



# INDEPENDENT AUDITOR'S REPORT

## To The Members of Ambuja Cements Limited

### REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

#### Opinion

We have audited the accompanying consolidated financial statements of Ambuja Cements Limited ("the Parent"/"the Company") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at 31st December 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements"), and which includes five joint operations of the Group accounted on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the joint operations, subsidiaries, associates and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31st December, 2021, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group, its associates and joint ventures in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

#### Emphasis of Matter

We draw attention to Notes 50(b)(i) & 50(b)(ii) to the consolidated financial statements which describes the following matters:

- a. In terms of the order dated 31st August, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹ 2,311.50 crores for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Parent and ACC Limited (a subsidiary of the Parent). On appeal by the Parent and ACC Limited, National Company Law Appellate Tribunal (NCLAT), which replaced the Competition Appellate Tribunal (COMPAT) effective 26th May, 2017, in its order passed on 25th July, 2018 had upheld the CCI's Order. The appeals by the Parent and ACC Limited against the said judgement of NCLAT before the Hon'ble Supreme Court were admitted vide its order dated 5th October, 2018 with a direction that the interim order passed by the Tribunal would continue.
- b. In a separate matter, pursuant to a reference filed by the Government of Haryana, the CCI vide its order dated 19th January, 2017 had imposed penalty of ₹ 65.16 crores for alleged contravention of the provisions of the Competition Act by the Parent and ACC Limited. On appeal by the Parent and ACC Limited together with application for interim stay against payment of penalty, COMPAT has stayed the penalty pending hearing of the application. The matter is listed before the NCLAT for hearing.

Based on the assessment of the Parent and ACC Limited on the outcome of these appeals supported by the advice of external legal counsel, both the companies are of the view that no provision is necessary in respect of these matters in these Consolidated Financial Statements.

Our opinion is not modified in respect of these matters.

#### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matters	Auditor's Responses
1.	<p><b>Litigation, Claims and Contingent Liabilities:</b> (Refer Notes 3M and 50, read along with Emphasis of Matter in Independent Auditor's Report of the consolidated financial statements)</p> <p>The Group is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims.</p> <p>Based on the nature of regulatory and legal cases management applies significant judgement when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.</p> <p>Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgement necessary to determine required disclosures, this is a key audit matter.</p>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims (including claims receivable) and contingent liabilities.</li> <li>We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'.</li> <li>For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group disclosures made in relation to contingent liabilities.</li> <li>Examined the Group's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness.</li> <li>We read the correspondence from Court authorities and considered legal opinion obtained by the management from external law firms to evaluate the basis used for provisions recognised or the disclosures made in the consolidated financial statements.</li> <li>We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions.</li> </ul>
2.	<p><b>Income tax provision :</b> (Refer Notes 3S, 31, 32 and 50 of the consolidated financial statements)</p> <p>This matter has been identified as a Key Audit Matter due to the significant level of management judgement required in the estimation of provision for income taxes including any write back of provisions, due to the following factors:</p> <ul style="list-style-type: none"> <li>Existence of multiple uncertain tax positions leading to multiple disputes / litigations</li> <li>Provision for tax involves interpretation of rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.</li> </ul>	<p><b>Principal audit procedures performed:</b></p> <ul style="list-style-type: none"> <li>Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Group's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.</li> <li>Obtained details of completed tax assessments and demands as of December 31, 2021 from the management.</li> <li>We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the Management's underlying key assumptions in estimating the tax provision.</li> <li>We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions.</li> <li>We also involved our direct tax specialist in evaluating management's assessment for the uncertain tax positions.</li> <li>For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.</li> </ul>

#### Information Other than the Financial Statements and Auditor's Report Thereon

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Director's report and Management Discussion and Analysis, Report on Corporate Governance and Business Responsibility report, but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.
- Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the joint operation, subsidiaries, joint ventures and associates audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the joint operations, subsidiaries, joint ventures and associates, is traced from their financial statements audited by the other auditors.
- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



## Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group including its associates and joint ventures in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and its joint ventures and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group and of its associates and joint ventures are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and joint ventures are also responsible for overseeing the financial reporting process of the Group and of its associates and joint ventures.

## Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and joint ventures to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and joint ventures to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and joint ventures to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the consolidated financial statements of which we are the independent auditors. For the other entities or business activities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the consolidated financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the consolidated financial statements.

We communicate with those charged with governance of the Parent and such other entities included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### Other Matter

We did not audit the financial statements of seven subsidiaries (which includes four joint operations of a subsidiary), whose financial statements reflect total assets of ₹ 120.35 crores as at 31st December, 2021, total revenues of ₹ 31.15 crores and net cash inflows amounting to ₹ 7.29 crores for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 20.24 crores for the year ended 31st December, 2021, as considered in the consolidated financial statements, in respect of two associates and two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

### Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the joint operations, subsidiaries, associates and joint ventures referred to in the Other Matter section above we report, to the extent applicable that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors of the Parent as on 31st December, 2021 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its joint operation companies, subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st December, 2021 from being appointed as a director in terms of Section 164 (2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act.



h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures - Refer Notes 50 and 51 in the consolidated financial statements;
- ii) The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

- iii) There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Parent and its subsidiary companies, associate companies and joint venture companies incorporated in India, on the basis of information available with the Group.

For **DELOITTE HASKINS AND SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)

**Saira Nainar**  
(Partner)  
(Membership No. 040081)  
(UDIN: 22040081ACYQCW4402)

Place : Mumbai  
Date : 17th February, 2022

## ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the consolidated financial statements of Ambuja Cements Limited as at and for the year ended 31st December, 2021)

### REPORT ON THE INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st December, 2021, we have audited the internal financial controls over financial reporting of Ambuja Cements Limited (hereinafter referred to as "the Parent / Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

### MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The respective Board of Directors of the Parent, its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, associate companies and joint ventures, which

are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India.

### MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### OPINION

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2021, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### OTHER MATTERS

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to six subsidiary companies, two associate companies and two joint ventures, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W / W-100018)

**Saira Nainar**

(Partner)

(Membership No. 040081)

(UDIN: 22040081ACYQCW4402)

Place : Mumbai

Date : 17th February, 2022



# CONSOLIDATED BALANCE SHEET

as at 31st December 2021

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>ASSETS</b>			
<b>1 Non-current assets</b>			
a) Property, plant and equipment	4	13,661.89	11,885.36
b) Right-of-use assets	5	497.87	503.87
c) Capital work-in-progress (Refer Note 4(g))		2,196.38	2,421.85
d) Goodwill	6	7,869.69	7,876.11
e) Other intangible assets	7	224.11	220.63
f) Investments in associates and joint ventures	9	170.51	154.60
g) Financial assets			
i) Investments	10	27.60	12.70
ii) Loans	12	11.56	12.45
iii) Other financial assets	13	1,255.12	1,383.92
h) Non-current tax assets (net) (Refer Note 32)		1,125.86	1,100.29
i) Deferred tax assets (net)		2.91	2.91
j) Other non-current assets	14	1,141.36	1,341.18
<b>Total - Non-current assets</b>		<b>28,184.86</b>	<b>26,915.87</b>
<b>2 Current assets</b>			
a) Inventories	15	2,738.04	1,648.58
b) Financial assets			
i) Trade receivables	16	645.83	561.13
ii) Cash and cash equivalents	17	11,358.49	8,571.56
iii) Bank balances other than cash and cash equivalents	18	335.80	364.07
iv) Loans	19	9.91	8.85
v) Other financial assets	20	474.25	399.56
c) Current tax assets (net)		-	71.26
d) Other current assets	21	1,434.66	1,153.69
		<b>16,996.98</b>	<b>12,778.70</b>
e) Non-current assets classified as held for sale	22	25.44	26.13
<b>Total - Current assets</b>		<b>17,022.42</b>	<b>12,804.83</b>
<b>TOTAL - ASSETS</b>		<b>45,207.28</b>	<b>39,720.70</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
a) Equity share capital	23	397.13	397.13
b) Other equity	26	24,956.61	22,360.47
<b>Equity attributable to owners of the Company</b>		<b>25,353.74</b>	<b>22,757.60</b>
c) Non controlling interest		7,145.03	6,340.89
<b>Total Equity</b>		<b>32,498.77</b>	<b>29,098.49</b>
<b>Liabilities</b>			
<b>1 Non-current liabilities</b>			
a) Financial liabilities			
i) Borrowings	27	43.50	43.60
ii) Lease liability	28	362.52	380.62
iii) Other financial liabilities	29	0.13	0.13
b) Provisions	30	281.54	271.41
c) Deferred tax liabilities (net)	31	756.19	626.00
d) Other non-current liabilities	33	36.74	40.05
<b>Total - Non-current liabilities</b>		<b>1,480.62</b>	<b>1,361.81</b>
<b>2 Current liabilities</b>			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	34	34.95	8.76
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,877.87	2,204.65
ii) Lease liability	35	67.11	46.38
iii) Other financial liabilities	36	2,008.86	1,747.68
b) Other current liabilities	37	4,305.87	3,910.90
c) Provisions	38	24.64	21.14
d) Current tax liabilities (net) (Refer Note 32)		1,908.59	1,320.89
<b>Total - Current liabilities</b>		<b>11,227.89</b>	<b>9,260.40</b>
<b>Total Liabilities</b>		<b>12,708.51</b>	<b>10,622.21</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>		<b>45,207.28</b>	<b>39,720.70</b>

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**Saira Nainar**

Partner

Membership Number: 040081

Mumbai : 17th February 2022

**Rajani Kesari**

Chief Financial Officer

**Rajiv Gandhi**

Company Secretary

**For and on behalf of the Board of Directors**

**N.S. Sekhsaria**

Chairman & Principal Founder  
DIN - 00276351

**Martin Kriegner**

Director  
DIN - 00077715

**Rajendra P. Chitale**

Chairman - Audit Committee  
DIN - 00015986

**Neeraj Akhoury**

Managing Director & Chief  
Executive Officer  
DIN - 07419090

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st December 2021

Particulars	Notes	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>1 INCOME</b>			
a) Revenue from operations	39	28,965.46	24,516.17
b) Other income	40	352.44	449.59
<b>Total Income</b>		<b>29,317.90</b>	<b>24,965.76</b>
<b>2 EXPENSES</b>			
a) Cost of materials consumed	41	3,183.41	2,532.87
b) Purchase of stock-in-trade	42	309.21	334.92
c) Changes in inventories of finished goods, work-in progress and stock-in-trade	43	(530.34)	256.45
d) Employee benefits expense	44	1,529.15	1,540.40
e) Finance costs	45	145.66	140.22
f) Depreciation and amortisation expense	46	1,152.49	1,161.78
g) Power and fuel		6,787.52	4,827.64
h) Freight and forwarding expense	47	7,132.90	6,271.54
i) Other expenses	48	4,387.84	3,768.92
		<b>24,097.84</b>	<b>20,834.74</b>
j) Self consumption of cement		(44.63)	(22.14)
<b>Total Expenses</b>		<b>24,053.21</b>	<b>20,812.60</b>
<b>3 PROFIT BEFORE SHARE OF PROFIT OF JOINT VENTURES AND ASSOCIATES, EXCEPTIONAL ITEMS AND TAX EXPENSE (1-2)</b>		5,264.69	4,153.16
<b>4 Share of profit in joint ventures and associates</b>		20.23	14.44
<b>5 PROFIT BEFORE EXCEPTIONAL ITEMS AND TAX EXPENSE (3+4)</b>		<b>5,284.92</b>	<b>4,167.60</b>
<b>6 Exceptional items</b>	66	120.45	176.01
<b>7 PROFIT BEFORE TAX (5-6)</b>		<b>5,164.47</b>	<b>3,991.59</b>
<b>8 TAX EXPENSE</b>	32		
a) Current tax charge		1,326.98	1,200.42
b) Deferred tax charge / (credit)		126.45	(315.67)
		<b>1,453.43</b>	<b>884.75</b>
<b>9 PROFIT FOR THE YEAR (7-8)</b>		<b>3,711.04</b>	<b>3,106.84</b>
<b>10 OTHER COMPREHENSIVE INCOME</b>			
<b>Items not to be reclassified to profit or loss in subsequent periods</b>			
a) Remeasurement gains / (losses) on defined benefit plans		14.86	(15.39)
b) Share of remeasurement gains / (losses) on defined benefit plans of joint ventures and associates		-	(0.05)
		<b>14.86</b>	<b>(15.44)</b>
Tax expenses on above		(3.75)	(6.18)
<b>Total other comprehensive income</b>		<b>11.11</b>	<b>(21.62)</b>
<b>11 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (9+10)</b>		<b>3,722.15</b>	<b>3,085.22</b>
<b>12 PROFIT FOR THE YEAR ATTRIBUTABLE TO</b>			
Owners of the Company		2,780.38	2,365.44
Non-controlling interest		930.66	741.40
<b>13 OTHER COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>			
Owners of the Company		8.40	(14.34)
Non-controlling interest		2.71	(7.28)
<b>14 TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO</b>			
Owners of the Company		2,788.78	2,351.10
Non-controlling interest		933.37	734.12
<b>15 EARNINGS PER SHARE OF ₹ 2 EACH - IN ₹</b>	49		
Basic		14.00	11.91
Diluted		14.00	11.91

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**Saira Nainar**

Partner

Membership Number: 040081

Mumbai : 17th February 2022

**Rajani Kesari**

Chief Financial Officer

**Rajiv Gandhi**

Company Secretary

**For and on behalf of the Board of Directors****N.S. Sekhsaria**Chairman & Principal Founder  
DIN - 00276351**Martin Kriegner**Director  
DIN - 00077715**Rajendra P. Chitale**Chairman - Audit Committee  
DIN - 00015986**Neeraj Akhoury**Managing Director & Chief  
Executive Officer  
DIN - 07419090



# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2021

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore	Reserves and surplus (Refer Note 26)							Total other equity attributable to owners of the Company	Non controlling interest	Total
				Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidies	Capital contribution from parent	Retained earnings			
<b>A EQUITY SHARE CAPITAL</b>	23												
Opening Balance			397.13										
Changes during the year			-										
<b>Closing balance</b>			<b>397.13</b>										
<b>B OTHER EQUITY</b>													
<b>Balance as at 1st January 2021</b>		<b>130.71</b>	<b>12,471.16</b>	<b>5,814.49</b>	<b>9.93</b>	<b>5.02</b>	<b>3.18</b>	<b>3,925.98</b>	<b>22,360.47</b>	<b>6,340.89</b>	<b>28,701.36</b>		
Profit for the year		-	-	-	-	-	-	-	-	-	-	-	-
Other comprehensive income (net of tax expenses)		-	-	-	-	-	-	-	-	-	-	-	-
<b>Total comprehensive income for the year</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Share based payment (Refer Note 65)		-	-	-	-	-	-	-	-	-	-	-	-
Final equity dividend paid for the year 2020 (Refer Note 25)		-	-	-	-	-	-	-	-	-	-	-	-
<b>Balance as at 31st December 2021</b>		<b>130.71</b>	<b>12,471.16</b>	<b>5,814.49</b>	<b>9.93</b>	<b>5.02</b>	<b>9.10</b>	<b>6,516.20</b>	<b>24,956.61</b>	<b>7,145.03</b>	<b>32,101.64</b>		

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31st December 2021

Particulars	Reserves and surplus (Refer Note 26)								Non controlling interest	Total
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidiaries	Capital contribution from parent	Retained earnings	Total other equity attributable to owners of the Company		
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>B OTHER EQUITY</b>										
<b>Balance as at 1st January 2020</b>	<b>130.71</b>	<b>12,471.16</b>	<b>5,814.49</b>	<b>9.93</b>	<b>5.02</b>	<b>0.85</b>	<b>5,248.70</b>	<b>23,680.86</b>	<b>5,736.76</b>	<b>29,417.62</b>
Profit for the year	-	-	-	-	-	-	2,365.44	2,365.44	741.40	3,106.84
Other comprehensive income (net of tax expenses)	-	-	-	-	-	-	(14.34)	(14.34)	(7.28)	(21.62)
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,351.10</b>	<b>2,351.10</b>	<b>734.12</b>	<b>3,085.22</b>
Share based payment (Refer Note 65)	-	-	-	-	-	2.33	-	2.33	1.33	3.66
Final equity dividend paid for the year 2019 (Refer Note 25)	-	-	-	-	-	-	(297.85)	(297.85)	(131.32)	(429.17)
Interim equity dividend paid for the year 2020 (Refer Note 25)	-	-	-	-	-	-	(3,375.60)	(3,375.60)	-	(3,375.60)
Dividend distribution tax on equity dividend paid by joint venture	-	-	-	-	-	-	(0.37)	(0.37)	-	(0.37)
<b>Balance as at 31st December 2020</b>	<b>130.71</b>	<b>12,471.16</b>	<b>5,814.49</b>	<b>9.93</b>	<b>5.02</b>	<b>3.18</b>	<b>3,925.98</b>	<b>22,360.47</b>	<b>6,340.89</b>	<b>28,701.36</b>

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**Rajani Kesari**  
Chief Financial Officer

**Saira Nainar**  
Partner  
Membership Number: 040081  
Mumbai : 17th February 2022

For and on behalf of the Board of Directors

**N.S. Sekhsaria**  
Chairman & Principal Founder  
DIN - 00276351

**Rajendra P. Chitale**  
Chairman - Audit Committee  
DIN - 00015986

**Martin Krieger**  
Director  
DIN - 00077715

**Neeraj Akhoury**  
Managing Director &  
Chief Executive Officer  
DIN - 07419090



# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st December 2021

Particulars	Notes	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>A) CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		5,164.47	3,991.59
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	46	1,152.49	1,161.78
Exceptional item	66	113.11	176.01
Expected credit loss on non current financial assets		-	128.92
(Gain) / Loss on property, plant and equipment sold, discarded and written off (net)		25.27	32.86
Impairment of goodwill in subsidiary company	62	6.42	-
Loss on buy back of shares in joint venture		-	0.26
Gain on sale of current financial assets measured at fair value through profit and loss	40	(17.80)	(26.65)
Gain on sale of investment in subsidiary company		-	(12.91)
Net gain on fair valuation of liquid mutual fund measured at fair value through profit and loss	40	(0.37)	(0.47)
Unwinding of discounting charge on interest free sales tax loan	45	3.34	3.18
Finance costs	45	142.32	137.04
Interest income		(302.30)	(401.48)
Provision for slow and non moving store and spares (net)		29.85	25.39
Impairment loss/ (Reversal) on trade receivable (net)		(8.79)	52.55
Discounting income on interest free loan		-	(3.25)
Unrealised exchange (gain) / loss (net)		3.36	8.29
Fair value movement in derivative instruments		5.92	1.30
Interest on income tax written back		-	(5.77)
Provisions no longer required written back	39	(18.53)	(11.86)
Compensation Expenses under Employees Stock Options Scheme		8.01	3.66
Inventories written off		2.40	1.66
Provisions / (Reversal) for doubtful advances (net)		(0.13)	-
Unrealised share of profit in associates and joint ventures		(20.23)	(14.44)
Other non cash items		(0.63)	(2.41)
<b>Operating profit before working capital changes</b>		<b>6,288.18</b>	<b>5,245.25</b>
Changes in Working Capital			
Adjustments for Decrease / (Increase) in operating assets			
Decrease / (Increase) in Trade receivables, loans & advances and other assets	12-14, 16, 19-21	(268.03)	244.50
Decrease / (Increase) in Inventories	15	(1,121.71)	420.49
Adjustments for Increase / (Decrease) in operating liabilities			
Increase / (Decrease) in Trade payables, other liabilities and provisions	27-30, 33-38	1,058.33	92.24
		<b>(331.41)</b>	<b>757.23</b>
Cash generated from operations		5,956.77	6,002.48
Direct taxes paid (net of refunds) (Refer Note (1) below)		(647.61)	(1,170.17)
<b>Net cash flow from operating activities (A)</b>		<b>5,309.16</b>	<b>4,832.31</b>
<b>B) CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property, plant and equipment, intangibles etc. (including capital work in progress and capital advances)		(2,334.10)	(1,733.65)
Proceeds from sale of property, plant and equipment		37.76	8.33
Inter corporate deposits and loans given to joint ventures		(0.02)	(0.02)
Proceeds from sale of investment in subsidiary company		-	20.00
Proceeds from buyback of shares of joint venture		-	2.24
Gain on sale of current financial assets measured at fair value through profit and loss		8.26	26.65
Investments in bank deposits (having original maturity of more than 3 months and upto 12 months)		(15,710.06)	(15,438.05)
Redemption of bank deposits (having original maturity of more than 3 months and upto 12 months)		15,730.72	15,423.65
Investments in bank deposits (having original maturity of more than 12 months)		(24.27)	(31.65)
Redemption in bank deposits (having original maturity of more than 12 months)		7.40	20.42
Purchase of non current investment		(14.90)	(9.00)
Net Proceeds from sale of mutual funds		9.54	-
Investment in certificate of deposits		-	(750.00)
Redemption of certificate of deposits		-	750.00
Dividend received from joint venture and associates		4.31	2.79
Interest received		278.31	391.04
<b>Net cash used in investing activities (B)</b>		<b>(2,007.05)</b>	<b>(1,317.25)</b>

