0.20	0.20

Notes to the Financial Statements

for the year ended December 31, 2019

(` Crore)

2	Other Payment to Key Management Personnel	For the year ended December 31, 2019	For the year ended December 31, 2018
	Ms. Falguni Nayar	0.20	0.20
	Mr. Christof Hassig	0.20	0.20
	Mr. Sunil Mehta	0.28	-
	Mr. Damodarannair Sundaram	0.35	-
	Mr. Vinayak Chatterjee	0.28	-
	Sitting Fees	**0.47**	**0.53**
	Mr. N S Sekhsaria	0.04	0.04
	Mr. Arunkumar Gandhi	0.01	0.08
	Mr. Martin Kriegner#	-	0.04
	Mr. Shailesh Haribhakti	0.07	0.07
	Mr. Sushil Kumar Roongta	0.09	0.09
	Mr. Ashwin Dani	0.01	0.06
	Mr. Farrokh Kavarana	0.02	0.07
	Mr. Vijay Kumar Sharma	0.03	0.01
	Mr. Jan Jenisch	0.01	0.01
	Ms. Falguni Nayar	0.03	0.03
	Mr. Christof Hassig	0.02	0.03
	Mr. Sunil Mehta	0.04	-
	Mr. Damodarannair Sundaram	0.05	-
	Mr. Vinayak Chatterjee	0.05	-

* Provision for contribution to gratuity fund, leave encashment on retirement and other defined benefits which are made based on actuarial valuation on an overall Company basis are not included in remuneration to key management personnel.

#Mr. Martin Kriegner has waived his right to receive Directors' commission from the year 2018 and sitting fees with effect from the meeting held on October 17, 2018.

The Company makes monthly contributions to provident fund managed by "The Provident Fund of ACC Ltd" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company contributed ` 25.64 Crore (Previous Year - ` 22.71 Crore).

The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (ACC limited Employees Group Gratuity scheme). During the year, the Company contributed ` 0.80 Crore (Previous Year - ` 21.00 Crore).

Terms and conditions of transactions with related parties

Sales and purchases

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. For the year ended December 31, 2019, the Company has not recorded any loss allowances for trade receivables from related parties (Previous year - Nil).

Loans to subsidiaries:

The Company had given loans to subsidiaries for general corporate purposes. Outstanding balances at the year-end are unsecured and carry an interest rate of 9% (Previous year - 9%) and repayable on demand.

##Guarantees given on behalf of subsidiaries:

Guarantee given on behalf of Singhania Minerals Private Limited, wholly owned subsidiary company is for the purpose of approval of mining plan.

Guarantee given on behalf of ACC Mineral Resources Limited, wholly owned subsidiary company is for the purpose of Coal block.

Notes to the Financial Statements
for the year ended December 31, 2019

NOTE 42. Segment Reporting

Refer Note 1 (XXII) for accounting policy on Segment Reporting

For management purposes, the Company is organised into business units based on the nature of the products, the differing risks and returns. The organization structure and internal reporting system has two reportable segments, as follows:

(a) **Cement -** Cement is a product which is obtained from clinker resulting from mixing the raw materials such as limestone, clay, iron ore, fly ash, bauxite, etc, in determined ratios. Clinker is then mixed with certain amount of setting regulator (generally gypsum) which is ground together and set after mixing with water and gains strength to make Cement. In general, it is used in construction activities.

(b) **Ready Mix Concrete -** Ready Mix Concrete is concrete that is manufactured in a batch plant, according to a set engineered mix design. In general, it is used in construction activities.

No operating segments have been aggregated to form the above reportable operating segments.