**CONSOLIDATED CASH FLOW STATEMENT**

for the year ended 31st December 2021

Particulars	Notes	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>C) CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from non-current borrowings		-	8.47
Repayment of current maturity of non-current borrowing		-	(5.86)
Interest paid		(107.21)	(86.40)
Repayment of lease liability	54	(54.08)	(41.05)
Interest portion of lease repayment	45	(24.59)	(26.61)
Net movement in earmarked balances with banks		3.54	(8.84)
Dividend paid on equity shares		(202.10)	(3,664.61)
Dividend paid to Non-controlling Interest		(131.32)	(131.32)
<b>Net cash used in financing activities (C)</b>		<b>(515.76)</b>	<b>(3,956.22)</b>
<b>Net increase / (decrease) in cash and cash equivalents (A + B + C)</b>		<b>2,786.35</b>	<b>(441.16)</b>
<b>Cash and cash equivalents</b>			
Cash and cash equivalents at the end of the year	17	11,358.49	8,571.56
Cash and cash equivalents related to entity held for sale		0.26	0.47
Transfer on sale of investment in subsidiary		-	0.01
Adjustment for fair value gain on liquid mutual funds measured through profit and loss		(0.37)	(0.47)
		<b>11,358.38</b>	<b>8,571.57</b>
Cash and cash equivalents at the beginning of the year	17	8,571.56	9,011.88
Cash and cash equivalents related to entity held for sale at the beginning of the year		0.47	0.85
		<b>8,572.03</b>	<b>9,012.73</b>
<b>Net increase / (decrease) in cash and cash equivalents</b>		<b>2,786.35</b>	<b>(441.16)</b>

**Notes:**

- Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in the Indian Accounting Standard (Ind AS-7) "Statement of Cash Flow".
- Changes in liabilities arising from financing activities:

Particulars	As at 31st December 2020 ₹ in crore	Cash flow changes		Non-cash flow changes		As at 31st December 2021 ₹ in crore
		Receipts ₹ in crore	Payments ₹ in crore	Unwinding charges ₹ in crore	Other changes ₹ in crore	
Non-current borrowings (Refer Note 27)	43.60	-	-	3.34	(3.44)	43.50
Current maturities of non-current borrowings (Refer Note 36)	-	-	-	-	3.44	3.44
<b>Total</b>	<b>43.60</b>	<b>-</b>	<b>-</b>	<b>3.34</b>	<b>-</b>	<b>46.94</b>

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

**For DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

ICAI Firm Registration No. 117366W/W-100018

**Saira Nainar**Partner  
Membership Number: 040081

Mumbai : 17th February 2022

**Rajani Kesari**  
Chief Financial Officer**Rajiv Gandhi**  
Company Secretary**For and on behalf of the Board of Directors****N.S. Sekhsaria**  
Chairman & Principal Founder  
DIN - 00276351**Martin Krieger**  
Director  
DIN - 00077715**Rajendra P. Chitale**  
Chairman - Audit Committee  
DIN - 00015986**Neeraj Akhoury**  
Managing Director & Chief  
Executive Officer  
DIN - 07419090



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## 1. CORPORATE INFORMATION

Ambuja Cements Limited (the Company, parent) is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National Stock Exchange (NSE) and Bombay Stock Exchange (BSE) in India and its GDRs are listed under the EURO Multilateral Trading Facility (MTF) Platform of Luxembourg Stock Exchange. The registered office of the Company is located at Ambujanagar, Taluka Kodinar, Dist. Gir Somnath, Gujarat.

The consolidated financial statements comprise the financial statements of Ambuja Cements Limited ("the Company") and its subsidiaries (collectively, the Group).

The Group's principal activity is to manufacture and market cement and cement related products. The Group has manufacturing facilities across India and caters mainly to the domestic market.

Information on the Group's structure is provided in Note 11. Information on related party relationship of the Group is provided in Note 55.

## 2. BASIS OF PREPARATION AND CONSOLIDATION

### A. Basis of preparation

These consolidated financial statements of the Company, entities controlled by the Company and its subsidiaries (together the group) have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 ("the Act") read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

These consolidated financial statements were approved for issue in accordance with the resolution of the Board of Directors on 17th February 2022.

The consolidated financial statements have been prepared on a historical cost basis, except for the following:

- I. Certain financial assets and liabilities are measured at fair value (refer note 3 (L) for accounting policy on financial instruments).
- II. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.
- III. Employee defined benefit plans, recognised at the net total of the fair value of plan assets and the present value of the defined benefit obligation.
- IV. Investments in associates and joint ventures which are accounted for using the equity method.
- V. Employee share based payments measured at fair value.

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

The accounting policies are applied consistently to all the periods presented in the consolidated financial statements.

### Functional and Presentation Currency

Consolidated Financial statements are presented in Indian Rupees (₹), which is the functional currency of the Group.

### Rounding of amounts

All the values are rounded to the nearest crore as per the requirement of Schedule III to the Companies Act, 2013, except where otherwise indicated.

## B. Basis of consolidation

- I. The consolidated financial statements comprise those of Ambuja Cements Limited, entities controlled by the Company and its subsidiaries. The list of principal companies is presented in note 11.
- II. A Company is considered a subsidiary when controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:
  - a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),
  - b. Exposure, or rights, to variable returns from its involvement with the investee, and
  - c. The ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

- III. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:
  - a. The contractual arrangement with the other vote holders of the investee,
  - b. Rights arising from other contractual arrangements,
  - c. The Group's voting rights and potential voting rights,
  - d. The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders,

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- e. Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholders' meetings.
- IV. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.
- V. In cases where the financial year of subsidiaries is different from that of the Company, the financial statements of the subsidiaries have been drawn up so as to be aligned with the financial year of the Company.
- VI. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that of the Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.
- VII. Consolidation procedure
  - a. The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the Ind AS 110 "Consolidated Financial Statements", on a line-by-line basis by adding together the book value of like items of assets, liabilities, income, expenses and cash flow.
  - b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how any related goodwill is accounted.
  - c. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.
- VIII. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.
- IX. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.
- X. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
  - a. Derecognises the assets (including goodwill) and liabilities of the subsidiary,
  - b. Derecognises the carrying amount of any non-controlling interest,
  - c. Derecognises the cumulative translation differences recorded in equity,
  - d. Recognises the fair value of the consideration received,
  - e. Recognises the fair value of any investment retained, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture,
  - f. Recognises any surplus or deficit in the consolidated statement of profit and loss,
  - g. Reclassifies the parent's share of components previously recognised in other comprehensive income (OCI) to the consolidated statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 3. SIGNIFICANT ACCOUNTING POLICIES

#### A. Property, plant and equipment

- I. Property, plant and equipment are stated at their cost of acquisition / installation / construction net of accumulated depreciation, and impairment losses, if any, except freehold non-mining land which is carried at cost less impairment losses. Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the consolidated statement of profit and loss during the reporting period in which they are incurred. 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 provisions are met.
- II. Spares which meet the definition of property, plant and equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalised on such date with consequent impact in the consolidated statement of profit and loss.
- III. Property, plant and equipment not ready for their intended use as on the balance sheet date 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 their 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".
- IV. An item of property, plant and equipment and any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss in "other income / (expenses)" when the asset is derecognised.

#### B. Depreciation on property, plant and equipment

- I. Depreciation is provided as per the useful life of assets which are determined based on technical parameters / assessment. Depreciation is calculated using "Written down value method" for assets related to Captive Power Plant and using "Straight line method" for other assets. Estimated useful lives of the assets are as follows:

Assets	Useful Life
Land (freehold)	No depreciation except on land with mineral reserves. Cost of mineral reserves embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves
Leasehold mining land	Amortised over the period of lease
Buildings, roads and water works	3 – 60 years
Plant and equipment	8 – 30 years
Assets related to Captive Power Plant	40 years
Railway sidings and locomotives	8 – 15 years
Furniture, office equipment and tools	3 – 10 years
Vehicles	6 – 10 years
Ships	25 years

The useful life as estimated above is also in line with the prescribed useful life estimates as specified under Schedule II to the Act.

- II. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed during each financial year and adjusted prospectively, if appropriate.
- III. The Group identifies and determines cost of each component / part of the asset 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.
- IV. Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition, or installation, or construction, when the asset is ready for intended use.
- V. Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

- VI. Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- VII. 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.
- VIII. Property, plant and equipment, constructed by the Group, but ownership of which vests with the Government / Local authorities:
  - a. Expenditure on Power lines is depreciated over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.
  - b. Expenditure on Marine structures is depreciated over the period of the agreement.

### C. Intangible assets

- I. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.
- II. The useful lives of intangible assets are assessed as either finite or indefinite.
- III. 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 with a finite useful life are reviewed during each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.
- IV. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Other than goodwill there are no other intangible assets with indefinite useful lives.

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 intangible asset, if any, are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

### Stripping Cost

Stripping costs incurred during the mining production phase are allocated between the cost of inventory produced and the existing mine asset.

Stripping costs are allocated and included as a component of the mine asset when they represent significantly improved access to limestone, provided all the following conditions are met:

- i. it is probable that the future economic benefit associated with the stripping activity will be realised;
- ii. the component of the limestone body for which access has been improved can be identified; and
- iii. the costs relating to the stripping activity associated with the improved access can be reliably measured.

### D. Amortisation of intangible assets

A summary of the policies applied to the Group's intangible assets are, as follows:

Intangible assets	Useful life	Amortisation method used
Water drawing rights	Finite (10-30 years)	Amortised on a straight-line basis over the useful life
Computer software	Finite (upto 5 years)	Amortised on a straight-line basis over the useful life
Mining Rights	Finite (0-90 years)	Over the period of the respective mining agreement

### E. Impairment of non-financial assets

The carrying amounts of other non-financial assets, other than inventories and deferred tax assets are reviewed at each balance sheet date if there is any indication of impairment based on internal / external factors. An impairment loss, if any, is recognised in the statement of profit and loss wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less cost of disposal and value in use. In cases, where it is not possible to estimate the recoverable amount of an individual non-financial asset, the Group estimates the recoverable amount for the smallest cash generating unit to which the non-financial asset belongs. In assessing value in use, the estimated 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 risks specific to the assets. A previously recognised impairment loss, if any, is increased or reversed depending on the changes in circumstances, however, the carrying value after reversal is not increased beyond the carrying value that would have prevailed by charging usual depreciation / amortisation if there was no impairment.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## F. Inventories

Inventories are valued after providing for obsolescence, as follows:

### I. Raw materials, stores and spare parts, fuel and packing material:

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

### II. Work-in-progress, finished goods and stock in trade:

Valued 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 cost incurred in bringing the inventories to the present location and condition. Cost is determined on a monthly moving 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.

## G. Business combination

Business combinations are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of acquisition date fair values of the assets transferred, liabilities incurred to the former owner of the acquiree and the equity interests issued in exchange of control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured on the basis indicated below:

- I. Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 "Income Tax" and Ind AS 19 "Employee Benefits" respectively.

- II. Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date.
- III. Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and fair value of any previously held interest in acquiree, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the reassessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in Other Comprehensive Income (OCI) and accumulated in equity as capital reserve. However, if there is no clear evidence of bargain purchase, the entity recognises the gain directly in equity as capital reserve, without routing the same through OCI.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognised in the consolidated statement of profit and loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the consolidated statement of profit and loss where such treatment would be appropriate if that interest were disposed of.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted through goodwill during the measurement period, or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date. These adjustments are called as measurement period adjustments. The measurement period does not exceed one year from the acquisition date.

### **Business combination of entities under common control**

Business combinations involving entities that are controlled by the company or ultimately controlled by the same party or parties both before and after the business combination, and that control is not transitory, are accounted for using the pooling of interests method as follows:

- I. The assets and liabilities of the combining entities are reflected at their carrying amounts.
- II. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
- III. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination, however, where the business combination had occurred after that date, the prior period information is restated only from that date.
- IV. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
- V. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

### **H. Goodwill**

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (also see note 3 (G) in accounting policy) less accumulated impairment losses, if any.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Cash generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. The recoverable amount is the higher of the assets fair value less cost of disposal and value in use. Any impairment loss for goodwill is recognised in the statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

### **I. Investment in associates and joint ventures**

#### **I. Associates**

Associates are all entities over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies. This is generally the case where the Group holds between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost less impairment, if any.

#### **II. Joint ventures**

Interests in joint ventures are accounted for using the equity method of accounting, after initially being recognised at cost.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Equity method

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profit or loss and other comprehensive income of the investee in the consolidated statement of profit and loss. An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill. Goodwill relating to the associate or joint venture is included in the carrying amount of the investment and is not tested for impairment. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the interest in the associate or joint venture.

Dividends received or receivable from associates and joint ventures are recognised as a reduction in the carrying amount of the investment.

When the Group's share of losses in an equity-accounted investment equals or exceeds its interest in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the other entity. If the associate or joint venture subsequently reports profits, the Group resumes recognising its share of those profits only after its share of the profits equals the share of losses not recognised.

The aggregate of the Group's share of profit or loss of an associate and a joint venture is shown on the face of the consolidated statement of profit and loss.

The financial statements of the associate or joint venture are prepared for the same reporting period as of the Group. When necessary, adjustments are made to bring the accounting policies in line with those of the Group.

Unrealised gains on transactions between the Group and its associates or joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of equity accounted investees have been changed where necessary to ensure consistency with the policies adopted by the Group.

The carrying amount of equity accounted investments is tested for impairment in accordance with the impairment of non-financial assets policy described above.

Upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment at its fair value and that fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in the consolidated statement of profit and loss. If the ownership interest in a joint venture or an associate is reduced but joint control or significant influence is retained, only a proportionate share of the amounts previously recognised in the other comprehensive income are reclassified to the consolidated statement of profit and loss where appropriate.

When a Group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that are not related to the Group.

### J. Interest in joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. If the interest is classified as a joint operation, the Company recognises its share of the assets, liabilities, revenues and expenses in the joint operation in accordance with the relevant Ind AS.

When a Group entity transacts with a joint operation in which a Group entity is a Joint operator (such as a sale or contribution of assets), the Group is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognised in the Group's consolidated financial statements only to the extent of other parties' interests in the joint operation.

When a Group entity transacts with a joint operation in which a Group entity is a joint operator (such as a purchase of assets), the Group does not recognise its share of the gains and losses until it resells those assets to a third party.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### K. Fair value measurement

The Group measures some of its financial instruments at fair value at each balance sheet date.

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.

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 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.
- II. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.
- III. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

### L. 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. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of profit and loss are recognised immediately in the consolidated statement of profit and loss.

#### I. Financial assets

##### a. The Group's financial assets comprise :

- i. Current financial assets mainly consist of trade receivables, investments in liquid mutual funds, cash and bank balances, fixed deposits with banks and financial institutions, incentive receivable from Government and other current receivables.
- ii. Non-current financial assets mainly consist of financial investments in equity, bond and fixed deposits, non-current receivables from related party and employees, incentives receivable from Government and non-current deposits.

#### b. Initial recognition and measurement of financial assets

The Group recognises a financial asset in its consolidated balance sheet when it becomes party to the contractual provisions of the instrument. All financial assets are recognised initially at fair value, plus in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis, i.e. the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

#### c. Measurement of financial assets

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

##### i. Financial assets at amortised cost

Financial asset is measured at the amortised cost if both the following conditions are met:

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

Financial assets at amortised cost category is the most relevant to the Group. It comprises of current financial assets such as trade receivables, cash and bank balances, fixed deposits with bank and financial institutions, other current receivables and non-current financial assets such as financial investments – bonds and fixed deposits, non-current receivables and deposits.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The EIR amortisation is included in other income in the consolidated statement of profit and loss. The losses arising from impairment, if any are recognised in the statement of profit and loss.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The effective interest rate method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (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.

### ii. Debt instrument at fair value through other comprehensive income (FVTOCI)

A debt instrument is classified as at the FVTOCI if both of the following criteria are met:

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The asset's contractual cash flows represent SPPI.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Group recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the consolidated statement of profit and loss. On de-recognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from equity to the consolidated statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

### iii. Debt instruments, liquid mutual funds, derivatives and equity instruments at fair value through the statement of profit and 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.

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

Debt instruments at FVTPL are measured at fair value at the end of each reporting period, with any gains and losses arising on re-measurement are recognised in the consolidated statement of profit and loss.

This category comprises investments in liquid mutual funds and derivatives.

#### 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 Group has designated its investments in equity instruments as FVTPL category.

### iv. Equity instruments measured at fair value through other comprehensive income (FVTOCI)

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 Group makes such election on an instrument-by-instrument basis.

If the Group decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to statement of profit and loss, even on sale of investment. However, the Group may transfer the cumulative gain or loss within equity.

The Group has not designated investments in any equity instruments as FVTOCI.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### d. Derivative Financial Instruments

The Group uses derivative financial instruments, such as forward currency contracts to hedge its foreign currency risk. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at the end of each reporting period. Any changes therein are recognised in the Consolidated Statement of Profit and Loss unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the Consolidated Statement of Profit and Loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group does not hold derivative financial instruments for speculative purposes.

### e. Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a Group of similar financial assets) is primarily derecognised when:

- i. The rights to receive cash flows from the asset have expired, or
- ii. The Group has transferred its contractual rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in the consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in the consolidated statement of profit and loss on disposal of that financial asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in the consolidated statement of profit and loss if such gain or loss would have otherwise been recognised in the consolidated statement of profit and loss on disposal of that financial asset.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

### f. Impairment of financial assets

In accordance with Ind AS 109, the Group applies expected credit loss (ECL) model for measurement and recognition of impairment loss on financial assets which are measured at amortised cost.

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

For recognition of impairment loss on other financial assets and risk exposure, the Group determines whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

ECL is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the consolidated statement of profit and loss.

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

### II. Financial liabilities and equity instruments

#### Classification as debt or equity

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

#### a. Equity instruments

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

Repurchase of the Group's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in the consolidated statement of profit and loss on the purchase, sale, issue or cancellation of the Group's own equity instruments.

#### b. Financial liabilities

##### i. The Group's financial liabilities comprise:

- Non-current financial liabilities mainly consist of borrowings and liability for capital expenditure.
- Current financial liabilities mainly consist of trade payables, liability for capital expenditure, security deposit from dealer, transporter and contractor, staff related, lease liabilities and other payables.

##### ii. Initial recognition and measurement

The Group recognises a financial liability in its consolidated 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.

##### iii. Subsequent measurement of financial liabilities at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent reporting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate method. Interest expense that is not capitalised as part of cost of an asset is included in the 'Finance costs' line item.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The effective interest rate method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash 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 financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### iv. Subsequent measurement of financial liabilities at fair value through profit or loss (FVTPL)

The Group uses foreign exchange forward contracts as derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks. Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in the consolidated statement of profit and loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in the consolidated statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Group enters into derivative financial instruments such as foreign exchange forward contracts, to manage its exposure to foreign exchange rate risks. The Group does not hold derivative financial instruments for speculative purposes.

#### v. Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the consolidated statement of profit and loss.

### III. Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

### M. Provisions and contingencies

#### I. Provisions

A provision is recognised for a present obligation (legal or constructive) as a result of past events if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and in respect of which a reliable estimate can be made. The amounts recognised as provisions are determined based on best estimate of the amount required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimate.

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.

#### Mines reclamation expenses

The Group provides for the expenses to reinstate the quarries used for mining. The total estimate of reclamation expenses is apportioned over the estimate of mineral reserves and a provision is made based on the minerals extracted during the year.

Mines reclamation expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenditure. The total estimate of restoration expenses is reviewed periodically, on the basis of technical estimates.