The Chief Operating Decision Maker ("CODM") monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured consistently with profit or loss in the financial statements. However, the Company's financing (including finance costs and finance income) and income taxes are managed on a Company basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

INFORMATION ABOUT PRIMARY BUSINESS SEGMENTS

(` Crore)

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
REVENUE						
External sales	13,870.08	13,171.09	1,473.03	1,306.38	15,343.11	14,477.47
Inter-segment sales	190.23	216.00	1.58	2.76	191.81	218.76
Other operating revenue	305.60	317.81	7.94	6.07	313.54	323.88
	14,365.91	**13,704.90**	**1,482.55**	**1,315.21**	**15,848.46**	**15,020.11**
Less: Elimination	190.23	216.00	1.58	2.76	191.81	218.76
Total revenue	**14,175.68**	**13,488.90**	**1,480.97**	**1,312.45**	**15,656.65**	**14,801.35**
OPERATING EBITDA	**2,256.30**	**1,910.80**	**153.15**	**133.83**	**2,409.45**	**2,044.63**
Segment result	**1,701.25**	**1,328.46**	**133.21**	**116.71**	**1,834.46**	**1,445.17**
Unallocated corporate income net of unallocated expenditure					16.47	35.10
Operating Profit					**1,850.93**	1,480.27
Finance costs					(86.22)	(89.20)
Interest and Dividend income					266.76	103.22
Tax expenses (Refer Note - 21)					(672.56)	12.34
Profit after tax					**1,358.91**	**1,506.63**

Notes to the Financial Statements
for the year ended December 31, 2019

(` Crore)

	Cement		Ready Mix Concrete		Total	
	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018	Year ended December 31, 2019	Year ended December 31, 2018
Capital expenditure (including capital work-in-progress and capital advances)	493.49	475.92	27.44	47.45	520.93	523.37
Depreciation and Amortisation	584.04	583.11	18.93	16.53	602.97	599.64
Other non-cash expenses	11.10	11.64	18.37	3.57	29.47	15.21
Segment assets	10,925.45	11,631.96	470.27	454.07	11,395.72	12,086.03
Unallocated Corporate assets					5,686.38	3,939.02
Total assets					**17,082.10**	**16,025.05**
Segment liabilities	3,792.39	4,066.64	355.15	315.23	4,147.54	4,381.87
Unallocated corporate liabilities					1,413.28	1,115.52
Total liabilities					**5,560.82**	**5,497.39**

(` Crore)

Sales from external customer	For the year ended December 31, 2019	For the year ended December 31, 2018
Within India	15,341.39	14,472.37
Outside India *	1.72	5.10
TOTAL	**15,343.11**	**14,477.47**

No single customer contributed 10% or more to the Company's revenue for the year ended December 31, 2019 and December 31, 2018.

* Sales outside India are in functional currency.

All the non current assets are located within India.

Cash flows arising from the reportable segments

(` Crore)

	Cement		Ready Mix Concrete		Unallocated		Total	
	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018	As at December 31, 2019	As at December 31, 2018
Net Cash flow from operating activities	2,677.55	1,586.89	17.00	57.72	(446.20)	(526.53)	2,248.35	1,118.08
Net cash used in investing activities	(465.77)	(447.74)	(27.68)	(47.34)	165.13	127.30	(328.32)	(367.78)
Net cash used in financing activities	-	-	-	-	(374.16)	(441.11)	(374.16)	(441.11)

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 43. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development Act, 2006*

(` Crore)

		As at December 31, 2019	As at December 31, 2018
a.	The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
	Principal amount due to micro and small enterprises (Not overdue)	11.27	8.02
	Interest due on above	-	-
b.	The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c.	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d.	The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e.	The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-

*This information has been determined to the extent such parties have been identified on the basis intimation received from the “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006.

NOTE 44.

In assessing the carrying amounts of Investments (net of impairment loss) in companies which are currently not in operation, the Company considered various factors as detailed below and concluded that no further impairment is necessary.

(i) The Company has invested ` 38.10 Crore (Previous year - ` 38.10 Crore) in equity shares of Lucky Minmat Limited (LML), a wholly owned subsidiary company. LML is engaged in the extraction of limestone. The Company has determined the value in use of investment based on discounted future cash flow approach. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.

(ii) The Company has invested ` 14.02 Crore (Previous year - ` 14.02 Crore) in equity shares of National Limestone Company Private Limited (NLCPL) a wholly owned subsidiary company. NLCPL is engaged in the extraction of limestone. The Company has determined the value in use of investment based on discounted future cash flow approach. In making the said projections, reliance has been placed on current market analysis, estimates of future prices of mineable resources (Limestone), mining leases and assumptions relating to operational performance.

As at December 31, 2019, the cash flows are estimated over the life of respective mines.

Following are the key assumptions considered for value in use calculation:

(a) Production of mines is estimated as per the production schedule in the mining plans submitted to the regulatory authorities.

(b) Limestone is a commodity for which there is no market existing. Average selling price of the limestone considered based on the information available from the Indian Bureau of Mines (“IBM”). Expected increase in selling price is considered at 3% every year.

(c) The cost of production is given an inflation effect of 4% every year for first five years and 3% every year thereafter and royalty rate is increased by 10% in every five year.

(d) Weighted average cost of capital (WACC) estimated as 14.80%.

The management believes that any reasonably possible change in the key assumptions would not cause the carrying amount to exceed the recoverable amount of the cash generating unit.

Based on the Company's assessment there is no impairment of investments.

(iii) The Company has investment in ACC Mineral Resources Limited (AMRL), a wholly-owned subsidiary of ` 106.80 Crore. AMRL, through its joint operations had secured development for four coal blocks allocated to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the judgment of Supreme Court dated August 25, 2014 read with its order dated September 24, 2014.

The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder vide vesting order dated March 23, 2015. In respect of Bicharpur coal block, AMRL had filed a writ petition with the Delhi High Court against the compensation fixed by Ministry of Coal up to March 31, 2014. The Hon'ble Delhi High Court issued its judgment on March 09, 2017 wherein the court has said that "whatever has transpired after March 31, 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account." Accordingly a fresh claim has been filed with Ministry of Coal for reimbursement of expenses incurred up to the date of vesting order. The auction of remaining three coal blocks has not yet taken place.

The Company had assessed the recoverability of amount incurred on development of these coal blocks and accordingly investment of ` 42.81 Crore was impaired in the previous years.

Based on above the Company has concluded that no further impairment is necessary. (Refer Note - 36 of the consolidated financial statements for Group information).

NOTE 45.

(i) The Company has arrangements with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale (excluding GST) of such clinker of ` 16.24 Crore (Previous year - ` 20.63 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of cement so converted. This transaction has been identified in the nature of lease. (Refer Note - 37)

(ii) The Company has arrangement with a Joint venture company whereby it purchases Ready Mix Concrete and sells that to external customers. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Company's local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale (excluding GST) of such Ready Mix Concrete to customer of ` 85.34 Crore (Previous year - ` 87.91 Crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 46. Disclosure pursuant to SEBI (Listing obligations and disclosure requirements) regulations, 2015 and Section 186 (4) of the Companies Act 2013:

(` Crore)

Nature of the transaction (loans given/investment made/ guarantee given/security provided)	Purpose for which the loan/ guarantee / security is proposed to be utilised by the recipient	As at December 31, 2019 *	Maximum Balance during the Year *	As at December 31, 2018 *	Maximum Balance during the Previous Year *
(a) Loans and Advances to wholly owned Subsidiaries –					
National Limestone Company Private Limited	Working Capital	1.63	1.63	0.87	0.87
Singhania Minerals Private Limited	Working Capital	0.69	0.69	0.64	0.64
Lucky Minmat Limited	Working Capital	0.09	0.09	0.05	0.05

* Balance does not include outstanding interest

(b) Details of Investments made are given in Note 4.

(c) Guarantee given on behalf of Singhania Minerals Private Limited, wholly owned subsidiary company, of ` 0.04 Crore (Previous Year - ` 0.04 Crore) is for the purpose of approval of mining plan.

(d) Guarantee given on behalf of ACC Mineral Resources Limited , wholly owned subsidiary company, of ` 12.50 Crore (Previous Year - ` Nil) is for the purpose of Coal block.

(e) The loanees have not made any investments in the shares of the Company

(f) The above loans are repayable on demand and carries rate of interest at 9% p.a. (Previous year - 9% p.a.)

NOTE 47. Capitalisation of expenditure

During the year, the Company has capitalised the following expenses of revenue nature to the cost of Property, Plant and Equipment / Capital work-in-progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the company.