#### II. Contingent liability

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



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## III. Contingent asset

Contingent asset is not recognised in consolidated financial statements since this may result in the recognition of income that may never be realised. However, when the realisation of income is virtually certain, then the related asset is not a contingent asset and is recognised.

## N. Foreign exchange gains and losses

Foreign currency transactions are recorded at the rates of exchange prevailing on the date of transaction. Foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried in terms of historical cost denominated in a foreign currency are reported using the exchange rate at the date of the transaction.

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

### Group companies

On consolidation, the assets and liabilities of foreign operations are translated into ₹ at the rate of exchange prevailing at the reporting date and their statements of profit and loss are translated at exchange rates prevailing at the dates of the transactions. For practical reasons, the Group uses an average rate to translate income and expense items, if the average rate approximates the exchange rates at the dates of the transactions. The exchange differences arising on translation for consolidation are recognised in Other Comprehensive Income (OCI). On disposal of a foreign operation, the component of OCI relating to that particular foreign operation is recognised in the consolidated statement of profit and loss.

## O. 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 of those goods or services.

### I. Sale of goods

Revenue from the sale of the Group's core product 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 reward of products sold are transferred according to the specific delivery term 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 customers concerned, which is consistent with the market practice.

### Contract balances

#### Trade Receivables

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

Contract assets, which is a group's right to consideration that is conditional on something other than the passage of time.

#### Contract Liabilities

Contract liability is a group's obligation to transfer goods or services to a customer which the entity has already received consideration, relate mainly to advance payment from customers. Contract liabilities are recognised as revenue when the company performs under the contract.

## II. Rendering of services

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

## III. Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## IV. Dividends

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

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## P. Retirement and other employee benefits

### I. Defined contribution plan

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

### II. Defined benefit plan

The Group's gratuity fund scheme, additional gratuity scheme and post-employment benefit scheme are considered as defined benefit plans. The Group's liability is determined on the basis of an actuarial valuation using the projected unit credit method as at the balance sheet date.

Employee benefit, in the form of contribution to provident fund managed by a trust set up by the Group, is charged to consolidated statement of profit and loss for the year in which the employee renders the related service. The Group has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. Such shortfall is recognised in the consolidated statement of profit and loss based on actuarial valuation.

Past service costs are recognised in the consolidated statement of profit and loss on the earlier of:

- a. The date of the plan amendment or curtailment, and
- b. The date that the Group recognises related restructuring costs

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. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

- a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- b. Net interest expense or income

Re-measurements, comprising actuarial gains and losses, the effect of the asset ceiling (if any), and the return on plan assets (excluding net interest), are recognised immediately in the consolidated balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the consolidated statement of profit and loss in subsequent periods.

## III. Short term employee benefits

- a. Short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as an expense at the undiscounted amount in the consolidated statement of profit and loss of the year in which the related service is rendered.
- b. Accumulated Compensated absences, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are treated as short term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

## IV. Other long-term employee benefits

Compensated absences are provided for on the basis of an actuarial valuation, using the projected unit credit method, as at the date of the consolidated balance sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

Long service awards and accumulated compensated absences which are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are treated as other long term employee benefits for measurement purposes.

## V. Termination benefits

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

- a. when the Group can no longer withdraw the offer of those benefits; and
- b. when the Group recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to present value.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### VI. Presentation and disclosure

For the purpose of presentation of defined benefit plans, the allocation between the short term and long term provisions has been made as determined by an actuary. Obligations under other long-term benefits are classified as short-term provision, if the Group does not have an unconditional right to defer the settlement of the obligation beyond 12 months from the reporting date. The Group presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

### VII. Employee share-based payments

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

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

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

In case of forfeiture/lapse stock option, which is not vested, amortised portion is reversed by credit to employee compensation expense. In a situation where the stock option expires unexercised, the related balance standing to the credit of the Employee Stock Options Outstanding Account is transferred within other equity.

### Q. Non-current assets held for sale

The Group classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use and the sale is highly probable. Management must be committed to the sale, which should be expected within one year from the date of classification.

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification 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 assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

- I. The appropriate level of management is committed to a plan to sell the asset,
- II. An active programme to locate a buyer and complete the plan has been initiated (if applicable),
- III. The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,
- IV. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and
- V. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

Non-current assets held for sale are measured at the lower of their carrying amount and the fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately in the consolidated balance sheet.

Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

Gains and losses on disposals of non-current assets are determined by comparing proceeds with carrying amounts, and are recognised in the consolidated statement of profit and loss.

### R. Borrowing Costs

Borrowing cost directly attributable to acquisition and construction of assets that necessarily take substantial period of time to get ready for their intended use or sale 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 cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### S. Taxation

Tax expense comprises current income 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.

#### I. Current income tax

Current income tax is measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

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

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

#### II. 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.
- 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.
- 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 Group writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

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

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

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

The Group applies significant judgment in identifying uncertainties over income tax treatments. Uncertain tax positions are reflected in the overall measurement of the Group's tax expense and are based on the most likely amount or expected value that is to be disallowed by the taxing authorities whichever better predict the resolution of uncertainty. Uncertain tax balances are monitored and updated as and when new information becomes available, typically upon examination or action by the taxing authorities or through statute expiration.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## T. Leases

The Group assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether:

- the contract involves the use of an identified asset
- the Group has substantially all of the economic benefits from use of the asset through the period of the lease and
- the Group has the right to direct the use of the asset

### Group as a lessee:

#### Right-of-use assets

At the date of commencement of the lease, the Group recognises a right-of-use asset and a corresponding lease liability for all lease arrangements in which it is a lessee, except for short-term leases and leases of low-value assets.

The right-of-use assets are initially recognised at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or prior to the commencement date of the lease plus any initial direct costs less any lease incentives. They are subsequently measured at cost less accumulated depreciation and impairment losses, if any. Right-of-use assets are depreciated from the commencement date on a straight-line basis over the shorter of the lease term and useful life of the underlying asset and the average lease terms are as follows:

Right-of-use assets	Average (Range) lease terms (in years)
Buildings	2-30
Leasehold land	5-99
Ships and tugs	5-13
Furniture, vehicle and tools	5
Plant and Equipment	6

The right-of-use assets is also subject to impairment. Right-of-use assets are evaluated for recoverability whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable.

#### Lease liabilities

The lease liability is initially measured at the present value of the future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the incremental borrowing rates. The Group uses the incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability include fixed payments, variable lease payments that depend on an index or a rate known at the commencement date; and extension option payments or purchase options payments which the Group is reasonably certain to exercise.

Variable lease payments that do not depend on an index or rate are not included in the measurement the lease liability and the ROU asset. The related payments are recognised as an expense in the period in which the event or condition that triggers those payments occurs and are included in the line "other expenses" in the Statement of Profit or Loss.

The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. For lease arrangement in respect of ships, the non-lease components are not separated from lease components and instead account for each lease component, and any associated non-lease component as a single lease component.

The lease liability is subsequently remeasured by increasing the carrying amount to reflect interest on the lease liability, reducing the carrying amount to reflect the lease payments made.

The Group remeasures the lease liability (and makes a corresponding adjustment to the related right-of-use asset) whenever:

- The lease term has changed or there is a change in the assessment of exercise of a purchase option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.
- A lease contract is modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate.

ROU asset have been separately presented in the Consolidated Balance Sheet, whereas lease liability have been included under "other financial liabilities" in Consolidated Balance sheet and lease payments have been classified as financing cash flows.

Deferred tax on the deductible temporary difference and taxable temporary differences in respect of carrying value of right-of-use assets and lease liability and their respective tax bases are recognised separately.

#### Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (range different for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The related cash flows are classified as Operating activities in the Statement of Cash Flows.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### Group as a lessor:

Leases for which the Group is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases.

In respect of assets provided on finance leases, amounts due from lessees are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases. In respect of assets given on operating lease, lease rentals are accounted in the Statement of Profit and Loss, on accrual basis in accordance with the respective lease agreements.

### U. Segment reporting

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

The Board of Directors of the Company has appointed executive committee (ExCo) as CODM. The ExCo assesses the financial performance and position of the Group and makes strategic decisions.

### V. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Group's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are generally 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 that are readily convertible into known amounts of cash and are subject to insignificant risk of changes in value.

### W. Government grants and subsidies

- I. Grants and subsidies from the Government are recognised when the Group will comply with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.
- II. Where the government grants / subsidies relate to revenue, they are recognised as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense.

- III. Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.
- IV. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the consolidated statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.
- V. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

### X. Earnings per share

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

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

### Y. Classification of current / non-current assets and liabilities

All assets and liabilities are presented as current or non-current as per the Group's normal operating cycle and other criteria set out in Schedule III of the Companies Act, 2013 and Ind AS 1 "Presentation of financial statements". Based on the nature of products and the time between the acquisition of assets for processing and their realisation, the Group has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities

### Z. Exceptional items

An item of income or expense which by its size, nature or incidence requires disclosure in order to improve an understanding of the performance of the Group is treated as an exceptional item and disclosed separately in the consolidated financial statements.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## AA. Use of estimates and judgments

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

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

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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 :

### I. Classification of legal matters and tax litigations

The litigations and claims to which the Group is exposed to are assessed by management with assistance of the legal department and in certain cases with the support of external specialised lawyers. Disclosures related to such provisions, as well as contingent liabilities, also require judgment and estimations if any.

### II. Defined benefit obligations

The cost of defined benefit gratuity plans and post-retirement medical benefit is 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.

## III. Useful life of property, plant and equipment

The charge in respect of periodic depreciation is derived after determining an estimate of an asset's expected useful life and the expected residual value. Increasing an asset's expected life or its residual value would result in a reduced depreciation charge in the consolidated statement of profit and loss. The useful lives of the Group's assets are determined by management at the time the asset is acquired and reviewed at least annually for appropriateness. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology.

## IV. Leases Ind AS 116

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Group makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Group considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Group's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is generally based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

## BB. Recent Accounting Developments

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from 1st January 2022.

MCA issued notifications dated 24th March, 2021 to amend Schedule III to the Companies Act, 2013 to enhance the disclosures required to be made by the Group in its financial statements. These amendments are applicable to the Group for the financial year starting 1st January 2022.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 4 - PROPERTY, PLANT AND EQUIPMENT

(Refer Note 3 (A) and 3 (B) for accounting policy on property, plant and equipment)

Particulars	Gross Carrying Value			Accumulated Depreciation		Accumulated Impairment		Net Carrying Value (Refer Note (d) below)	
	As at 1st January 2021	Additions	Deductions/ Transfers	As at 31st December 2021	Charge for the year (Refer Note (e) below)	As at 1st January 2021	As at 31st December 2021	As at 31st December 2021	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Freehold non-mining land	563.24	5.74	-	568.98	0.08	0.02	-	568.88	563.16
Freehold mining land	1,137.82	78.57	-	1,216.39	85.88	41.89	-	1,088.62	1,051.94
Leasehold mining land	201.17	0.19	-	201.36	5.25	2.06	-	194.05	195.92
Buildings, roads and water works (Refer Note (a) below)	3,352.78	288.01	7.55	3,633.24	772.59	154.77	4.11	2,677.23	2,550.92
Plant and equipment (owned) (Refer Note (b) below)	11,541.82	2,371.42	105.06	13,808.18	4,372.46	782.70	116.75	8,574.00	7,052.61
Furniture and fixtures	59.54	5.18	0.36	64.36	32.72	7.28	0.27	26.17	26.55
Vehicles	228.46	28.08	17.01	239.53	104.81	28.40	10.14	108.54	113.51
Office equipment	145.90	31.36	7.21	170.05	112.43	19.47	0.53	44.67	32.94
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	17.31	3.00	-	4.06	7.06
Railway sidings and locomotives	324.42	119.32	-	443.74	121.31	27.23	1.43	293.77	201.68
Ships	126.54	-	0.02	126.52	37.47	7.17	-	81.90	89.07
<b>Total</b>	<b>17,706.06</b>	<b>2,927.87</b>	<b>137.21</b>	<b>20,496.72</b>	<b>5,662.31</b>	<b>1,073.99</b>	<b>14.66</b>	<b>13,661.89</b>	<b>11,885.36</b>

Particulars	Gross Carrying Value			Accumulated Depreciation		Accumulated Impairment		Net Carrying Value (Refer Note (d) below)	
	As at 1st January 2020	Additions	Deductions/ Transfers	As at 31st December 2020	Charge for the year (Refer Note (e) below)	As at 1st January 2020	As at 31st December 2021	As at 31st December 2020	As at 31st December 2019
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Freehold non-mining land	512.60	50.74	0.10	563.24	0.06	0.02	-	563.16	512.54
Freehold mining land	1,112.41	25.45	0.04	1,137.82	54.74	31.14	-	1,051.94	1,057.67
Leasehold mining land	200.84	0.33	-	201.17	3.19	2.06	-	195.92	197.65
Leasehold non-mining land (Refer Note (j) below)	71.98	0.10	72.08	-	2.87	-	-	-	69.11
Buildings, roads and water works (Refer Note (a) below)	3,280.62	84.22	12.06	3,352.78	622.85	157.79	29.27	2,550.92	2,657.77
Plant and equipment (owned) (Refer Note (b) below)	11,207.37	424.61	90.16	11,541.82	3,611.32	815.72	116.75	7,052.61	7,596.05
Furniture and fixtures	54.62	5.78	0.86	59.54	27.66	5.63	0.27	26.55	26.96
Vehicles	207.61	25.99	5.14	228.46	80.91	27.22	10.14	113.51	126.70
Office equipment	137.85	9.99	1.94	145.90	94.92	19.36	0.53	32.94	42.93
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	14.31	3.00	-	7.06	10.06
Railway sidings and locomotives	307.95	16.47	-	324.42	95.66	25.65	1.43	201.68	212.29
Ships	126.54	-	-	126.54	30.28	7.19	-	89.07	96.26
<b>Total</b>	<b>17,244.76</b>	<b>643.68</b>	<b>182.38</b>	<b>17,706.06</b>	<b>4,638.77</b>	<b>1,094.78</b>	<b>158.39</b>	<b>11,885.36</b>	<b>12,605.99</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (CONTD.....)

#### Includes :

- a) i) Premises in co-operative societies, on ownership basis of ₹ 84.50 crore (31st December 2020 - ₹ 84.50 crore) and ₹ 9.33 crore (31st December 2020 - ₹ 7.73 crore) being accumulated depreciation thereon.
- ii) ₹ 19.92 crore (31st December 2020 - ₹ 19.48 crore) being cost of roads constructed by the Group, the ownership of which vests with the government / local authorities and ₹ 17.24 crore (31st December 2020 - ₹ 16.87 crore) being accumulated depreciation thereon.
- iii) Buildings include cost of shares 12,050 (31st December 2020 - 34,600) in various Co-operative Housing Societies, in respect of 8 (31st December 2020 - 17) residential flats.
- b) ₹ 73.83 crore (31st December 2020 - ₹ 73.47 crore) being cost of power lines incurred by the Group, the ownership of which vests with the state electricity boards and ₹ 13.47 crore (31st December 2020 - ₹ 11.17 crore) being accumulated depreciation thereon.
- c) Cost incurred by the Group, the ownership of which vests with the state maritime boards.
- d) As per the website of the Ministry of Corporate affairs, certain charges aggregating Nil (31st December 2020 - ₹ 23.42 crore) on properties of the Group are pending for satisfaction due to some procedural issues, although related loan amounts have already been paid in full.
- e) ₹ 0.07 crore (31st December 2020 - ₹ 5.18 crore) depreciation capitalised during construction for projects (Refer Note 8)
- f) i) The title deeds of immovable properties are held in the name of the Group except for 1 case (31st December 2020 - 1 case) of Right-of-use assets (31st December 2020 leasehold land) amounting to net block of ₹ 1.98 crore (31st December 2020 - ₹ 2.04 crore), 15 cases (31st December 2020 - 15 cases) of freehold land amounting to net block of ₹ 2.67 crore (31st December 2020 - ₹ 2.67 crore) and 2 cases (31st December 2020 - 2 cases) of Buildings amounting to net block of ₹ 12.11 crores (31st December 2020 - ₹ 5.39 crores), respectively for which title deeds are in the name of subsidiary and erstwhile Ambuja Cements Rajasthan Limited (merged with the Group).
- ii) The Group is in the process of obtaining the title deeds of Freehold mining land of ₹ 131.53 Crore (31st December 2020 - ₹ 131.53 crore) and Building amounting to net block of ₹ 4.39 crore (31st December 2020 - Nil) which is included in Property, plant and equipment.
- g) Capital work in progress as at 31st December 2021 is ₹ 2,196.38 crore (31st December 2020 - ₹ 2,421.85 crore) comprises of various projects and expansions spread over all units.

Major Capital Work-in-Progress are related to following projects :

Project	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Integrated plant at Marwar	337.16	1,392.00
Coal Block	31.64	103.57
Railway Siding	65.86	144.88
Waste Heat Recovery System	396.86	136.50
Flyash Dryer	43.04	-
Greenfield integrated cement plant in Ametha	433.26	65.14
Expansion of the existing grinding unit in Tikaria	253.26	10.63
Expansion of the existing grinding unit in Sindri	-	168.36
Others	635.30	400.77
<b>Total</b>	<b>2,196.38</b>	<b>2,421.85</b>

There are no projects where activity has been suspended.

Refer Note 8 for the amount of expenditure recognised in the carrying amount of an item of Property, Plant and Equipment / Capital work in progress (CWIP) in the course of its construction.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 4 - PROPERTY, PLANT AND EQUIPMENT (CONTD.....)

- h) For contractual commitment with respect to property, plant and equipment Refer Note 52.
- i) During the previous year, considering lower profitability due to higher input cost, the Company had suspended part of its operations at Madukkarai plant. The Group carried out a review of the recoverable amount of the tangible assets and capital work in progress used in the cement manufacturing facility at Madukkarai. The recoverable amount from such tangible assets and capital work in progress at Madukkarai plant was assessed to be lower than its total carrying amount and consequently an impairment loss of ₹ 176.01 crore (including Capital work in progress ₹ 17.62 crore) was recognised and disclosed as an exceptional item. The discount rate used in measuring recoverable value was 10.64 per cent per annum. The future cash flows are derived from the detailed budgets and forecast for the next three years. Steady growth rate of 4 per cent per annum is applied beyond the forecast period. There is no change on re-assessment in the current year.
- In the current year out of the total impairment charge of ₹ 17.62 crore on Capital work in progress, provision of ₹ 14.66 crore has been transferred to tangible assets on capitalisation.
- j) Upon implementation of Ind AS 116 - Leases from 1st January 2020, all leasehold non-mining land, identified under the earlier Ind AS 17 amounting ₹ 69.17 crore (net block) have been reclassified as Right-of-use assets. Refer Note 54 A(c).