(` Crore)

	2019	2018
Balance at the beginning of the year	4.99	2.80
Expenditure during construction for projects:		
Employee benefits expense*	11.68	1.26
Rates and taxes**	1.86	-
Miscellaneous expenses**	16.96	3.15
Total	**35.49**	**7.21**
Less : Capitalised during the year	1.00	2.22
Balance at the end of the year	**34.49**	**4.99**

* Employee benefit expenses represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.** Miscellaneous expense and rates and taxes are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 48. Financial Instruments

(A) Categories of financial instruments

(` Crore)

Particulars		Note No.	Carrying value As at December 31, 2019	Carrying value As at December 31, 2018
Financial assets				
1.	**Measured at Fair value through profit or loss (FVTPL)**			
(a)	Mandatorily measured:			
	Equity investments		-	-
	Cash and cash equivalents - Mutual funds	12	725.47	690.91
(b)	Designated as at FVTPL		-	-
2.	**Measured at amortised cost**			
	Cash and cash equivalents (Certificates of deposits and other deposits)	12	1,492.98	936.10
	Other Cash and cash equivalents (Balances with banks)	12	2,164.73	1,209.83
	Bank balances other than Cash and Cash Equivalents	13	154.92	163.49
	Investments in Bonds	5	3.70	3.70
	Security deposits (Current and Non-Current)	6 & 14	150.16	222.06
	Loans and Other financial assets (Current and Non-Current)	6, 7, 14 & 15	755.93	574.39
	Trade receivables	11	628.43	868.26
3.	**Measured at fair value through Other Comprehensive Income**		-	-
TOTAL			**6,076.32**	**4,668.74**

(` Crore)

Particulars		Note No.	As at December 31, 2019	As at December 31, 2018
Financial liabilities				
1.	**Measured at FVTPL**			
	Foreign currency forward contract	22	-	1.19
2.	**Measured at amortised cost**			
	Trade payables		1,470.97	1,922.73
	Security deposits and retention money	22	710.54	553.40
	Other financial liabilities	22	223.42	219.12
TOTAL			**2,404.93**	**2,696.44**

The management assessed the carrying values of Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, trade payables and other financial liabilities (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements

for the year ended December 31, 2019

(B) Income, Expenses, Gains or Losses on Financial Instruments

Interest income and expenses, gains or losses recognised on financial assets and liabilities in the Statement of Profit and Loss are as follows:

(` Crore)

Particulars	For the Year ended December 31, 2019	For the Year ended December 31, 2018
Financial assets measured at amortised cost		
Interest income	(165.59)	(102.13)
Impairment losses on trade receivable (including reversals of impairment losses)	21.51	5.39
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(19.53)	(33.43)
Net gain on fair valuation of current financial assets	(0.47)	(0.91)
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	4.46	3.23
Interest expenses on deposits from dealers	33.45	28.89
Interest expenses on borrowings from related party	-	1.47
Derivatives - Foreign exchange forward contracts		
Net loss / (gain) on foreign currency forward contract	(0.94)	2.12
Net gain recognised in Statement of Profit and Loss	**(127.11)**	**(95.37)**

(C) Fair Value Hierarchy

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

Level 2: inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3: inputs that are unobservable for the asset or liability

Notes to the Financial Statements
for the year ended December 31, 2019

For assets and liabilities which are measured at fair value as at the Balance Sheet date, the classification of fair value calculations by category is summarized below:

	Level 1	Level 2	Level 3	Total
As at December 31, 2019				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	725.47	-	-	725.47
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	-	-	-
As at December 31, 2018				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	-	-
Cash and cash equivalents - Mutual funds	690.91	-	-	690.91
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	1.19	-	1.19

During the reporting period ending December 31, 2019 and December 31, 2018, there was no transfer between level 1 and level 2 fair value measurement.

The following methods and assumptions were used to estimate the fair values:

Level 1: Quoted bid prices in an active market - Unadjusted Quoted price in principle market in which equity instrument is actively traded.

Level 1: Investments in liquid and short-term mutual funds, which are classified as FVTPL are measured using net asset values at the reporting date multiplied by the quantity held.

Level 2: The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates at the reporting date.

Fair value of financial assets and financial liabilities that are not measured at fair value (but fair value disclosures are required)

Other financial assets and liabilities

The management consider the carrying values of Other Cash and cash equivalents, Bank balances other than cash and cash equivalents, trade receivables, trade payables and other financial liabilities (except derivative financial instruments) approximate their carrying amounts largely due to the short-term maturities of these instruments.

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 49. Financial risk management objectives and policies

Financial Risk Evaluation and Management is an ongoing process within the Company. The Company has a robust risk management framework to identify, monitor, mitigate and minimize risks arising from financial instruments.

The Company is exposed to market, credit and liquidity risks. The Board of Directors ('Board') oversee the management of these risks through its Risk Management Committee. The Company's Risk Management Policy has been formulated by the Risk Management Committee and approved by the Board. The Policy articulates on the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It also prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate risks in order to minimize potential adverse effects on the Company's financial performance.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Trade receivables, Cash and cash equivalents, Bank balances other than cash and cash equivalents, Security deposits, Loans and other financial assets	Credit ratings and Ageing analysis	1. Diversification of counterparties 2. Investment limits 3. Check on counterparties basis credit rating 4. Number of days overdue 5. Eligibility under State Investment Promotion Schemes for incentives
Liquidity Risk	Borrowings, Trade payables, Deposits from dealers, Foreign exchange Forward contract and other financial liabilities	Maturity analysis	1. Preparing and monitoring forecasts of cash flows 2. Maintaining sufficient cash and cash equivalents
Market Risk- Foreign Exchange	Financial assets and liabilities denominated in other than functional currency	Sensitivity analysis	1. Exposure limits 2. Foreign exchange Forward contract
Market Risk- Commodity price risk	Movement in prices of commodities mainly Imported Coal and Pet Coke	Sensitivity analysis	1. Fuel mix optimisation 2. Longer term contracts
Market Risk- Interest rate risk	Security deposit from dealers	Sensitivity analysis	1. Periodical reset of interest rate linked to market

(i) Credit risk

Credit risk is the risk that the counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits placed with banks and financial institutions and other financial instruments.

Notes to the Financial Statements

for the year ended December 31, 2019

Financial assets other than trade receivables

Credit risk from balances with banks and financial institutions is managed by the Company's Treasury department in accordance with it's policy. Surplus funds are parked only within approved investment categories with well defined limits. Investment category is periodically reviewed by the Company's Board of Directors.

Credit risk arising from short term liquid funds, other balances with banks and other cash equivalents is limited and no collaterals are held against these because the counterparties are banks and recognised financial institutions with high credit ratings assigned by the credit rating agencies. None of the financial instruments of the Company result in material concentration of credit risks.

Other financial assets mainly include incentives receivable from the government, loans and security deposits given. There are no indications that defaults in payment obligations would occur in respect of these financial assets.

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. The management is also monitoring the receivables levels by having frequent interactions with responsible persons for highlighting potential instances where receivables might become overdue.

Trade receivables consist of a large number of customers spread across India with no significant concentration of credit risk. Ongoing credit evaluation is performed on the financial condition of accounts receivable. The Company has adopted a policy of only dealing in creditworthy counterparties and obtaining collateral i.e. security deposit. No single customer accounted for 10% or more of the Company's net sales. Therefore, the Company does not expect any material risk on account of non-performance by any of its counterparties.

For expected credit loss as at each reporting date the Company assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired.

Summary of the Company's exposure to credit risk by age of the outstanding from various customers is as follows:

(` Crore)

	As at December 31, 2019	As at December 31, 2018
Neither past due nor impaired	221.25	319.69
Past due not impaired		
- 1-180 days	375.02	499.49
- more than 180 days	32.16	49.08
Past due impaired		
- 1-180 days	1.96	0.25
- more than 180 days	39.17	24.40
TOTAL	**669.56**	**892.91**

Expected credit loss assessment

For trade receivables, as a practical expedient, the Company compute credit loss allowance based on a provision matrix. The provision matrix is prepared based on historically observed default rates over the expected life of trade receivables and is adjusted for forward-looking estimates. At each reporting date, the historically observed default rates and changes in the forward-looking estimates are updated. Accordingly, loss allowances on trade receivables are measured using provision matrix at an amount equal to life time expected losses i.e. expected cash shortfall.