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 5 - RIGHT-OF-USE ASSETS

(Refer Note 3 (T) and (BB) for accounting policy on leases)

Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value	
	As at 1st January 2021	Additions	Deductions / Transfers	As at 31st December 2021	Charge for the year	Deductions/ Transfers	As at 31st December 2021	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Leasehold land (Refer Note 4 (f) and 54 A(c))	197.81	33.43	2.18	229.06	17.19	2.19	197.06	180.62
Building and installation	12.74	1.18	1.95	11.97	3.03	1.32	7.96	9.71
Plant and Equipment	39.35	20.36	4.03	55.68	10.29	2.99	36.97	29.06
Ships and tugs	315.64	2.84	1.31	317.17	31.44	1.24	255.76	284.20
Furniture, vehicle and tools	0.44	-	-	0.44	0.16	-	0.12	0.28
<b>Total</b>	<b>565.98</b>	<b>57.81</b>	<b>9.47</b>	<b>614.32</b>	<b>62.11</b>	<b>7.74</b>	<b>497.87</b>	<b>503.87</b>

Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value	
	As at 1st January 2020 (Refer Note (a) below)	Reclassified on account of Ind AS 116 (Refer Note (a) below)	Additions	Deductions / Transfers	As at 31st December 2020	As at 1st January 2020	Reclassified on account of Ind AS 116 (Refer Note (a) below)	Charge for the year
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Leasehold land (Refer Note 4 (f), (j) and 54 A(c))	89.97	105.98	6.93	5.07	197.81	-	2.87	15.17
Building and installation	13.54	-	0.35	1.15	12.74	-	-	3.21
Plant and Equipment	56.45	-	1.27	18.37	39.35	-	-	12.80
Ships and tugs	315.64	-	-	-	315.64	-	-	31.44
Furniture, vehicle and tools	0.44	-	-	-	0.44	-	-	0.16
<b>Total</b>	<b>476.04</b>	<b>105.98</b>	<b>8.55</b>	<b>24.59</b>	<b>565.98</b>	<b>-</b>	<b>2.87</b>	<b>62.78</b>
							<b>3.54</b>	<b>62.11</b>
								<b>503.87</b>

### Note:

a) Refer Note 54 on adoption of Ind AS 116 "Leases"

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 6 - GOODWILL

(Refer Note 3 (H) for accounting policy on goodwill)

Particulars	Gross Carrying Value			Accumulated Amortisation		Net carrying value	
	As at 1st January 2021	Additions	Deductions/ Transfers	As at 31st December 2021	Charge for the year	As at 31st December 2021	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Goodwill (Refer Note (a), (b) below and 64(d))	8,111.74	-	6.42	235.63	-	7,869.69	7,876.11
<b>Total</b>	<b>8,111.74</b>	<b>-</b>	<b>6.42</b>	<b>235.63</b>	<b>-</b>	<b>7,869.69</b>	<b>7,876.11</b>

Particulars	Gross Carrying Value			Accumulated Amortisation		Net carrying value	
	As at 1st January 2020	Additions	Deductions/ Transfers	As at 31st December 2020	Charge for the year	As at 31st December 2020	As at 31st December 2019
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Goodwill (Refer Note (a), (b) below and 64(a))	8,117.12	-	5.38	235.63	-	7,876.11	7,881.49
<b>Total</b>	<b>8,117.12</b>	<b>-</b>	<b>5.38</b>	<b>235.63</b>	<b>-</b>	<b>7,876.11</b>	<b>7,881.49</b>

### Notes:

- Pertains to goodwill on consolidation ₹ 7,869.69 crore (31st December 2020 - ₹ 7,876.11 crore). (Refer Note 62)
- The Group has adopted Ind AS w.e.f. 1st January 2017. In previous GAAP, the Group was amortising goodwill. Accumulated amortisation is related to previous GAAP.

## NOTE 7 - OTHER INTANGIBLE ASSETS

(Refer Note 3 (C) and 3 (D) for accounting policy on intangible assets)

Particulars	Gross Carrying Value			Accumulated Amortisation		Net carrying value	
	As at 1st January 2021	Additions	Deductions/ Transfers	As at 31st December 2021	Charge for the year	As at 31st December 2021	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Mining Rights	246.10	18.62	2.42	262.30	14.88	219.75	218.43
Water drawing rights	0.33	-	-	0.33	0.02	0.18	0.20
Computer software	5.34	3.78	0.03	9.09	1.60	4.18	2.00
<b>Total</b>	<b>251.77</b>	<b>22.40</b>	<b>2.45</b>	<b>271.72</b>	<b>16.50</b>	<b>224.11</b>	<b>220.63</b>

Particulars	Gross Carrying Value			Accumulated Amortisation		Net carrying value	
	As at 1st January 2020	Additions	Deductions/ Transfers	As at 31st December 2020	Charge for the year	As at 31st December 2020	As at 31st December 2019
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Mining rights	231.51	14.59	-	246.10	8.84	218.43	212.46
Water drawing rights	0.33	-	-	0.33	0.02	0.20	0.22
Computer software	4.28	1.85	0.79	5.34	0.54	2.00	1.18
<b>Total</b>	<b>236.12</b>	<b>16.44</b>	<b>0.79</b>	<b>251.77</b>	<b>9.40</b>	<b>220.63</b>	<b>213.86</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 8 - CAPITALISATION OF EXPENDITURE

The Group has capitalised following expenses of revenue nature to the cost of Property, Plant and Equipment / Capital work-in-progress. Consequently, expenses disclosed under the respective notes are net of amounts capitalised.

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balance at the beginning of the year included in capital work-in-progress	165.05	77.33
Add : Expenditure during construction for projects		
Employee benefits expenses (Refer Note (a) below)	52.31	46.27
Depreciation and amortisation expense (Refer Note 4 (e))	0.07	5.18
Other expenses (Refer Note (b) below)	108.19	41.52
	<b>325.62</b>	<b>170.30</b>
Less : Capitalised during the year (Refer Note (c) below)	266.33	5.25
Balance at the end of the year included in capital work-in-progress	<b>59.29</b>	<b>165.05</b>

#### Notes:

- Costs of employee benefits (as defined in Ind AS 19 "Employee Benefits") of project associated departments are arising directly from the construction or acquisition of the item of property, plant and equipment.
- Other expense 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.
- During the year 2021, the Company has started commercial production at its integrated plant at Marwar in Rajasthan with clinker capacity of 3.0 million ton per annum and cement grinding capacity of 1.8 million ton per annum.

### NOTE 9 - INVESTMENT IN ASSOCIATES AND JOINT VENTURES

(Refer Note 3 (I) for accounting policy on investment in associates and joint ventures)

Particulars	Face Value (in ₹)	As at 31st December 2021		As at 31st December 2020	
		No of shares	₹ in crore	No of shares	₹ in crore
<b>A) Investments in associates, Unquoted, In fully paid equity shares</b>					
Alcon Cement Company Private Limited	10	408,001	18.66	408,001	18.66
Add : Share of profit			0.33		0.29
Less : Dividend received			(0.44)		(0.29)
			<b>18.55</b>		<b>18.66</b>
Asian Concretes and Cements Private Limited	10	8,100,000	92.92	8,100,000	84.32
Add : Share of profit			9.25		8.60
			<b>102.17</b>		<b>92.92</b>
			<b>120.72</b>		<b>111.58</b>
<b>B) Investments in joint ventures, Unquoted, In fully paid equity shares</b>					
Aakaash Manufacturing Company Private Limited	10	4,401	12.57	4,401	11.93
Add : Share of profit			1.94		0.64
Less : Dividend received			(1.13)		-
			<b>13.38</b>		<b>12.57</b>
Counto Microfine Products Private Limited (During the previous year 675,677 shares were bought back)	10	7,644,045	30.45	7,644,045	30.96
Add : Share of profit			8.71		4.86
Less : Shares bought back			-		(2.87)
Less : Dividend received			(2.75)		(2.50)
			<b>36.41</b>		<b>30.45</b>
			<b>49.79</b>		<b>43.02</b>
<b>Total (A + B)</b>			<b>170.51</b>		<b>154.60</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 10 - NON-CURRENT INVESTMENTS

Particulars	Face Value (in ₹)	As at 31st December 2021		As at 31st December 2020	
		No of shares	₹ in crore	No of shares	₹ in crore
<b>A) Investments carried at amortised cost</b>					
<b>Unquoted, In Government and trust securities</b>					
National Savings Certificate ₹ 36,500 (31st December 2020 - ₹ 36,500), deposited with government department as security. (Refer Note (b) below)			-		-
<b>Unquoted, In Public sector bonds</b>					
5.13% taxable redeemable bonds Himachal Pradesh Infrastructure Development Bonds	1,000,000	37	3.70	37	3.70
			<b>3.70</b>		<b>3.70</b>
<b>B) Investments carried at fair value through profit and loss</b>					
<b>Unquoted, In fully paid equity shares</b>					
Kanoria Sugar & General Manufacturing Company Limited (Refer Note (b) below)	10	4	-	4	-
Gujarat Composites Limited (Refer Note (b) below)	10	60	-	60	-
Rohtas Industries Limited (Refer Note (b) below)	10	220	-	220	-
The Jaipur Udyog Limited (Refer Note (b) below)	10	120	-	120	-
Digvijay Finlease Limited (Refer Note (b) below)	10	90	-	90	-
The Travancore Cement Company Limited (Refer Note (b) below)	10	100	-	100	-
Ashoka Cement Limited (Refer Note (b) below)	10	50	-	50	-
The Sone Valley Portland Cement Company Limited (Refer Note (b) below)	5	100	-	100	-
Gujarat Goldcoin Ceramics Limited (Refer Note (c) below)	10	1,000,000	-	1,000,000	-
Avaada MHBuldhana Private Limited (Refer Note (d) below)	10	787,500	0.79	-	-
Solbridge Energy Private Limited (Refer Note (e) below)	10	11,099,594	14.11	-	-
Amplus Green Power Private Limited (Refer Note (f) below)	10	5,157,184	9.00	5,157,184	9.00
			<b>23.90</b>		<b>9.00</b>
<b>Total</b>			<b>27.60</b>		<b>12.70</b>
<b>Total (9+10)</b>			<b>198.11</b>		<b>167.30</b>
<b>Aggregate value of unquoted investments</b>			<b>198.11</b>		<b>167.30</b>

### Notes:

- Refer Note 56 for information about fair value measurement and Note 57 for credit risk and market risk of investments.
- Denotes amount less than ₹ 50,000.
- This company is under liquidation and the Group has fully provided for the investment value.
- During the year, the Company has subscribed 787,500 equity shares in Avaada MHBuldhana Private Limited (Avaada) representing 0.90% holding for a total consideration of ₹ 0.79 crore. The Avaada has set up a solar power plant in the State of Maharashtra of which the Company's Panvel plant would be one of the consumer.
- During the year, the Company and its subsidiary, ACC Limited (ACC) has subscribed 3,075,791 and 8,023,803 equity shares in Solbridge Energy Private Limited (Solbridge) representing 26.37% holding for a total consideration of ₹ 14.11 crore. The Solbridge has set up a solar power plant in the State of Chhattisgarh of which the Company's Bhatapara plant and ACC's Jamul would be one of the consumer.
- During the previous year, the Company and its subsidiary, ACC Limited (ACC) has subscribed 2,578,592 equity shares each, in Amplus Green Power Private Limited (AGPPL) representing 11.25% holding for a total consideration of ₹ 9.00 crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company's Dadri plant and ACC's Tikaria would be one of the consumer.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 11 - GROUP INFORMATION

The consolidated financial statements comprise the financial statements of the members of the Group as under:

Sr	Name of the Company	Principal activities	Country of Incorporation	Proportion of ownership interest (effective holding)	
				As at 31st December 2021	As at 31st December 2020
<b>1</b>	<b>Direct and Indirect Subsidiaries</b>				
	M.G.T Cements Private Limited	Cement and cement related products	India	100.00%	100.00%
	Chemical Limes Mundwa Private Limited	Cement and cement related products	India	100.00%	100.00%
	Dang Cement Industries Private Limited	Cement and cement related products	Nepal	91.63%	91.63%
	Dirk India Private Limited	Cement and cement related products	India	100.00%	100.00%
	ACC Limited	Cement and cement related products	India	50.05%	50.05%
	OneIndia BSC Private Limited (Refer Note (b) below)	Shared Services	India	75.03%	75.03%
<b>2</b>	<b>Subsidiaries of ACC Limited</b>				
	Bulk Cement Corporation (India) Limited (BCCI)	Cement and cement related products	India	47.37%	47.37%
	ACC Mineral Resources Limited	Cement and cement related products	India	50.05%	50.05%
	Lucky Minmat Limited (Refer Note 64 (d))	Cement and cement related products	India	50.05%	50.05%
	Singhanian Minerals Private Limited	Cement and cement related products	India	50.05%	50.05%
<b>3</b>	<b>Associates of ACC Limited</b>				
	Alcon Cement Company Private Limited	Cement and cement related products	India	20.02%	20.02%
	Asian Concretes and Cements Private Limited	Cement and cement related products	India	22.52%	22.52%
<b>4</b>	<b>Joint Venture</b>				
	Counto Microfine Products Private Limited	Cement and cement related products	India	50.00%	50.00%
<b>5</b>	<b>Joint Venture of ACC Limited</b>				
	Aakaash Manufacturing Company Private Limited	Ready mixed concrete products	India	20.02%	20.02%
<b>6</b>	<b>Joint Operation</b>				
	Wardha Vaalley Coal Field Private Limited	Cement and cement related products	India	27.27%	27.27%
<b>7</b>	<b>Joint Operations of ACC Limited</b>				
	MP AMRL (Semaria) Coal Company Limited	Cement and cement related products	India	24.52%	24.52%
	MP AMRL (Bicharpur) Coal Company Limited	Cement and cement related products	India	24.52%	24.52%
	MP AMRL (Marki Barka) Coal Company Limited	Cement and cement related products	India	24.52%	24.52%
	MP AMRL (Morga) Coal Company Limited	Cement and cement related products	India	24.52%	24.52%

### Notes:

- The financial statements of the above companies are drawn upto the same reporting date as that of the Company.
- The Group's investment in equity shares of OneIndia BSC Private Limited (BSC), engaged in business shared services, is ₹ 5.00 crore (31st December 2020 ₹ 5.00 crore). The service agreement with BSC is expired and the same is not renewed. Accordingly, the financial statements of BSC for the year ended 31st December 2021 have not been prepared on a "Going Concern" basis. The Group has assessed that investment in BSC is fully recoverable and no impairment is necessary considering positive net worth of ₹ 13.34 crore and net current assets ₹ 10.59 crore as at 31st December 2021.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 12 - NON-CURRENT LOANS

(Refer Note 3 (L) (I) for accounting policy on financial assets)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Unsecured, considered good</b>		
Loans to employees	7.60	8.53
Loans and advances	3.96	3.92
	<b>11.56</b>	<b>12.45</b>
<b>Unsecured loans which have significant increase in credit risk</b>		
Loans and advances	28.09	28.03
Less : allowances for doubtful loans / deposits	28.09	28.03
	-	-
<b>Total</b>	<b>11.56</b>	<b>12.45</b>

**Notes:**

- Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.
- No loans are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 57 (B) for information about credit risk.

### NOTE 13 - OTHER NON-CURRENT FINANCIAL ASSETS

(Refer Note 3 (L) (I) for accounting policy on financial assets)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Security deposit	219.30	199.83
Incentives receivable under Government schemes (Refer Note 57 (B))	929.40	1,088.53
Bank deposits with more than 12 months maturity (Refer Note (a) below)	84.92	82.13
Margin money deposit with more than 12 months maturity (Refer Note (b) below)	14.53	8.25
Others (includes interest accrued on fixed deposits)	6.97	5.18
<b>Total</b>	<b>1,255.12</b>	<b>1,383.92</b>

**Notes:**

- Include fixed deposits of ₹ 10.88 crore (31st December 2020 - ₹ 41.84 crore) given as security against bank guarantees and ₹ 31.99 crore (31st December 2020 - ₹ 40.04 crore) given as security to regulatory authorities.
- Margin money deposit is against bank guarantees given to government authorities.
- Refer Note 57 (B) for information about credit risk of other financial assets.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 14 - OTHER NON-CURRENT ASSETS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Unsecured, considered good</b>		
Capital advances	423.39	604.99
Advances other than capital advances		
Deposit against government dues / liabilities	443.60	458.27
Prepayments under leases	-	0.33
Advances recoverable other than in cash	29.30	48.35
Other claims receivable from Governments	245.07	229.24
	<b>1,141.36</b>	<b>1,341.18</b>
<b>Unsecured, considered doubtful</b>		
Capital advances	4.70	5.83
Advances recoverable other than in cash	0.85	0.89
Incentives receivable under government incentive schemes and other receivables	36.05	36.05
Deposit against government dues / liabilities	3.33	3.33
	<b>44.93</b>	<b>46.10</b>
Less : allowances for doubtful receivables	44.93	46.10
	-	-
<b>Total</b>	<b>1,141.36</b>	<b>1,341.18</b>

### Notes:

- No advances are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 57 (B) for information about credit risk of other receivables.

## NOTE 15 - INVENTORIES

At lower of cost and net realisable value (Refer Note 3 (F) for accounting policy on inventories)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Raw materials (including in transit - ₹ 9.35 crore; 31st December 2020 - ₹ 2.80 crore)	245.39	176.82
Work-in-progress	784.73	351.76
Finished goods	238.21	183.29
Captive coal	87.52	19.87
Stock in trade (in respect of goods acquired for trading) - Nil ; 31st December 2020 - ₹ 4.37 crore)	18.70	16.66
Stores & spares (including in transit - ₹ 17.76 crore; 31st December 2020 - ₹ 16.91 crore)	404.48	453.68
Coal and fuel (including in transit - ₹ 115.49 crore; 31st December 2020 - ₹ 10.94 crore)	881.94	395.86
Packing materials	76.19	50.64
Others	0.88	-
<b>Total</b>	<b>2,738.04</b>	<b>1,648.58</b>

### Notes:

- The Group follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares in the current year is amounting to ₹ 29.88 crore (31st December 2020 - ₹ 25.34 crore).
- No inventories have been pledged as security for liabilities.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 16 - TRADE RECEIVABLES

(Refer Note 3 (L) (I) for accounting policy on financial assets)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Secured, considered good	78.22	91.67
Unsecured, considered good	567.61	469.46
Unsecured which have significant increase in credit risk	81.45	91.40
	<b>727.28</b>	<b>652.53</b>
Less : allowance for doubtful trade receivables	81.45	91.40
<b>Total</b>	<b>645.83</b>	<b>561.13</b>

### Notes:

- No trade receivables are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 55 for receivables from related parties.
- Refer Note 57 (B) for information about credit risk of trade receivables.

## NOTE 17 - CASH AND CASH EQUIVALENTS

(Refer Note 3 (V) for accounting policy on cash and cash equivalents)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Balances with banks</b>		
In current accounts	208.60	173.12
Deposit with original maturity upto 3 months	10,041.35	7,258.49
	<b>10,249.95</b>	<b>7,431.61</b>
Deposit with other than banks with original maturity of upto 3 months	250.00	450.00
Post office saving accounts	0.01	0.01
	<b>250.01</b>	<b>450.01</b>
Investments in liquid mutual funds measured at FVTPL	858.53	689.94
<b>Total</b>	<b>11,358.49</b>	<b>8,571.56</b>

### Note:

- Refer Note 57 (B) for information about market risk.

## NOTE 18 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Earmarked balances with banks (Refer Note (a) below)	52.55	60.78
Margin money deposit (Refer Note (b) below)	1.31	-
Fixed deposit with banks (original maturity more than 3 months and upto 12 months) (Refer Note (c) below)	281.94	303.29
<b>Total</b>	<b>335.80</b>	<b>364.07</b>

### Notes:

- These balances represent unpaid dividend liabilities of the Company and unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile Ambuja Cements Rajasthan Limited (merged with the Company) not available for use by the Company.
- Margin money deposit is against bank guarantees given to Government authorities.
- Including fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 265.40 crore including interest there on (31st December 2020 - ₹ 257.05 crore), (Refer Note 50(b)(i)) and other deposits amounting Nil (31st December 2020 - ₹ 25.00 crore) given as security against bank guarantees and ₹ 16.05 crore (31st December 2020 - ₹ 20.77 crore) given as security to regulatory authorities.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 19 - CURRENT LOANS

(Refer Note 3 (L) (I) for accounting policy on financial assets)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Unsecured, considered good</b>		
Unsecured, considered good (includes loans to employees)	9.91	8.85
<b>Total</b>	<b>9.91</b>	<b>8.85</b>

### Notes:

- No loans are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 57 (B) for information about credit risk of loans.

## NOTE 20 - OTHER CURRENT FINANCIAL ASSETS

(Refer Note 3 (L) (I) for accounting policy on financial assets)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Unsecured, considered good</b>		
Security deposits	57.74	53.21
Incentives receivable under government incentive schemes	336.63	289.16
Interest accrued on fixed deposit, certificate of deposits and others	4.45	5.43
Interest accrued on investment	13.61	8.29
Deposits with banks with original maturity of more than 12 months (Refer Note (a) below)	18.50	1.08
Other receivables	43.32	42.39
	<b>474.25</b>	<b>399.56</b>
<b>Unsecured which have significant increase in credit risk</b>		
Other receivables	12.03	12.14
Less : allowance for doubtful other receivable	12.03	12.14
	-	-
<b>Total</b>	<b>474.25</b>	<b>399.56</b>

### Notes:

- Deposits of ₹ 9.25 crore (31st December 2020 - ₹ 1.08 crore) given as security to regulatory authorities.
- Refer Note 57 (B) for information about credit risk of other financials assets.

## NOTE 21 - OTHER CURRENT ASSETS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Unsecured, considered good</b>		
<b>Advances other than capital advances (Refer Note (a) below)</b>		
Advances	552.81	399.39
Balances with statutory / government authorities	781.09	633.82
Prepaid expenses	77.51	82.97
Others	23.25	37.51
	<b>1,434.66</b>	<b>1,153.69</b>
<b>Unsecured, which have significant increase in credit risk</b>		
Other receivables	17.88	17.88
Less : allowance for doubtful receivables	17.88	17.88
	-	-
<b>Total</b>	<b>1,434.66</b>	<b>1,153.69</b>

### Notes:

- No advances are due from directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 57 (B) for information about credit risk of other receivables.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 22 - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(Refer Note 3 (Q) for accounting policy on Non-current assets held for sale)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Investment in subsidiary held for sale (Refer Note (a) below)	23.11	23.22
Plant and equipment (Refer Note (b) and (c) below)	1.28	1.76
Building (Refer Note (b) and (c) below)	1.05	1.15
<b>Total</b>	<b>25.44</b>	<b>26.13</b>

#### Notes:

- The Group has entered into share purchase agreement for sale of its entire investment in Dang Cement Industries Private Limited, a subsidiary company, subject to fulfillment of certain conditions. Transaction is expected to be completed in the next 12 months. Pending fulfillment such conditions, all of its assets have been classified as held for sale.
- The Group intends to dispose off plant and equipment and Building in the next 12 months which it no longer intends to utilise. A selection of potential buyers is underway.
- During the year, the Group has sold a flat for ₹ 4.25 crore (Book Value ₹ 0.32 crore) which was classified as held for sale. The resultant gain of ₹ 3.93 crore has been disclosed in the Consolidated Statement of Profit and Loss under Other Income.

### NOTE 23 - EQUITY SHARE CAPITAL

(Refer Note 3 (L) (II) (a) for accounting policy on equity instruments)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Authorised</b>		
40,000,000,000 (31st December 2020 - 40,000,000,000) Equity shares of ₹ 2 each	8,000.00	8,000.00
150,000,000 (31st December 2020 - 150,000,000) Preference shares of ₹ 10 each	150.00	150.00
<b>Total</b>	<b>8,150.00</b>	<b>8,150.00</b>
<b>Issued</b>		
1,985,971,749 (31st December 2020 - 1,985,971,749) Equity shares of ₹ 2 each fully paid-up	397.19	397.19
<b>Subscribed and paid-up</b>		
1,985,645,229 (31st December 2020 - 1,985,645,229) Equity shares of ₹ 2 each fully paid-up	397.13	397.13

#### Notes:

##### a) Reconciliation of equity shares outstanding

Particulars	As at 31st December 2021		As at 31st December 2020	
	No. of shares	₹ in crore	No. of shares	₹ in crore
At the beginning of the year	1,985,645,229	397.13	1,985,645,229	397.13
Changes during the year	-	-	-	-
At the end of the year	1,985,645,229	397.13	1,985,645,229	397.13

##### b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. Each shareholder is entitled to one vote per equity 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.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 23 - EQUITY SHARE CAPITAL (CONTD.....)

#### c) Equity shares held by holding company / ultimate holding company and / or their subsidiaries

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Holderind Investments Limited, Mauritius - holding company (a subsidiary of Holcim Limited (Erstwhile LafargeHolcim Limited), Switzerland, the ultimate holding company)		
<b>1,253,156,361</b> (31st December 2020 - 1,253,156,361) Equity shares of ₹ 2 each fully paid-up	<b>250.63</b>	250.63

#### d) Details of equity shares held by shareholders holding more than 5% shares in the Company

Particulars	As at 31st December 2021		As at 31st December 2020	
	No. of shares	% holding	No. of shares	% holding
Holderind Investments Limited, Mauritius	1,253,156,361	63.11%	1,253,156,361	63.11%

As per the records of the Company, including its register of shareholders / members and other declarations received from shareholders regarding beneficial interest, the above shareholdings represent both legal and beneficial ownership of shares.

#### e) Outstanding tradable warrants and right shares

Outstanding tradable warrants and right shares are kept in abeyance exercisable into 186,690 (31st December 2020 - 186,690) and 139,830 (31st December 2020 - 139,830) equity shares of ₹ 2 each fully paid-up respectively.

#### f) Aggregate no. of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Pursuant to the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company in August 2016, 584,417,928 equity shares were allotted as fully paid up to the equity shareholders of HIPL, without payment being received in cash.

#### g) There are no other securities which are convertible into equity shares.

### NOTE 24 - CAPITAL MANAGEMENT

- The Group's objectives when managing capital are to maximise shareholders value through an efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of balance surplus funds on the back of an effective portfolio management of funds within a well defined risk management framework.
- The management of the Group reviews the capital structure of the Group on regular basis to optimise cost of capital. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.
- The Group generally meets its capital requirement through internal accruals. The borrowings as appearing in the Notes 27 and 36 represents Interest Free Loan from State Government considered as Government grant. The Group is not subject to any externally imposed capital requirements.

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Total debt (including current maturities of borrowings) (Refer Notes 27 and 36)	46.94	43.60
Less : Cash and cash equivalents (Refer Note 17)	11,358.49	8,571.56
<b>Net debt</b>	<b>(11,311.55)</b>	<b>(8,527.96)</b>
Total equity	32,498.77	29,098.49
Net Debt to Equity	Nil	Nil

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 25 - DIVIDEND DISTRIBUTION MADE AND PROPOSED

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>A) Dividend paid on equity shares</b>		
i) Final dividend for the year ended 31st December 2020 ₹ 1.00 per share (31st December 2019 - Nil)	198.56	-
ii) Interim dividend ₹ 1.50 per share (Refer Note (b) below)	-	297.85
iii) Interim dividend for the year ended 31st December 2020 ₹ 17 per share	-	3,375.60
<b>Total</b>	<b>198.56</b>	<b>3,673.45</b>
<b>B) Dividend proposed on equity shares</b>		
Final dividend for the year ended 31st December 2021 ₹ 6.30 per share (31st December 2020 - ₹ 1.00 per share) (Refer Note (a))	1,250.96	198.56
<b>Total</b>	<b>1,250.96</b>	<b>198.56</b>

### Notes:

- Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability.
- Due to COVID-19 pandemic there was a delay in conducting Annual General Meeting and consequent delay in payment of final dividend. The Board of Directors revoked the recommendation for payment of final dividend for the year ended 31st December 2019 and declared an interim dividend for the financial year ended 31st December 2019 at ₹ 1.50 per share in the Board Meeting held on 12th May 2020.

## NOTE 26 - OTHER EQUITY

(Refer the Consolidated Statement of Changes in Equity for detailed movement in other equity balances)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Reserve and surplus (nature and purpose of each reserve is given in notes below)		
a) Capital reserve	130.71	130.71
b) Securities premium account	12,471.16	12,471.16
c) General reserve	5,814.49	5,814.49
d) Capital redemption reserve	9.93	9.93
e) Subsidies	5.02	5.02
f) Capital contribution from parent	9.10	3.18
g) Retained earnings	6,516.20	3,925.98
<b>Total</b>	<b>24,956.61</b>	<b>22,360.47</b>

### Nature and purpose of each reserve :

#### a) Capital reserve

This reserve has been transferred to the Group in the course of business combinations and can be utilised in accordance with the provisions of the Companies Act, 2013.

#### b) Securities premium

This reserve represents the premium on issue of shares and can be utilised in accordance with the provisions of the Companies Act, 2013.

#### c) General reserve

The Group created a general reserve in earlier years pursuant to the provisions of the Companies Act, 1956 wherein certain percentage of profits were required to be transferred to general reserve before declaring dividends. As per the Companies Act 2013, the requirement to transfer profits to general reserve is not mandatory. General reserve is a free reserve available to the Group.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 26 - OTHER EQUITY (CONTD.....)

#### d) Capital redemption reserve

Capital redemption reserve was created by transferring from retained earnings. In the year ended 30th June 2005, part of the amount was used for issue of bonus shares. The balance will be utilised in accordance with the provisions of the Companies Act, 2013.

#### e) Subsidies

These are capital subsidies received from the Government and other authorities.

#### f) Capital contribution from parent

Capital contribution from parent represents the fair value of the employee performance share plan. These shares are granted by parent company "Holcim Limited" to the employees of the Group. The share based payment reserve is used to recognise the value of equity settled Share based payments provided to executives and senior management.

#### g) Retained earnings

Retained earnings are the profits that Group has earned till date, less 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 the Consolidated Statement of Profit and Loss. Retained earnings is a free reserve available to the Group.

### NOTE 27 - NON-CURRENT BORROWINGS

(Refer Note 3 (L) (II) (b) for accounting policy on financial liabilities)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Secured</b>		
Interest free loan from State Government (Refer Notes (a) below)	43.50	43.60
<b>Total</b>	<b>43.50</b>	<b>43.60</b>

#### Notes:

- a) Interest free loan from State Government granted under State investment promotion scheme has been considered as a Government grant. This is secured by bank guarantees (majorly backed by pledge of bank fixed deposits). Each loan repayable in single installment, starting from August 2022 to January 2027 of varying amounts ranging from ₹ 3.59 crore to ₹ 13.39 crore. During the previous year, the Company has paid one of the installment of ₹ 5.86 crore due in February 2020. Next installment is due in August 2022.

### NOTE 28 - LEASE LIABILITY

(Refer Note 3 (T) for accounting policy on leases)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Lease liability (Refer Note 54)	362.52	380.62
<b>Total</b>	<b>362.52</b>	<b>380.62</b>

### NOTE 29 - OTHER NON-CURRENT FINANCIAL LIABILITIES

(Refer Note 3 (L) (II) (b) for accounting policy on financial liabilities)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Liability for capital expenditure	0.13	0.13
<b>Total</b>	<b>0.13</b>	<b>0.13</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 30 - NON-CURRENT PROVISIONS

(Refer Note 3 (M) (I) and 3 (P) for accounting policy on provisions and retirement and other employee benefits)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Provision for gratuity and other staff benefit schemes (Refer Note 53)	178.76	177.96
Long service award and other benefit plans	4.94	5.77
Provision for mines reclamation expenses (Refer Note (a) below)	97.84	87.68
<b>Total</b>	<b>281.54</b>	<b>271.41</b>

### Note:

- a) Mines reclamation expenses are incurred on an ongoing basis until the respective mines are not fully restored, in accordance with the requirements of the mining agreement. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses. Movement of provisions during the year is as under :

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Opening balance</b>	<b>87.68</b>	<b>67.12</b>
Add : Provision during the year	7.87	17.91
	<b>95.55</b>	<b>85.03</b>
Add : Unwinding of discounting	3.66	2.84
Less : Provision utilised during the year	1.37	0.19
<b>Closing Balance</b>	<b>97.84</b>	<b>87.68</b>

## NOTE 31 - DEFERRED TAX LIABILITIES (NET)

(Refer Note 3 (S) (II) for accounting policy on deferred tax)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Deferred tax liabilities, on account of</b>		
Depreciation and amortisation	1,057.45	1,022.69
Undistributed profits of subsidiaries, joint venture and associates	164.64	55.88
	<b>1,222.09</b>	<b>1,078.57</b>
<b>Deferred tax assets, on account of</b>		
Provision for employee benefits	70.47	61.09
Provision for slow and non-moving spares	26.03	20.23
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	122.12	132.13
Expected credit loss on incentives receivable from government	32.45	32.45
Others	214.83	206.67
	<b>465.90</b>	<b>452.57</b>
<b>Deferred tax liabilities / (assets) (net)</b>	<b>756.19</b>	<b>626.00</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 31 - DEFERRED TAX LIABILITIES (NET) (CONTD.....)

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

Particulars	As at 1st January 2021	Charge / (Credit) to the Consolidated Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2021
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>Deferred tax liabilities, on account of</b>				
Depreciation and amortisation	1,022.69	34.76	-	1,057.45
Undistributed profits of subsidiaries, joint venture and associates	55.88	108.76	-	164.64
	<b>1,078.57</b>	<b>143.52</b>	<b>-</b>	<b>1,222.09</b>
<b>Deferred tax assets, on account of</b>				
Provision for employee benefits	61.09	13.13	(3.75)	70.47
Provision for slow and non moving spares	20.23	5.80	-	26.03
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	132.13	(10.01)	-	122.12
Expected credit loss on incentives receivable from government	32.45	-	-	32.45
Others	206.67	8.16	-	214.83
	<b>452.57</b>	<b>17.08</b>	<b>(3.75)</b>	<b>465.90</b>
<b>Deferred tax liabilities / (assets) (net)</b>	<b>626.00</b>	<b>126.44</b>	<b>3.75</b>	<b>756.19</b>
<b>Deferred tax assets (net)</b>	<b>2.91</b>	<b>-</b>	<b>-</b>	<b>2.91</b>

Particulars	As at 1st January 2020	Charge / (Credit) to the Consolidated Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
<b>Deferred tax liabilities, on account of</b>				
Depreciation and amortisation	1,360.95	(338.26)	-	1,022.69
Undistributed profits of subsidiaries, joint venture and associates	70.33	(14.45)	-	55.88
	<b>1,431.28</b>	<b>(352.71)</b>	<b>-</b>	<b>1,078.57</b>
<b>Deferred tax assets, on account of</b>				
Provision for employee benefits	113.73	(46.46)	(6.18)	61.09
Provision for slow and non moving spares	18.61	1.62	-	20.23
Expenditure debited in the Consolidated Statement of Profit and Loss but allowed for tax purposes in the following years	153.00	(20.87)	-	132.13
Expected credit loss on incentives receivable from government	-	32.45	-	32.45
Others	209.21	(2.54)	-	206.67
	<b>494.55</b>	<b>(35.80)</b>	<b>(6.18)</b>	<b>452.57</b>
<b>Deferred tax liabilities / (assets) (net)</b>	<b>936.73</b>	<b>(316.91)</b>	<b>6.18</b>	<b>626.00</b>
<b>Deferred tax assets (net)</b>	<b>4.16</b>	<b>(1.25)</b>	<b>-</b>	<b>2.91</b>

### Notes:

- The Group has not recognised deferred tax liability on undistributed earnings in subsidiaries to the extent of ₹ 12,731.57 crore (31st December 2020 - ₹ 11,408.00 crore) considering its ability to control the timing of the reversal of temporary differences associated with such undistributed earnings and it is probable that such differences will not reverse in the foreseeable future.
- The Group has long term capital losses and business losses including unabsorbed depreciation of ₹ 37.17 crore (31st December 2020 - ₹ 36.10 crore) for which no deferred tax assets have been recognised. A part of these losses will expire between financial years 2021-22 to 2028-29.
- The Group offsets tax assets and liabilities if and only if it has a legally enforceable right to set-off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 32 - RECONCILIATION OF TAX EXPENSE AND THE PROFIT MULTIPLIED BY INCOME TAX RATE

Particulars	For the year ended 31st December 2021		For the year ended 31st December 2020	
	₹ in crore	In %	₹ in crore	In %
<b>Profit before share of profit of associates and joint ventures and tax expenses</b>	5,144.24		3,977.15	
<b>Tax expenses at statutory income tax rate (Refer Note (a) below)</b>	1,295.10	25.17%	1,048.77	26.37%
Effect of non deductible expenses	49.27	0.96%	31.55	0.79%
Effect of allowances / tax holidays for tax purpose	(0.39)	-0.01%	(15.75)	-0.40%
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	-	-	(189.61)	-4.76%
Effect of change in tax rate on deferred tax	-	-	(2.87)	-0.07%
Effect of undistributed earnings of subsidiary and joint venture	105.44	2.05%	(19.69)	-0.50%
Others	4.01	0.08%	32.35	0.82%
<b>Tax expenses at the effective income tax rate</b>	<b>1,453.43</b>	<b>28.25%</b>	<b>884.75</b>	<b>22.25%</b>
<b>Tax expense reported in the Consolidated Statement Profit and Loss</b>	<b>1,453.43</b>	<b>28.25%</b>	<b>884.75</b>	<b>22.25%</b>

#### Notes:

- Group follows calendar year as financial year, therefore applicable statutory income tax rate is weighted average rate. The tax rate used for above reconciliation is the Corporate tax rate payable by Corporate entities in India on taxable profits under Indian tax law.
- The Government of India has inserted section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective 1st April 2019, subject to certain conditions. ACC Limited, a subsidiary of the Company has adopted the reduced rate and accordingly, opening net deferred tax liability as on 1st January 2020 amounting to ₹ 179.57 crore has been reversed (net of reversal of deferred tax assets of ₹ 10.04 crore in Other Comprehensive Income) during the year ended 31st December 2020.

### NOTE 33 - OTHER NON CURRENT LIABILITIES

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Rebate to customers	36.74	40.05
<b>Total</b>	<b>36.74</b>	<b>40.05</b>

### NOTE 34 - TOTAL OUTSTANDING DUES OF MICRO AND SMALL ENTERPRISES

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Details of due to Micro and Small Enterprises as defined under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006 is based on the information available with the Group regarding the status of the suppliers (Refer Note (a) below).		
a) The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.		
Principal	34.85	8.71
Interest	0.30	0.05
	<b>35.15</b>	<b>8.76</b>
b) The amount of interest paid by the buyer in terms of Section 16 along with the amount of the payment made to the supplier beyond the appointed day during the year		
Principal	25.79	16.35
Interest	0.13	0.08
c) The amount of interest due and payable for the period of delay in making payment (which has been paid but beyond the appointed day during the year) but without adding the interest specified	0.03	0.01
d) The amount of interest accrued and remaining unpaid at the end of the year	0.12	0.06
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.	-	-

#### Note:

- Above 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.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 35 - LEASE LIABILITY

(Refer Note 3 (T) for accounting policy on leases)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Current portion of lease liability (Refer Note 54)	67.11	46.38
<b>Total</b>	<b>67.11</b>	<b>46.38</b>

## NOTE 36 - OTHER CURRENT FINANCIAL LIABILITIES

(Refer Note 3 (L) (II) (b) for accounting policy on financial liabilities)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Financial Liabilities at amortised cost</b>		
Security deposit from dealers	1,293.24	1,292.30
Liability for capital expenditure	405.03	204.34
Unpaid dividends (Refer Note (a) below)	50.05	58.28
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACRL	2.50	2.50
Current maturities of borrowings (Refer Note 27)	3.44	-
Others (includes interest on security deposits)	251.34	188.94
<b>Financial Liabilities at fair value</b>		
Foreign currency forward contract	3.26	1.32
<b>Total</b>	<b>2,008.86</b>	<b>1,747.68</b>

### Note:

- a) Amount to be transferred to the Investor education and protection fund shall be determined on the respective due dates and does not include any amounts due and outstanding to be credited to Investor Education and Protection Fund on the basis of the information available with the Group.

## NOTE 37 - OTHER CURRENT LIABILITIES

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Contract liability (Refer Note (a) below)</b>		
Advance received from customers	394.53	279.14
<b>Other liabilities</b>		
Statutory dues	1,302.82	1,110.93
Rebates to customers	1,007.05	919.43
Other payables (includes interest on income tax)	1,601.47	1,601.40
<b>Total</b>	<b>4,305.87</b>	<b>3,910.90</b>

### Note:

- a) The contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended 31st December 2021.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 38 - CURRENT PROVISIONS

(Refer Note 3 (P) for accounting policy on retirement and other employee benefits)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Provision for gratuity and staff benefit schemes (Refer Note 53)	11.60	8.86
Long service award and other benefit plans	0.94	0.90
Provision for compensated absences (Refer Note (a) below)	12.10	11.38
<b>Total</b>	<b>24.64</b>	<b>21.14</b>

### Note:

- a) Liability towards provision for compensated absences is funded. Above liability is to the extent of unfunded amount.

## NOTE 39 - REVENUE FROM OPERATIONS

(Refer Note 3 (O) (I) for accounting policy on revenue recognition and 3 (W) for accounting policy on government grants and subsidies)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Revenue from contracts with customers</b>		
Sale of manufactured products	27,890.95	23,557.86
Sale of traded products	653.79	526.44
Income from services rendered	3.34	9.56
	<b>28,548.08</b>	<b>24,093.86</b>
<b>Other operating revenues</b>		
Provisions no longer required written back	18.53	11.86
Sale of scrap	129.60	74.05
Incentives and subsidies (Refer Note (f) below)	157.93	210.23
Miscellaneous income (includes insurance claims and others) (Refer Note (f) below)	111.32	126.17
<b>Total</b>	<b>28,965.46</b>	<b>24,516.17</b>

### Notes:

- a) Reconciliation of revenue as per contract price and as recognised in the Consolidated Statement of Profit and Loss :

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Revenue as per contract price	32,890.14	27,222.16
Less: Discounts and incentives	4,342.06	3,128.30
Revenue as per the Consolidated Statement of Profit and Loss	<b>28,548.08</b>	<b>24,093.86</b>

- b) The amounts receivable from customers become due after expiry of credit period which on an average is 30 days. There is no significant financing component in any transaction with the customers.
- c) The Group does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- d) The Group does not have any remaining performance obligation as contracts entered for sale of goods are for a shorter duration.
- e) Disaggregation of revenue:

Refer Note 58 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 contracts with customers".