Notes to the Financial Statements

for the year ended December 31, 2019

The following table summarizes the change in the loss allowances measured using simplified approach model expected credit loss assessment:

	(` Crore)
As at January 01, 2018	29.03
Provided during the year	7.54
Amounts utilised	(9.77)
Reversals of Provision	(2.15)
As at December 31, 2018	**24.65**
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	**41.13**

No significant changes in estimation techniques or assumptions were made during the reporting period.

Credit impaired

For expected credit loss as at each reporting date the Company assesses position for the assets for which credit risk has not significantly increased from initial recognition, assets for which credit risk has increased significantly but are not credit impaired and for assets for which credit risk has increased significantly and are credit impaired. The Company assesses detrimental impacts on the estimated future cash flows of the financial asset including loans, receivables and other assets. Based on the assessment of the observable data relating to significant financial difficulty and creditworthiness of the counterparties, the management believes that there are no financial assets which are credit impaired.

(ii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of credit facilities to meet obligations when due. The Company's treasury team is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's liquidity position through rolling forecasts on the basis of expected cash flows. The Company has large investments in short term liquid funds which can be redeemed at a very short notice and hence carry negligible liquidity risk.

The table summarises the details regarding the remaining contractual maturities of financial liabilities at the reporting date based on the contracted undiscounted cash payments.

	Carrying amount	Less than 1 year	More than 1 year	Total
As at December 31, 2019				
Other financial liabilities*	933.96	967.70	-	967.70
Foreign exchange Forward contract	-	-	-	-
Trade payables	1,470.97	1,470.97	-	1,470.97
	2,404.93	**2,438.67**	**-**	**2,438.67**

	Carrying amount	Less than 1 year	More than 1 year	Total
As at December 31, 2018				
Other financial liabilities*	772.52	804.26	-	804.26
Foreign exchange Forward contract	1.19	1.19		1.19
Trade payables	1,922.73	1,922.73	-	1,922.73
	2,696.44	**2,728.18**	**-**	**2,728.18**

Notes to the Financial Statements

for the year ended December 31, 2019

*Other financial liabilities includes deposits received from customers amounting to ` 641.59 Crore (Previous year ` 499.77 Crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

(iii) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of three types of risk: interest rate risks, currency risk and other price risk, such as commodity risk. Financial instruments affected by market risk include loans, investments, deposits and trade payables.

Foreign currency risk

Foreign currency risk is the risk of impact related to fair value or future cash flows of an exposure in foreign currency, which fluctuate due to change in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates primarily relate to import of raw materials, fuels and capital items.

Based on sensitivity analysis, the Company has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged.

The carrying amounts of the Company's foreign currency denominated monetary assets at the end of the reporting periods expressed in `, are as follows:

(` Crore)

As at December 31, 2019	USD	EUR	CHF	GBP	SEK	JPY
Trade Payable	4.06	2.13	0.03	0.01	0.81	0.02
Foreign exchange derivative contracts	-	-	-	-	-	-
Net exposure to foreign currency risk (liabilities)	**4.06**	**2.13**	**0.03**	**0.01**	**0.81**	**0.02**

As at December 31, 2018	USD	EUR	CHF	GBP
Trade Payable	130.22	2.13	0.02	0.04
Foreign exchange derivative contracts	(83.85)	-	-	-
Net exposure to foreign currency risk (liabilities)	**46.37**	**2.13**	**0.02**	**0.04**

Foreign currency sensitivity

The following tables demonstrate the sensitivity into a reasonably possible change in exchange rates, with all other variables held constant. A positive number below indicates an increase in profit where the ` strengthens 5% against the relevant currency. For a 5% weakening of the ` against the relevant currency, there would be a comparable impact on the profit and the balances below would be negative.

Particulars	As at December 31, 2019		As at December 31, 2018	
	5% strengthening of `	5% weakening of `	5% strengthening of `	5% weakening of `
USD	0.20	(0.20)	2.32	(2.32)
EUR	0.11	(0.11)	0.11	(0.11)
SEK	0.04	(0.04)	-	-
TOTAL	**0.35**	**(0.35)**	**2.43**	**(2.43)**

5% represent management assessment of reasonably possible change in foreign currency exchange rate.