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 39 - REVENUE FROM OPERATIONS (CONTD.....)

f) Government grants recognized in the Consolidated Statement of Profit and Loss

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Incentives and subsidies (Refer Note (g) below)	157.93	210.23
Discounting income on interest free loan from State Government included in miscellaneous income above	-	3.25
<b>Total</b>	<b>157.93</b>	<b>213.48</b>

g) Accrued for the GST refund claim, under various incentive schemes of State and Central Government. There are no unfulfilled conditions or contingencies attached to these grants.

## NOTE 40 - OTHER INCOME

(Refer Note 3 (O) (II) and (III) for accounting policy on interest income and dividends)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>Interest income on</b>		
Bank deposits at effective interest rate method	284.45	372.09
Income tax refund	12.79	18.41
Defined benefit obligation (net) (Refer Note 53)	0.15	-
Others	7.01	11.06
	<b>304.40</b>	<b>401.56</b>
<b>Other non operating income</b>		
Gain on sale of current financial assets measured at FVTPL	17.80	26.65
Net gain on fair valuation of liquid mutual fund measured at FVTPL (Refer Note (a) below)	0.37	0.47
Interest on income tax write back	29.22	5.77
Gain on sale of investment in subsidiary company	-	12.91
Others	0.65	2.23
<b>Total</b>	<b>352.44</b>	<b>449.59</b>

### Notes:

- These instruments are measured at fair value through profit or loss in accordance with Ind AS 109
- Refer Note 56 (B) for information about fair value measurement.

## NOTE 41 - COST OF MATERIALS CONSUMED

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Inventories at the beginning of the year	178.72	172.87
Add : Purchases during the year	3,250.08	2,536.82
	<b>3,428.80</b>	<b>2,709.69</b>
Less : Inventories at the end of the year	245.39	176.82
<b>Cost of materials consumed (Refer Note (a) and (b) below)</b>	<b>3,183.41</b>	<b>2,532.87</b>

### Notes:

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>a) Break-up of cost of materials consumed</b>		
Fly ash	977.40	756.86
Gypsum	563.78	462.74
Slag	358.50	288.05
Others (Refer Note (b) below)	1,283.73	1,025.22
<b>Total</b>	<b>3,183.41</b>	<b>2,532.87</b>

b) Includes no item which in value individually accounts for 10 % or more of the total value of materials consumed.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 42 - PURCHASES OF STOCK-IN-TRADE

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Cement	249.88	289.73
Ready mix concrete	2.84	3.52
Solution and Products	56.49	41.67
<b>Total</b>	<b>309.21</b>	<b>334.92</b>

### NOTE 43 - CHANGE IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN TRADE

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>Inventories at the end of the year</b>		
Work-in-progress	784.73	351.76
Finished goods	238.21	183.29
Stock-in-trade	18.70	16.66
Captive coal	87.52	19.87
	<b>1,129.16</b>	<b>571.58</b>
<b>Inventories at the beginning of the year</b>		
Work-in-progress	351.76	452.05
Finished goods	183.29	335.72
Stock-in-trade	16.66	9.36
Captive coal	19.87	31.26
	<b>571.58</b>	<b>828.39</b>
Less : Transfer on sale of subsidiary company	-	0.36
Add : Trial run stocks, at the commencement of commercial production at Marwar plant	27.24	-
	<b>598.82</b>	<b>828.03</b>
<b>(Increase) / decrease in inventories</b>	<b>(530.34)</b>	<b>256.45</b>

### NOTE 44 - EMPLOYEE BENEFIT EXPENSE

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Salaries and wages	1,317.26	1,348.77
Contribution to provident and other funds	118.13	114.55
Employee stock option expenses (Refer Note 65)	8.01	3.66
Staff welfare expenses	85.75	73.42
<b>Total</b>	<b>1,529.15</b>	<b>1,540.40</b>

### NOTE 45 - FINANCE COSTS

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>Interest on</b>		
Income tax (net of interest income on refund - ₹ 15.50 crore; previous year - ₹ 61.84 crore)	28.45	22.86
Defined benefit obligation (net) (Refer Note 53)	9.01	14.49
Security deposit	29.67	32.48
Others	46.94	37.75
	<b>114.07</b>	<b>107.58</b>
Unwinding of financial liabilities	3.34	3.19
Unwinding of interest on lease liability (Refer Note (a) below)	24.59	26.61
Unwinding of mines reclamation provision (Refer Note 30)	3.66	2.84
<b>Total</b>	<b>145.66</b>	<b>140.22</b>

#### Notes:

- On adoption of Ind AS 116 Leases, the Group has recognised Right-of-use assets and created lease obligation representing present value of future minimum lease payments. The unwinding of such obligation is recognised as interest expense.
- Refer Note 56 (B) for information about fair value measurement.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 46 - DEPRECIATION AND AMORTISATION EXPENSE

(Refer Note 3 (B) and 3 (D) for accounting policy on depreciation and amortisation)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Depreciation on property, plant and equipment (Refer Note 4)	1,073.98	1,094.78
Less : Pre-operative charge during the year (Refer Note 8)	0.07	5.18
	<b>1,073.91</b>	<b>1,089.60</b>
Depreciation on Right-of-use assets (Refer Note 5)	62.08	62.78
Amortisation of intangible assets (Refer Note 7)	16.50	9.40
<b>Total</b>	<b>1,152.49</b>	<b>1,161.78</b>

### NOTE 47 - FREIGHT AND FORWARDING EXPENSE

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
On finished products	5,680.20	5,082.52
On internal material transfer	1,452.70	1,189.02
<b>Total</b>	<b>7,132.90</b>	<b>6,271.54</b>

### NOTE 48 - OTHER EXPENSES

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Royalty on minerals	557.43	471.15
Consumption of stores and spare parts	552.61	450.71
Consumption of packing materials	1,053.39	731.45
Repairs	351.09	279.98
Rent (Refer Note 54)	169.58	136.62
Rates and taxes	206.13	169.83
Insurance	77.41	51.68
Technology and know-how fees	285.76	240.65
Advertisement	175.62	120.51
Corporate Social Responsibility (Refer Note (a) below)	99.97	84.64
Expected credit loss on Incentives under Government schemes (Refer Note 57 (B))	-	128.92
Loss on account of exchange rate difference (net)	9.88	11.68
Impairment losses on financial assets (including reversals of impairment losses)	(10.87)	37.34
Miscellaneous expenses (Refer Note (b) below)	859.84	853.76
<b>Total</b>	<b>4,387.84</b>	<b>3,768.92</b>

#### Notes:

- a) Includes ₹ 35.95 crore (previous year ₹ 32.33 crore) expenses incurred by ACC Limited, a subsidiary company.
- b) Miscellaneous expenses :
  - i) Does not include any item of expenditure with a value of more than 1% of Revenue from operations.
  - ii) Includes expenses towards information technology, travelling, consultancy, site restoration, outsource services and others.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 49 - EARNINGS PER SHARE (EPS)

#### (Refer Note 3 (X) for accounting policy on earnings per share)

- a) Basic EPS is calculated by dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.
- b) Diluted EPS amounts are calculated by dividing the profit attributable to equity shareholders of the Company 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.
- c) Calculation of the basic and diluted EPS :

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
i) Profit attributable to equity shareholders of the Company for basic and diluted EPS (₹ in crore)	2,780.38	2,365.44
ii) Weighted average number of equity shares for basic EPS	1,985,645,229	1,985,645,229
Add : Potential equity shares on exercise of rights and warrants kept in abeyance out of the rights issue in 1992	319,824	315,403
iii) Weighted average number of shares for diluted EPS	1,985,965,053	1,985,960,632
iv) Earnings per equity share (in ₹)		
Face value of equity per share	2.00	2.00
Basic	14.00	11.91
Diluted	14.00	11.91

### NOTE 50 - CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR)

#### (Refer Note 3 (M) (II) for accounting policy on contingent liability)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Contingent liabilities and claims against the group not acknowledged as debts related to various matters (Refer Note (a) below)</b>		
Labour	8.87	11.15
Land	22.37	50.68
Demand from Competition Commission of India (Refer Note (b) below)	3,776.40	3,517.59
Sales tax (Refer Note (c) below)	291.51	303.45
Excise customs and service tax (Refer Note (d) below)	381.51	376.80
Stamp duty (Refer Note (e) below)	310.34	305.88
Income tax (Refer Note (f) below)	1,090.82	1,093.23
Others (including claim for Mining Lease, Refer Note (g) below and 63)	434.11	410.09
	<b>6,315.93</b>	<b>6,068.87</b>

#### Notes:

- a) i) In respect of above matters, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.
- ii) The Group does not expect any reimbursements in respect of the above contingent liabilities.
- iii) The Group has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed as contingent liabilities where applicable, in its consolidated financial statements. The Group does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 50 - CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (CONTD.....)

#### b) Demand from Competition Commission of India

- i) In 2012, the Competition Commission of India (CCI) had imposed a penalty of ₹ 1,163.91 crore on the Company and ₹ 1,147.59 crore on its subsidiary ACC Limited, aggregating to ₹ 2,311.50 crore, concerning alleged contravention of the provisions of the Competition Act, 2002. On appeal by the Company and ACC Limited, the Competition Appellate Tribunal (COMPAT), initially stayed the penalty and by its final order dated 11th December 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 afresh, the CCI had again, by its order dated 31st August 2016, imposed penalty of ₹ 1,163.91 crore on the Company and ₹ 1,147.59 crore on ACC Limited, aggregating to ₹ 2,311.50 crore. The Company and ACC Limited filed appeals against the said Order before the COMPAT. The COMPAT, vide its interim order dated 21st November 2016 has stayed the penalty with a condition to deposit 10% of the penalty amount, in the form of fixed deposit (the said condition has been complied with) and levy of interest of 12% p.a., in case the appeal is decided against the appellant. Meanwhile, pursuant to the notification issued by Central Government on 26th May 2017, any appeal, application or proceeding before COMPAT is transferred to National Company Law Appellate Tribunal (NCLAT).

NCLAT, vide its Order dated 25th July 2018, dismissed the appeal filed by the Company and ACC Limited and upheld the CCI's order. Against this, the Company and ACC Limited appealed to the Hon'ble Supreme Court, which by its order dated 5th October 2018 admitted the appeal and directed to continue the interim order passed by the Tribunal, in the meantime.

- ii) In a separate matter, pursuant to a reference filed by the Director, Supplies and Disposals, Government of Haryana, the CCI by its Order dated 19th January 2017 had imposed penalty of ₹ 29.84 crore on the Company and ₹ 35.32 crore on ACC Limited, aggregating to ₹ 65.16 crore. On appeal by Company and ACC Limited, the COMPAT has stayed the operation of CCI's order in the meanwhile. The matter is listed before NCLAT and is pending for hearing.

Based on the advice of external legal counsels, the Company and ACC Limited believe they have good grounds on merit for a successful appeal in both the aforesaid matters. Accordingly, no provision is considered necessary and the matter has been disclosed as contingent liability along with interest of ₹ 1,399.74 crore (31st December 2020 - ₹ 1,140.93 crore).

#### c) Sales tax matter includes :

A matter relating to 75% exemption from sales tax granted by Government of Rajasthan. However, the eligibility of exemption in excess of 25% was contested by the State Government in a similar matter of another Company.

In year 2014, pursuant to the unfavourable decision of the Hon'ble Supreme Court in that similar matter, the sales tax department initiated proceedings for recovery of differential sales tax and interest thereon on the ground that the Company had given an undertaking to deposit the differential amount of sales tax, in case decision of the Hon'ble Supreme Court goes against in this matter.

Against the total demand of ₹ 247.97 crore, including interest of ₹ 134.45 crore the Company deposited ₹ 143.52 crore, including interest of ₹ 30 crore, towards sales tax under protest and filed a Special Leave Petition in the Hon'ble Supreme Court with one of the grounds that the tax exemption was availed by virtue of the order passed by the Board for Industrial and Financial Reconstruction (BIFR) during the relevant period. On Company's petition, the Hon'ble Supreme Court has granted an interim stay on the balance interest. Based on the advice of external legal counsel, the Company believes that, it has good grounds for a successful appeal. Accordingly, no provision is considered necessary.

#### d) Excise, customs and service tax includes :

A matter wherein service tax department issued show cause notices for denial of cenvat credit with regard to service tax paid on outward transportation for sale to customers on Freight On Road (F.O.R.) basis. The Group availed the credit based on legal provision and various judicial precedence. On the same matter of another cement company, the Hon'ble Supreme Court has allowed service tax credit, however, in another case of the same company, the Hon'ble Supreme Court has decided against the assessee. Considering conflicting decision and Central Board of Excise and Customs (CBIC) circular, based on legal opinion, the Group has treated the same as "possible". Accordingly, ₹ 291.00 crore (31st December 2020 - ₹ 287.44 crore) has been disclosed as contingent liability.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 50 - CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (CONTD.....)

e) **Stamp duty includes :**

A matter wherein the Collector of Stamps, Delhi vide its Order dated 7th August 2014, directed erstwhile Holcim (India) Private Limited (HIPL), (merged with the Company), to pay stamp duty (including penalty) of ₹ 287.88 crore (31st December 2020 - ₹ 287.88 crore) on the merger order passed by Hon'ble High Court of Delhi, approving the merger of erstwhile Ambuja Cement India Limited with HIPL. HIPL had filed a writ petition and the Hon'ble High Court of Delhi granted an interim stay. Based on the advice of external legal counsel, the Company believes that it has good grounds for success in writ petition. Accordingly, no provision is considered necessary.

f) **Income tax includes :**

The Company and its subsidiary, ACC Limited, (ACC) were entitled to incentives from Government at its plant located in the states of Himachal Pradesh and Uttarakhand in respect of Income tax assessment years 2006-07 to 2015-16. Both the Companies 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). Both the Companies had received one favourable order each from the assessing officer and one appellate order from the CIT-A, against which the department filed an appeal in the Income Tax Tribunal (ITAT). Considering unfavourable orders by the Income tax department the Group up to 31st December 2017 had classified the risk for these matters as probable and provided for the same.

In the year 2018, the CIT-A decided the matter in favour of both the Companies for two more years, against which the department filed an appeal in the ITAT.

In view of the series of repeated favourable orders by the Income tax department in the previous year, coupled with the fact, that ACC Limited a subsidiary company also received favourable orders, the Group again reviewed the matter and, after considering the legal merits of the Group'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 Group's appeal by the CIT (A), as mentioned above, the Group reassessed the risk and concluded that the risk of an ultimate outflow of funds for this matter is no longer probable.

The department had issued show cause notices for revisionary proceedings under Section 263 of the Income-Tax Act, 1961 in the year 2018 in respect of excise incentives for two years. In the previous year, the ITAT had directed the Assessing Officer to re-examine and take final decision independently.

Pending final legal closure of this matter, income tax amount of ₹ 872.64 crore (31st December 2020 - ₹ 872.64 crore) along with interest payable of ₹ 214.99 crore (31st December 2020 - ₹ 214.99 crore) has been disclosed under contingent liabilities

g) **Claim for Mining Lease includes :**

ACC Limited, a subsidiary of the Company, has received demand notice dated 10th May 2013 from the Government of Tamil Nadu, and an Order dated 22nd August 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 1st April 1997 to 31st March 2014 and 1st April 2014 to 31st March 2019, amounting to ₹ 73.46 crore and ₹ 138.76 crore respectively for use of the Government land for mining, which land the Group 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. Group 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 & others has passed a judgment dated 20th November 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Group has filed a writ appeal against the Judgment dated 20th November 2019 passed in Dalmia Cements, Madras Cements & others.

One of the above Petition challenging the demand for the period 1st April 2014 to 31st March 2019, is disposed of against the Company by the High Court vide order dated 14th December 2021 in line with judgment dated 20th November 2019. The Company is in the process to file the Writ Appeal before the Divisional bench of High Court against this judgement.

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



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 51 - MATERIAL DEMANDS AND DISPUTES RELATING TO ASSETS AND LIABILITIES REPORTED BY SUBSIDIARY AS "REMOTE"

- a) ACC Limited, a subsidiary of the Company (ACC), having 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 ACC 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. ACC 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 Group believes its case is strong and the demand is unlikely to sustain under law.
- b) ACC Limited, a subsidiary of the Company (ACC), had availed sales tax incentives in respect of its new 1 MTPA Plant (Gagal II) under the Himachal Pradesh (HP) State Industrial Policy, 1991. ACC 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 ₹ 64.00 crore (tax of ₹ 56.00 crore and interest of ₹ 8.00 crore) which is considered as recoverable.

The HP Hon'ble High Court, had in 2012, dismissed the ACC's appeal. ACC 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. ACC has been advised by legal experts that there is no change in the merits of the Company's case. Based on such advice, ACC filed a Special Leave Petition (SLP) before the Hon'ble Supreme Court, which is pending for hearing.

- c) ACC Limited, a subsidiary of the Company (ACC), 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, ACC has made claims for refund of VAT paid for each financial year. However, no disbursements were made (except an amount of ₹ 7 crore representing part of the One Time Lumpsum capital subsidy claim of ₹ 15 crore) as the authorities have raised new conditions and restrictions, that were extraneous to the approvals and confirmations expressly received by the ACC. ACC 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 ACC and the State Government, against a single bench order only partially allowing the ACC's claim, in its order dated 24th February 2015, allowed the ACC's appeal in totality while dismissing the Government's appeal, thereby confirming that the entire amount claimed by the ACC 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, ACC received only ₹ 64 crore out of total ₹ 235 crore in part disbursement from the Government of Jharkhand. ACC is pursuing the matter of disbursement of further amounts outstanding. The Group is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP shall be rejected upholding the order of the Division bench of the Jharkhand Hon'ble High Court by the Apex Court.

- d) ACC Limited, a subsidiary of the Company (ACC), 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. ACC 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 ACC'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) (31st December 2020 - ₹ 56.66 crore), ACC is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 crore (31st December 2020 - ₹ 115.62 crore), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the ACC. ACC believes that the merits of the claims are strong and will be allowed.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 51 - MATERIAL DEMANDS AND DISPUTES RELATING TO ASSETS AND LIABILITIES REPORTED BY SUBSIDIARY AS "REMOTE" (CONTD.....)

- e) ACC Limited, a subsidiary of the Company (ACC), 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 ACC on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed ACC's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to ACC, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. ACC maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. ACC has accrued an amount of ₹ 133 crore (31st December 2020 - ₹ 133 crore) on this account. ACC 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. ACC is of the view and has been advised legally, that the merits are strongly in its favour.
- f) ACC Limited, a subsidiary of the Company (ACC), 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. ACC 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 2nd January 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. ACC 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 31 October 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 ACC to commence mining operations after depositing ₹ 48 crore, being assessed value of materials dispatched between April 2014 to September 2014 (being the alleged period of illegality) subject to the outcome of the petition filed by ACC.

ACC believes that the case shall not stand the test of judicial scrutiny basis the automatic renewal coupled with legal advice.

### NOTE 52 - CAPITAL AND OTHER COMMITMENTS

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	1,464.98	1,918.15
<b>Total</b>	<b>1,464.98</b>	<b>1,918.15</b>

#### Note:

- a) For commitments relating to lease arrangements, Refer Note 54.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 53 - EMPLOYEE BENEFITS

(Refer Note 3 (P) for accounting policy on retirement and other employee benefits)

### a) Defined contribution plans

Amount recognised and included in Note 44 "contribution to provident and other funds" (including contribution to provident fund trust referred in note (g) below) of the Consolidated Statement of Profit and Loss ₹ 43.48 crore (previous year - ₹ 44.97 crore).

### b) Defined benefit plans - as per actuarial valuation

The Group has defined benefit gratuity, post employment medical benefit plans and trust managed provident fund plan as given below :

- i) Funded plan includes gratuity benefit to every employee who has completed service of five years or more, at 15 days salary for each completed year of service (on last drawn basic salary) in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance company in the form of qualifying insurance policies.
- ii) Other non funded plans includes post employment healthcare to certain employees of ACC Limited a subsidiary. The same has been discontinued in the previous year.
- iii) Every employee who has joined ACC Limited, a subsidiary before 1st December 2005 and separates from service of the Group on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non Funded.

This plan is discontinued with effect from 30th April 2020 for all the eligible employees of management category and benefits accrued is disbursed to the employees.

### c) Investment strategy

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

The Board of Gratuity trust and the Group review the level of funding including the asset-liability matching strategy and assessment of the investment risk and accordingly the Group decides its contribution.

- i) **Investment risk :** As the plan assets include significant investments in quoted debt and equity instruments, the Group is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.
- ii) **Interest rate risk :** The defined benefit obligation calculated uses a discount rate based on government bonds. All other aspects remaining same, if bond yields fall, the defined benefit obligation will tend to increase.
- iii) **Demographic risk :** This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria
- iv) **Salary Inflation risk :** All other aspects remaining same, higher than expected increases in salary will increase the defined benefit obligation.
- v) **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.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 53 - EMPLOYEE BENEFITS (CONTD.....)

- d) Summary of the components of net benefit / expense recognised in the Consolidated Statement of Profit and Loss and the funded status and amounts recognised in the Consolidated Balance Sheet for the respective plans:

Particulars	2021		2020	
	Funded ₹ in crore	Non funded ₹ in crore	Funded ₹ in crore	Non funded ₹ in crore
<b>I Components of expense recognised in the Consolidated Statement of Profit and Loss</b>				
1 Current service Cost	27.66	9.00	25.51	9.47
2 Interest cost	22.29	6.22	21.93	8.05
3 Interest (income) on plan assets	(22.19)	-	(19.77)	-
4 Loss on curtailment	-	-	-	1.48
5 Gain on settlements	-	(10.34)	-	(9.31)
6 Past service cost	-	-	-	-
<b>Total</b>	<b>27.76</b>	<b>4.88</b>	<b>27.67</b>	<b>9.69</b>
<b>II Amounts recognised in Other Comprehensive Income</b>				
1 Demographic changes	(0.40)	-	(0.29)	-
2 Change in financial assumptions	(12.29)	(3.88)	18.17	4.71
3 Experience changes	(3.02)	2.15	3.43	(6.54)
4 Return on plan assets (excluding interest income)	(1.72)	-	(6.78)	-
<b>Total</b>	<b>(17.43)</b>	<b>(1.73)</b>	<b>14.53</b>	<b>(1.83)</b>
<b>III Net asset / (liability) recognised in the Consolidated Balance Sheet</b>				
1 Present value of defined benefit obligation	367.56	95.12	379.27	104.72
2 Fair value of plan assets	355.26	-	370.12	-
3 Funded status[surplus/(deficit)]	(12.30)	(95.12)	(9.15)	(104.72)
4 Net asset/(liability)	(12.30)	(95.12)	(9.15)	(104.72)
<b>IV Change in defined benefit obligation during the year</b>				
1 Present value of defined benefit obligation at the beginning of the year	379.27	104.56	341.02	126.36
2 Current service cost	27.66	9.00	25.51	9.47
3 Interest service cost	22.29	6.22	21.93	8.05
4 Employee Contributions	-	-	-	-
5 Gain on settlements	-	(10.34)	-	(9.31)
6 Actuarial (gains)/losses recognised in consolidated other comprehensive income:				
- Demographic changes	(0.40)	-	(0.29)	-
- Change in financial assumptions	(12.29)	(3.88)	18.17	4.71
- Experience Changes	(3.02)	2.15	3.43	(6.54)
7 Benefit payments	(45.95)	(11.29)	(30.50)	(29.66)
8 Curtailment	-	-	-	1.48
9 Net transfer in on account of business combinations / others	-	-	-	-
Present value of defined benefit obligation	<b>367.56</b>	<b>96.42</b>	<b>379.27</b>	<b>104.56</b>
<b>V Change in fair value of assets during the year</b>				
1 Plan assets at the beginning of the year	370.12	-	302.45	-
2 Interest income	22.19	-	19.77	-
3 Contribution by employer	5.00	-	54.00	-
4 Actual benefit paid	(43.77)	-	(12.88)	-
5 Return on plan assets (excluding interest income)	1.72	-	6.78	-
6 Plan assets at the end of the year	<b>355.26</b>	<b>-</b>	<b>370.12</b>	<b>-</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 53 - EMPLOYEE BENEFITS (CONTD.....)

Particulars	2021		2020	
	Funded ₹ in crore	Non funded ₹ in crore	Funded ₹ in crore	Non funded ₹ in crore
<b>VI Weighted average duration of defined benefit obligation</b>	10 years	10 to 10.20 years	10 years	10 to 10.20 years
<b>VII Maturity profile of defined benefit obligation</b>				
1 Within the next 12 months	54.15	11.61	45.29	7.56
2 Between 1 and 5 years	157.18	33.83	159.48	38.15
3 Between 5 and 10 years	156.43	36.36	161.82	40.33
<b>VIII Sensitivity analysis for significant assumptions (Refer Note (i) &amp; (ii) below)</b>				
Present value of defined benefits obligation at the end of the year (for change in 100 basis points)				
1 For increase in discount rate by 100 basis points	345.13	88.05	354.85	95.31
2 For decrease in discount rate by 100 basis points	392.94	103.28	407.37	112.48
3 For increase in salary rate by 100 basis points	392.63	103.02	406.50	111.44
4 For decrease in salary rate by 100 basis points	344.98	88.17	354.87	95.48
<b>IX The major categories of plan assets as a percentage of total plan</b>				
Qualifying insurance policy with Life Insurance Corporation of India (LIC) and HDFC Life Insurance (Refer Note (iv) below)	100%	NA	100%	NA
<b>X Expected cash flows</b>				
1) Expected employer contribution in the next year	54.15	11.58	45.29	7.49
2) Expected benefit payments				
Year 1	54.15	11.58	45.29	7.49
Year 2	39.69	8.30	43.38	9.03
Year 3	41.15	8.15	39.03	9.50
Year 4	39.28	8.95	39.13	9.02
Year 5	37.06	8.41	37.95	10.40
6 to 10 years	156.43	35.96	161.81	39.90
<b>Total Expected benefit payments</b>	<b>367.76</b>	<b>81.35</b>	<b>366.59</b>	<b>85.34</b>

Particulars	As at 31st December 2021	As at 31st December 2020
<b>XI Actuarial assumptions</b>		
<b>1) Financial Assumptions</b>		
Discount rate (Refer Note (ii) below)	6.75%	6.25%
Salary escalation (Refer Note (iii) below)	7.00%	7.00%
<b>2) Demographic Assumptions</b>		
Expected average remaining working lives of employees	9.70	10.00
Disability rate	5% mortality rates	5% mortality rates
Retirement age	58 - 60 years	58 - 60 years
Mortality pre-retirement	Indian Assured Lives Mortality (IALM) (2012-14) Ultimate	Indian Assured Lives Mortality (IALM) (2012-14) Ultimate
Mortality post-retirement	Not Applicable	Not Applicable
Turnover rate	5%	Past Service upto 26 years : 5% and above 26 years : 1%

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 53 - EMPLOYEE BENEFITS (CONTD.....)

#### Notes:

- i) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no changes in market conditions at the reporting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.
  - ii) 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.
  - iii) 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.
  - iv) In the absence of detailed information regarding plan assets which is funded with LIC and HDFC Life Insurance, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.
- e) Amount recognised as expense in respect of compensated absences is ₹ 15.69 crore (previous year - ₹ 29.73 crore).
- f) The Group expects to make contribution of ₹ 54.15 crore (previous year - ₹ 45.29 crore) to the defined benefit plans during the next year.

#### g) **Provident Fund managed by a trust set up by the Group**

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

The minimum interest rate payable by the trust to the beneficiaries every year is being notified by the Government. The Group has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate.

The Group has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and shortfall of ₹ 82.96 crore (previous year - ₹ 73.11 crore) (including investment risk fall as mentioned below) on re-measurement of the defined benefit plan is recognised in Other Comprehensive Income (OCI). The Group has contributed ₹ 64.97 crore (previous year- ₹ 82.16 crore) towards provident fund liability.

The Group had invested provident fund of ₹ 9.05 crore through a trust "Ambuja Cements Staff Provident Fund Trust" in bonds of IL&FS Financial Services Limited and Diwan Housing Finance Limited and ₹ 49 crore through a trust "ACC Limited (Trust) in perpetual bonds of IL&FS Financial Services Limited. In view of uncertainties regarding recoverability of this investment, during the year ended 31st December 2019 the Group has provided ₹ 58.05 crore being the change in re-measurement of the defined benefit plans, in Other Comprehensive Income towards probable incremental employee benefit liability that may arise on the Group on account of any likely shortfall of the Trust in meeting its obligations.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 53 - EMPLOYEE BENEFITS (CONTD.....)

### Provident Fund managed by a trust - Defined benefit plans as per actuarial valuation

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>I Components of expense recognised in the Consolidated Statement of Profit and Loss</b>		
1 Current service cost	34.27	32.03
2 Interest Cost	77.56	16.99
3 Interest Income	(75.02)	(12.70)
4 Total expenses	<b>36.81</b>	<b>36.32</b>
<b>II Amount recognised in the Consolidated Balance Sheet</b>		
1 Present value of Defined Benefit Obligation	(1,029.35)	(997.16)
2 Fair value of plan assets	946.39	924.05
3 Funded status {Surplus/(Deficit)}	(82.96)	(73.11)
4 Net asset/(liability) as at end of the year ((Refer Note (ii) given below)	(82.96)	(73.11)
<b>III Present Value of Defined Benefit Obligation</b>		
1 Present value of Defined Benefit Obligation at beginning of the year	997.16	974.61
2 Current service cost	34.27	32.03
3 Interest cost	77.56	84.11
4 Benefits paid and transfer out	(134.38)	(179.29)
5 Employee Contributions	64.97	82.16
6 Transfer in / (Out) Net	10.60	13.75
7 Actuarial (gains) / losses	(20.83)	(10.21)
8 Present value of Defined Benefit Obligation at the end of the year	<b>1,029.35</b>	<b>997.16</b>
<b>IV Fair Value of Plan Assets</b>		
1 Plan assets at the beginning of the year	924.05	911.65
2 Return on plan assets including interest income	75.02	79.82
3 Contributions by Employer	31.25	28.86
4 Contributions by Employee	64.97	82.16
5 Transfer in / (Out) Net	10.60	13.75
6 Asset Gain /( Loss)	(25.12)	(12.90)
7 Actual benefits paid	(134.38)	(179.29)
8 Plan assets at the end of the year	<b>946.39</b>	<b>924.05</b>
<b>V Amounts recognised in Other Comprehensive Income at period end</b>		
Actuarial (Gain) / Loss on Liability	(20.83)	(10.21)
Actuarial (Gain) / Loss on Plan assets	25.13	12.90
Total Actuarial (Gain) / Loss included in Other Comprehensive Income	<b>4.30</b>	<b>2.69</b>
<b>VI Weighted Average duration of Defined Benefit Obligation</b>	10 years	10 years
<b>VII The major categories of plan assets as a percentage of total plan</b>		
1 Special deposits scheme	0%	2%
2 Government Securities	57%	58%
3 Debentures and Bonds	13%	11%
4 Cash and Cash equivalent	12%	19%
5 Mutual Fund	18%	10%
	<b>100%</b>	<b>100%</b>
<b>VIII The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:</b>		
1 Discounting rate	6.75%	6.25%
2 Guaranteed interest rate	8.50%	8.50%
<b>IX Sensitivity analysis for factors mentioned in Actuarial Assumptions (Refer Note (i) below)</b>		
1 Discount rate (1% movement)	1,024.55	992.27
2 Discount rate (1% decrease)	1,035.03	1,002.97
3 Interest rate guarantee (1% movement)	1,094.65	1,060.69
4 Interest rate guarantee (1% decrease)	995.40	964.54

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 53 - EMPLOYEE BENEFITS (CONTD.....)

#### Notes:

- i) The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation recognised in the Consolidated Balance Sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.
- ii) In respect of Provident Fund, only liability is recognised in Consolidated Balance Sheet. Surplus is not recognised in Consolidated Balance Sheet.
- iii) The Group expects to contribute ₹ 29.50 crore (previous year - ₹ 30.00 crore) to the trust managed Provident Fund in next year.

### NOTE 54 - LEASES

(Refer Note 3 (T) and (AA) for accounting policy on leases)

#### A) Transition Disclosure for Indian Accounting Standard (Ind AS) 116 - "Leases"

The Group has adopted Ind AS 116 effective 1st January 2020, using the modified retrospective approach without restatement of the comparative period. Leases that were accounted for as operating leases in accordance with Ind AS 17 Leases, are recognised at the present value of the remaining lease payments starting 1st January 2020, and discounted with the incremental borrowing rate as of that date. Furthermore, the Group has chosen the option whereby the right-of-use asset is equal to the lease liability at the initial application of Ind AS 116.

The following is the summary of practical expedients elected on initial application:

- i) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
  - ii) Excluded the initial direct costs from the measurement of the Right-of-use assets (ROU) at the date of initial application.
  - iii) The Group has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at 1st January 2020.
  - iv) The Group has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
  - v) For lease arrangement in respect of ships, the Group has not separated non-lease components from lease components and instead account for each lease component, and any associated non-lease component as a single lease component.
- a) Reconciliation of undiscounted operating lease commitments as of 31st December 2019 to the recognised lease liability as of 1st January 2020.

Particulars	₹ in crore
Operating lease commitments as of 31st December 2019	419.26
Non lease component for ships	201.84
Exemption of commitments for short-term leases	(18.73)
Exemption of commitments for leases of low value assets	(0.32)
Undiscounted future lease payments from operating leases	<b>602.05</b>
Effect of discounting	(126.01)
<b>Total lease liability recognised as of 1st January 2020</b>	<b>476.04</b>



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 54 - LEASES (CONTD.....)

- b) The above approach has resulted in recognition of below category wise right-to-use assets

Particulars	As at 1st January 2020 ₹ in crore
Leasehold land	89.97
Building and installation	13.54
Plant and Equipment	56.45
Ships and tugs	315.64
Furniture, vehicle and tools	0.44
<b>Total</b>	<b>476.04</b>

- c) The effect of implementing Standard in the Consolidated Statement of Profit and Loss is as under

Particulars	For the year ended 31st December 2020 ₹ in crore
<b>Decrease in expenses</b>	
Freight and forwarding expense	37.57
Rent expenses (included in other expenses)	35.95
	<b>73.52</b>
<b>Increase in expenses</b>	
Depreciation and amortisation expense	61.87
Finance costs	26.61
Foreign exchange (gain)/loss (included in other expenses)	6.93
	<b>95.41</b>

- d) The Group has entered into long-term leasing arrangements for land which has been assessed as finance lease since the present value of the minimum lease payments is substantially similar to the fair value of the leasehold land. These arrangements do not involve any material recurring payments. The Group has reclassified these assets from Property, Plant and Equipment and other non-current assets to Right-of-use assets pursuant to adoption of Ind AS 116.

Particulars	As at 1st January 2020		
	Gross carrying Value	Accumulated Depreciation	Net carrying value
Property, Plant and Equipment	72.04	2.87	69.17
Other non-current assets	33.94	-	33.94
<b>Total</b>	<b>105.98</b>	<b>2.87</b>	<b>103.11</b>

- e) The weighted average incremental borrowing rate at the date of initial application of Ind AS 116 used for the discounting as of 1st January 2020 is based on the Group's Portfolio of leases. Weighted Average Repayment Maturity (WARM) is calculated for each lease and discount rate is used based on the term of derived for repayment. Below is the range of Incremental Borrowing rate used to calculate the present value of the lease.

Particulars	WARM for lease contracts in	
	₹	USD
0 to 2 years	8.35%	4.53%
3 to 4 years	8.35%	4.53%
5 to 6 years	8.44%	4.61%
7 to 8 years	8.66%	4.84%
> 8 years	8.66%	4.84%

ACC Limited, the subsidiary has used the weighted average incremental borrowing rate at the date of initial application of Ind AS 116 used for the discounting as of 1st January 2020 is based on it's Portfolio of leases and equals 8.50 percent.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 54 - LEASES (CONTD.....)

#### B) Disclosure as per Ind AS 116:

##### a) Group as lessee

The Group's lease asset classes primarily consist of leases for grinding facility, godowns, flats, land, Plant and Equipment, office premises and other premises. There are no restrictions imposed by lease arrangements. There are no subleases.

b) The Group has a ship on lease arrangement with the Contract currency in USD, hence the lease payment is calculated in USD.

c) The operating cash outflow for the year ended 31st December 2021 has increased by ₹ 78.67 crores (previous year - ₹ 67.66 crore) crores. and the financing cashflows have decreased by ₹ 78.67 crore (previous year - ₹ 67.66 crore) as repayment of lease liability and interest portion of lease payment.

Commitments for leases not yet commenced as at 31st December 2021 is Nil (previous year ₹ 37.80 crore) towards leasehold lands for a lease term of 30 years.

d) The movement in lease liabilities during the year is as follows :

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Opening	427.00	476.04
Additions during the year	55.39	8.55
Finance cost accrued during the period	24.59	26.61
Lease Modification	(0.11)	(7.64)
Payment of lease liabilities	(78.67)	(67.66)
Unrealised loss	3.71	6.93
Termination of lease contracts	(2.28)	(15.83)
<b>Closing</b>	<b>429.63</b>	<b>427.00</b>
Current	67.11	46.38
Non-current	362.52	380.62
<b>Total</b>	<b>429.63</b>	<b>427.00</b>

e) Lease Expenses recognised in the Consolidated Statement of Profit and Loss, not included in the measurement of lease liabilities:

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Expense relating to short-term leases and low-value assets	127.54	107.01
Expense in respect of variable lease payments	42.03	28.40
<b>Total</b>	<b>169.57</b>	<b>135.41</b>

f) The maturity analysis of lease liabilities are disclosed in Note 57 (C) - Liquidity risk



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE

### I) Name of related parties

#### A) Names of the related parties where control exists

Sr	Name	Nature of Relationship
1	Holcim Limited (Erstwhile LafargeHolcim Limited), Switzerland	Ultimate Holding Company
2	Holderfin B.V, Netherlands	Intermediate Holding Company
3	Holderind Investments Limited, Mauritius	Holding Company

#### B) Others, with whom transactions have taken place during the current year and /or previous year

##### i) Related parties

Sr	Name	Nature of Relationship
1	Holcim Group Services Limited, Switzerland	Fellow Subsidiary
2	Holcim Technology Limited, Switzerland	Fellow Subsidiary
3	Holcim Services (South Asia) Limited	Fellow Subsidiary
4	Holcim Trading Pte Limited, Singapore (Erstwhile LafargeHolcim Trading Pte Ltd)	Fellow Subsidiary
5	PT Holcim Indonesia Tbk., Indonesia	Fellow Subsidiary
6	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
7	LafargeHolcim Energy Solutions S.A.S., France	Fellow Subsidiary
8	Lafarge Holcim Global Hub Services Private Limited	Fellow Subsidiary
9	Lafarge SA, France	Fellow Subsidiary
10	Lafarge Africa PLC, Nigeria	Fellow Subsidiary
11	Lafarge Umiam Mining Private Limited	Fellow Subsidiary
12	Lafargeholcim Investment Co Ltd, China	Fellow Subsidiary
13	Holcim (Australia) Pty Ltd, Australia	Fellow Subsidiary
14	Holcim Philippines, Inc., Philippines	Fellow Subsidiary
15	Holcim International Services Singapore Pte Limited, Singapore (Erstwhile Lafarge International Services Singapore Pte Limited)	Fellow Subsidiary
16	Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	Fellow Subsidiary
17	Lafarge Zementwerke GMBH	Fellow Subsidiary
18	Asian Fine Cement Private Limited	Subsidiary of Asian Concretes and Cements Private Limited
19	Counto Microfine Products Private Limited	Joint Venture
20	Aakaash Manufacturing Company Private Limited	Associate of Subsidiary
21	Alcon Cement Company Private Limited	Associate of Subsidiary
22	Asian Concretes and Cements Private Limited	Associate of Subsidiary
23	Ambuja Cements Limited Staff Provident Fund Trust	Trust (Post-employment benefit plan)
24	Ambuja Cements Limited Employees Gratuity Fund Trust	Trust (Post-employment benefit plan)
25	The Provident Fund of ACC Limited	Trust (Post-employment benefit plan)
26	ACC Limited Employees Group Gratuity Scheme	Trust (Post-employment benefit plan)
27	Ambuja Cement Foundation	Trust (Corporate Social Responsibility Trust)
28	Ambuja Vidya Niketan Trust	Trust (Corporate Social Responsibility Trust)
29	Ambuja Hospital Trust	Trust (Corporate Social Responsibility Trust)
30	ACC Trust	Trust (Corporate Social Responsibility Trust)

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE (CONTD.....)