Notes to the Financial Statements

for the year ended December 31, 2019

Market Risk- Commodity price risk

Commodity price risk for the Company is mainly related to fluctuations in coal and pet coke prices linked to various external factors, which can affect the production cost of the Company. Since the Energy costs is one of the primary costs drivers, any fluctuation in fuel prices can lead to drop in operating margin. To manage this risk, the Company take steps to optimize the fuel mix and to pursue longer term and fixed contracts, where considered necessary. Additionally, processes and policies related to such risks are reviewed and controlled by senior management and fuel requirement are monitored by the central procurement team.

Market Risk- Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company's exposure to the interest rate risk arises primarily from security deposit from dealers. The Company has not used any interest rate derivatives.

The Company has taken interest bearing security deposit from dealers. If interest rate had been 0.50% higher/ lower the profit for the year ended December 31, 2019 would decrease / increase by ` 3.18 Crore (Previous year - ` 2.50 Crore).

Unrepresentativeness of Sensitivity analysis

In management's opinion the sensitivity analysis is unrepresentative of the above inherent risks because the exposure at the end of the reporting periods does not reflect the exposure during the year.

NOTE 50. Capital management

The Company's objectives when managing capital are to (a) maximise shareholder value and provide benefits to other stakeholders and (b) maintain an optimal capital structure to reduce the cost of capital.

For the purposes of the Company's capital management, capital includes issued capital, share premium and all other equity reserves attributable to the equity holders.

As stated in the below table, the Company is a Zero debt company with no long-term borrowings. The Company is not subject to any externally imposed capital requirements.

(` Crore)

	Note No.	As at December 31, 2019	As at December 31, 2018
Total Debt		-	-
Less: Cash and cash equivalents	12	(4,383.18)	(2,836.84)
Net debt		**(4,383.18)**	**(2,836.84)**
Equity	18 & 19	11,521.28	10,527.66
Debt to Equity (Net)		NA	NA

NOTE 51. Dividend distribution and proposed dividend

(` Crore)

	For the year ended December 31, 2019	For the year ended December 31, 2018
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2018 ` 14 per share (Previous year - ` 15 per share for 2017)	262.90	281.68
Dividend distribution tax on final dividend	54.04	57.90
	316.94	**339.58**
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2019 ` 14 per share : (Previous year - ` 14 per share)	262.90	262.90
Dividend distribution tax on proposed dividend*	-	54.04
	262.90	**316.94**

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability (including Dividend distribution tax thereon) as at December 31.

*Dividend Distribution Tax is abolished with effect from April 01, 2020

Notes to the Financial Statements

for the year ended December 31, 2019

NOTE 52. Employee share based payments

Description of plan - LafargeHolcim Performance Share Plan

LafargeHolcim Ltd (Ultimate Holding Company) set up a performance share plan. Performance shares are granted to executives and senior management for their contribution to the continuing success of the business. These shares will be delivered after three year vesting period following the grant date and are subject to internal performance conditions.

9,000 performance shares at a fair value of ` 3,405 per share were granted in 2019. Internal performance conditions are attached to the performance shares and are based on Group Earnings per Share (EPS) and Group Return on Invested Capital (ROIC). During the year, ` 0.63 Crore is charged to the Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

Fair value of shares granted is determined based on the estimated achievement of LafargeHolcim Earnings per Share and Return on Invested Capital.

NOTE 53. Figures for the previous year have been regrouped / reclassified wherever necessary to conform to the current year's presentation.

For and on behalf of the Board of Directors of ACC Limited,

N.S.SEKHSARIA
Chairman
DIN: 00276351

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

MARTIN KRIEGNER
Director
DIN:00077715

NEERAJ AKHOURY
Managing Director & CEO
DIN:07419090

SUSHIL KUMAR ROONGTA
Director
DIN:00309302

FALGUNI NAYAR
Director
DIN: 00003633

RAJANI KESARI
Chief Financial Officer

SHAILESH HARIBHAKTI
Director
DIN: 00007347

SUNIL MEHTA
Director
DIN: 00065343

RAJIV CHOUBEY
Company Secretary
ACS:13063
Mumbai, February 07, 2020

VINAYAK CHATTERJEE
Director
DIN: 00008933