### ii) Key Management Personnel (KMP)

In accordance with “Ind AS 24 - Related Party Disclosures” and the Companies Act, 2013, following Personnels are considered as KMP.

Sr	Name	Nature of Relationship
1	Mr. N.S. Sekhsaria	Principal Founder, Non Executive Chairman, Non Independent Director
2	Mr. Jan Jenisch	Vice Chairman, Non Executive, Non Independent Director
3	Mr. Martin Kriegner	Non Executive, Non Independent Director
4	Mr. Christof Hassig	Non Executive, Non Independent Director
5	Mr. Roland Kohler	Non Executive, Non Independent Director (upto 10th December 2020)
6	Mr. Ramanathan Muthu	Non Executive, Non Independent Director (with effect from 23rd December 2020)
7	Ms. Then Hwee Tan	Non Executive, Non Independent Director
8	Mr. Ranjit Shahani	Non Executive, Non Independent Director
9	Mr. Praveen Kumar Molri	Non Executive, Non Independent Director
10	Mr. Mahendra Kumar Sharma	Non Executive, Non Independent Director
11	Ms. Shikha Sharma	Non Executive, Independent Director
12	Mr. Nasser Munjee	Non Executive, Independent Director
13	Mr. Rajendra P. Chitale	Non Executive, Independent Director
14	Mr. Shailesh Haribhakti	Non Executive, Independent Director
15	Dr. Omkar Goswami	Non Executive, Independent Director
16	Mr. Bimlendra Jha	Managing Director & Chief Executive Officer (Upto 20th February 2020)
17	Mr. Neeraj Akhoury	Managing Director & Chief Executive Officer (with effect from 21st February 2020)
18	Ms. Sonal Shrivastava	Chief Financial Officer (Upto 31st August 2020)
19	Ms. Rajani Kesari	Chief Financial Officer (with effect from 1st September 2020)
20	Mr. Rajiv Gandhi	Company Secretary

### II) Transactions with related party

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>A) Transactions with fellow subsidiaries during the year</b>		
<b>1 Purchase of goods</b>		
LafargeHolcim Energy Solutions S.A.S., France	-	435.58
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	366.04	-
	<b>366.04</b>	<b>435.58</b>
<b>2 Sale of Fixed Assets</b>		
Holcim Services (South Asia) Limited	-	0.01
	-	<b>0.01</b>
<b>3 Receiving of services</b>		
Holcim Group Services Limited, Switzerland	0.17	1.89
Holcim Technology Limited, Switzerland	286.08	241.02
LafargeHolcim Investment Co Ltd, China	0.86	-
Holcim Services (South Asia) Limited	87.92	102.51
Lafarge SA, France	0.37	0.66
Lafarge Holcim Global Hub Services Private Limited	50.21	20.77
Lafarge Zementwerke GMBH	0.29	-
	<b>425.90</b>	<b>366.85</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>4 Rendering of services</b>		
Holcim Technology Limited, Switzerland	-	0.63
Holcim Services (South Asia) Limited	11.53	12.10
Lafarge Holcim Global Hub Services Private Limited	-	6.17
Lafarge SA, France	-	0.79
	<b>11.53</b>	<b>19.69</b>
<b>5 Other recoveries</b>		
Holcim Technology Limited, Switzerland	2.44	1.93
LafargeHolcim Energy Solutions S.A.S., France	1.19	1.09
Holcim (Australia) Pty Ltd, Australia	-	0.08
Lafarge Africa PLC, Nigeria	-	0.01
Holcim Philippines, Inc., Philippines	-	0.14
Lafarge Umiam Mining Private Limited	-	0.17
Lafarge Holcim Global Hub Services Private Limited	0.40	0.19
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	0.02	-
	<b>4.05</b>	<b>3.61</b>
<b>6 Other payments</b>		
LafargeHolcim Energy Solutions S.A.S., France	0.45	3.48
Holcim Technology Limited, Switzerland	0.08	0.86
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	0.85	-
Holcim International Services Singapore Pte Limited, Singapore (Erstwhile Lafarge International Services Singapore Pte Limited)	0.38	1.47
Holcim Group Services Limited, Switzerland	0.20	0.03
	<b>1.96</b>	<b>5.84</b>
<b>7 Expense recognised in respect of doubtful debts</b>		
Holcim Technology Limited, Switzerland	-	1.45
Holcim Trading Pte Limited, Singapore (Erstwhile LafargeHolcim Trading Pte Ltd)	-	0.13
PT Holcim Indonesia Tbk., Indonesia	-	0.15
	<b>-</b>	<b>1.73</b>

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>B) Outstanding balances with fellow subsidiaries</b>		
<b>1 Amount receivable at the year end</b>		
Holcim Technology Limited, Switzerland	-	0.21
LafargeHolcim Bangladesh Ltd, Bangladesh	0.02	0.02
Lafarge SA, France	-	0.03
Lafarge Holcim Global Hub Services Private Limited	-	8.36
Holcim Services (South Asia) Limited	5.94	7.26
	<b>5.96</b>	<b>15.88</b>
<b>2 Amount payable at the year end</b>		
Holcim Technology Limited, Switzerland	61.63	54.27
Holcim Services (South Asia) Limited	7.49	11.18
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	137.97	-
Holcim Group Services Limited, Switzerland	0.02	0.85
LafargeHolcim Energy Solutions S.A.S., France	1.21	4.16
Lafarge SA, France	0.44	0.17
Lafarge Holcim Global Hub Services Private Limited	3.32	2.03
Holcim International Services Singapore Pte Limited, Singapore (Erstwhile Lafarge International Services Singapore Pte Limited)	-	1.47
Lafargeholcim Investment Co Ltd, China	0.17	-
	<b>212.25</b>	<b>74.13</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>C) Transactions with holding company</b>		
<b>1 Dividend paid</b>		
Holderind Investments Limited, Mauritius	137.10	2,330.12
	<b>137.10</b>	<b>2,330.12</b>

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>D) Transactions with associates</b>		
<b>1 Purchase of goods</b>		
Alcon Cement Company Private Limited	65.86	47.77
Asian Concretes and Cements Private Limited	8.94	4.87
	<b>74.80</b>	<b>52.64</b>
<b>2 Sale of goods</b>		
Alcon Cement Company Private Limited	20.71	14.18
Asian Fine Cement Private Limited	1.19	1.50
	<b>21.90</b>	<b>15.68</b>
<b>3 Receiving of services</b>		
Asian Concretes and Cements Private Limited	63.33	62.10
	<b>63.33</b>	<b>62.10</b>
<b>4 Other recoveries</b>		
Alcon Cement Company Private Limited	16.23	11.24
	<b>16.23</b>	<b>11.24</b>
<b>5 Other payments</b>		
Alcon Cement Company Private Limited	0.34	0.14
Asian Concretes and Cements Private Limited	-	2.24
	<b>0.34</b>	<b>2.38</b>
<b>6 Dividend received</b>		
Alcon Cement Company Private Limited	0.43	0.29
	<b>0.43</b>	<b>0.29</b>

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>F) Outstanding balances with associate company</b>		
<b>1 Amount receivable at the year end</b>		
Alcon Cement Company Private Limited	8.74	6.39
	<b>8.74</b>	<b>6.39</b>
<b>2 Amount payable at the year end</b>		
Alcon Cement Company Private Limited	7.58	6.09
Asian Concretes and Cements Private Limited	16.41	6.16
Asian Fine Cement Private Limited	0.31	0.50
	<b>24.30</b>	<b>12.75</b>



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>G) Transactions with joint ventures</b>		
<b>1 Rendering of services</b>		
Counto Microfine Products Private Limited	3.62	3.53
	<b>3.62</b>	<b>3.53</b>
<b>2 Dividend Received</b>		
Counto Microfine Products Private Limited	2.75	2.50
Aakaash Manufacturing Company Private Limited	1.13	-
	<b>3.88</b>	<b>2.50</b>
<b>3 Purchase of Goods</b>		
Counto Microfine Products Private Limited	0.58	0.21
Aakaash Manufacturing Company Private Limited	149.20	86.59
	<b>149.78</b>	<b>86.80</b>
<b>4 Sale of goods</b>		
Counto Microfine Products Private Limited	0.02	0.03
Aakaash Manufacturing Company Private Limited	2.38	8.00
	<b>2.40</b>	<b>8.03</b>
<b>5 Other Payments</b>		
Aakaash Manufacturing Company Private Limited	0.21	1.22
	<b>0.21</b>	<b>1.22</b>
<b>6 Buy back of shares</b>		
Counto Microfine Products Private Limited	-	2.25
	<b>-</b>	<b>2.25</b>
Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>H) Outstanding balances with joint ventures</b>		
<b>1 Amount receivable at the year end</b>		
Counto Microfine Products Private Limited	0.76	-
Aakaash Manufacturing Company Private Limited	0.22	1.59
	<b>0.98</b>	<b>1.59</b>
<b>2 Amount payable at the year end</b>		
Counto Microfine Products Private Limited	0.17	0.04
Aakaash Manufacturing Company Private Limited	36.66	20.64
	<b>36.83</b>	<b>20.68</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 55 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>I) Transactions with Key Management Personnel</b>		
<b>1 Remuneration (Refer Note (a) and (b) below)</b>		
Mr. Neeraj Akhoury	11.54	6.17
Mr. Bimlendra Jha	-	11.42
Ms. Sonal Shrivastava	-	1.94
Ms. Rajani Kesari	6.15	1.18
Mr. Rajiv Gandhi	1.41	1.24
	<b>19.10</b>	<b>21.95</b>
<b>2 Break-up of remuneration</b>		
Short term employment benefit	18.18	21.20
Post employment benefits	0.52	0.44
Other long term benefits	0.12	0.16
Employee share based payments (Refer Note 65)	0.28	0.15
	<b>19.10</b>	<b>21.95</b>
<b>3 Commission, sitting fees, advisory fees and other reimbursement</b>		
Mr. N.S. Sekhsaria	0.54	0.56
Mr. Martin Kriegner (Refer Note (g) below)	-	-
Mr. Christof Hassig	0.23	0.26
Mr. Nasser Munjee	0.45	0.47
Mr. Rajendra P. Chitale	0.55	0.57
Mr. Shailesh Haribhakti	0.42	0.47
Dr. Omkar Goswami	0.45	0.44
Mr. Jan Jenisch	0.23	0.23
Mr. Roland Kohler	-	0.24
Ms. Then Hwee Tan	0.40	0.42
Mr. Mahendra Kumar Sharma	0.38	0.26
Ms. Shikha Sharma	0.41	0.44
Mr. Ranjit Shahani	0.25	0.26
Mr. Praveen Kumar Molri	0.23	0.25
Mr. Ramanathan Muthu	0.23	0.01
	<b>4.77</b>	<b>4.88</b>
<b>Total</b>	<b>23.87</b>	<b>26.83</b>

### Notes:

- Does not include provision towards gratuity and leave encashment which is provided based on actuarial valuation on an overall Company basis.
- Remuneration includes performance incentive paid in respective year which is related to the performance of preceding year except to the extent of performance incentive to MD and CEO being paid every six months as per agreement.
- Contribution to Ambuja Cements Limited Staff Provident Fund Trust and The Provident fund of ACC Limited :  
The Group is required to contribute a specified percentage of the employee compensation for eligible employees towards provident fund. During the year, the Group contributed ₹ 5.79 crore (previous year - ₹ 4.55 crore) to "Ambuja Cements Limited Staff Provident Fund" and ₹ 25.46 crore (previous year - ₹ 24.31 crore) to "The Provident fund of ACC Limited".
- Contribution to Ambuja Cements Limited Employees Gratuity Fund Trust and ACC limited Employees Group Gratuity scheme :  
The Group maintains gratuity trust for the purpose of administering the gratuity payment to its employees. During the year, the Group has contributed ₹ 5 crore (previous year - ₹ 29 crore) towards "Ambuja Cements Limited Employees Gratuity Fund Trust" and Nil (previous year - ₹ 25 crore) "ACC limited Employees Group Gratuity scheme".
- During the year the Company has contributed ₹ 47.70 crore (previous year - ₹ 39.00 crore) to Ambuja Cement Foundation, ₹ 5.98 crore (previous year - ₹ 5.92 crore) to Ambuja Vidya Niketan Trust, ₹ 3.70 crore (previous year - ₹ 4.60 crore) to Ambuja Hospital Trust towards Corporate social responsibility obligations.  
ACC Limited, the subsidiary during the year has contributed ₹ 16.00 crore (previous year - ₹ 27.24 crore) to ACC Trust towards its Corporate social responsibility obligations.
- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group has not recorded any loss allowances for trade receivables from related parties (previous year - Nil).
- Mr. Martin Kriegner has waived his right to receive Directors' commission and sitting fees.
- Transaction with related parties disclosed are inclusive of applicable taxes.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 56 - FINANCIAL INSTRUMENTS

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.

### A) Classification of financial assets and liabilities

Particulars	Notes	As at 31st December 2021		As at 31st December 2020	
		Carrying value ₹ in crore	Fair value ₹ in crore	Carrying value ₹ in crore	Fair value ₹ in crore
<b>Financial assets</b>					
<b>a) Measured at amortised cost</b>					
Cash and cash equivalents	17	10,499.96	10,499.96	7,881.62	7,881.62
Bank balances other than cash and cash equivalents	18	335.80	335.80	364.07	364.07
Trade Receivables	16	645.83	645.83	561.13	561.13
Loans	12, 19	21.47	21.47	21.30	21.30
Investments in bonds	10	3.70	3.70	3.70	3.70
Other financial assets	13, 20	1,729.37	1,729.37	1,783.48	1,783.48
		<b>13,236.13</b>	<b>13,236.13</b>	<b>10,615.30</b>	<b>10,615.30</b>
<b>b) Measured at fair value through profit and loss (FVTPL)</b>					
Cash and cash equivalents - investment in liquid mutual funds	17	858.53	858.53	689.94	689.94
Investment in unquoted equity instruments	10	23.90	23.90	9.00	9.00
		<b>882.43</b>	<b>882.43</b>	<b>698.94</b>	<b>698.94</b>
<b>Total (a + b)</b>		<b>14,118.56</b>	<b>14,118.56</b>	<b>11,314.24</b>	<b>11,314.24</b>
<b>Financial liabilities</b>					
<b>a) Measured at amortised cost</b>					
Trade payables	34	2,912.82	2,912.82	2,213.41	2,213.41
Lease liabilities	28, 35	429.63	429.63	427.00	427.00
Other financial liabilities	29, 36	2,005.73	2,002.29	1,746.49	1,746.49
Interest free loan from State Government	27, 36	46.94	46.94	43.60	43.60
		<b>5,395.12</b>	<b>5,391.68</b>	<b>4,430.50</b>	<b>4,430.50</b>
<b>b) Measured at fair value through profit and loss (FVTPL)</b>					
Foreign currency forward contract	36	3.26	3.26	1.32	1.32
<b>Total (a+b)</b>		<b>5,398.38</b>	<b>5,394.94</b>	<b>4,431.82</b>	<b>4,431.82</b>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 56 - FINANCIAL INSTRUMENTS (CONTD.....)

#### B) Income and Expenses on Financial Instruments

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

Particulars	Notes	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
<b>Income on Financial Instruments</b>			
<b>Financial assets measured at amortised cost</b>			
Interest income	40	291.46	383.15
Impairment (loss)/gain on trade receivables (including reversals of impairment losses)		(9.95)	39.96
Expected credit loss on Incentive under Government Schemes	48	-	128.92
<b>Financial assets measured at fair value through profit or loss</b>			
Gain on sale of current financial assets	40	17.80	26.65
Net gain on fair valuation of liquid mutual fund	40	0.37	0.47
		<b>299.68</b>	<b>579.15</b>
<b>Expenses on Financial Instruments</b>			
<b>Financial liabilities measured at amortised cost</b>			
Net Exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	48	5.33	10.07
Interest expenses on deposits from dealers	45	29.67	32.48
Interest expense on lease liability	45	24.59	26.61
<b>Financial liabilities measured at fair value through profit or loss</b>			
Net Loss on foreign currency forward contract	48	4.55	1.61
<b>Total</b>		<b>64.14</b>	<b>70.77</b>
<b>Net Income recognised in the Consolidated Statement of Profit and Loss</b>		<b>235.54</b>	<b>508.38</b>

#### C) Fair value measurements

The Group uses the following hierarchy for determining and / or disclosing the fair value of financial instruments by valuation techniques :

##### a) Level 1

This level includes those financial instruments which are measured by reference to quoted prices (unadjusted) in active markets for identical assets or liabilities.

##### b) Level 2

This level includes financial assets and liabilities, measured using inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).

##### c) Level 3

This level includes financial assets and liabilities measured using inputs that are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part, using a valuation model based on assumptions that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 56 - FINANCIAL INSTRUMENTS (CONTD.....)

#### D) For assets and liabilities which are measured at fair value, the classification of fair value calculations by category is summarised below

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore	Level	Valuation techniques and key inputs
<b>Financial assets</b>					
<b>a) Measured at fair value through profit and loss (FVTPL)</b>					
Cash and cash equivalents - investments in liquid mutual funds	17	858.53	689.94	1	Investment in liquid and short term mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.
Investment in unquoted equity instruments (other than joint ventures and associates)	10	23.90	9.00	3	Using discounted cash flow method.
<b>Financial liabilities</b>					
<b>a) Measured at fair value through profit and loss (FVTPL)</b>					
Foreign currency forward contract	36	3.26	1.32	2	The fair value of forward foreign exchange contract is calculated as the present value determined using forward exchange rates at the reporting date.

#### Note:

- i) There was no transfer between level 1 and level 2 fair value measurement.

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

In the opinion of Group the carrying amount of loans, other financial assets, trade receivables, cash and cash equivalents excluding investments in liquid mutual funds, bank balances other than cash and cash equivalents, other financial liabilities (excluding derivative financial instruments) and trade payable recognised in the consolidated financial statement approximate their fair values largely due to the short-term maturities of these instruments.

### NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group has a system-based approach to risk management, established policies and procedures and internal financial controls aimed at ensuring early identification, evaluation and management of key financial risks such as market risk, credit risk and liquidity risk that may arise as a consequence of its business operations as well as its investing and financing activities. Accordingly, the Group's risk management framework has the objective of ensuring that such risks are managed within acceptable and approved risk parameters in a disciplined and consistent manner and in compliance with applicable regulations.

All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Group's policy that no trading in derivatives for speculative purposes shall be undertaken.

The Group's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews policies for managing each of these risks, which are summarised below.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

#### A) 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 three types of risks a) commodity price risk b) currency risk and c) interest rate risk. Financial instruments are affected by market risk comprise deposits, investments, trade payables.

The Group is not an investor in equity market. The Group is virtually debt-free and its deferred payment liabilities do not carry interest, the exposure to interest rate risk from the perspective of financial liabilities is negligible. Further, treasury activities focused on managing investments in debt instruments are administered under a set of approved policies and procedures guided by the tenets of liquidity, safety and returns. This ensures that investments are only made within acceptable risk parameters after due evaluation.

The Group's investments are predominantly held in fixed deposits, liquid mutual funds (debt market) and certificates of deposit. Mark to market movements in respect of the Group's investments are valued through the Consolidated Statement of Profit and Loss. Fixed deposits are held with highly rated banks, have a short tenure and are not subject to interest rate volatility.

#### Assumption made in calculating the sensitivity analysis

The sensitivity of the relevant profit or loss item is the effect of the assumed changes in respective market risks. The analysis excludes the impact of movements in market variables on the carrying values of gratuity and other post-retirement obligations and provisions.

#### a) Commodity price risk

Commodity price risk for the Group is mainly related to fluctuations in coal and pet coke prices linked to various external factors, which can affect the production cost of the Group. Since the energy costs is one of the primary costs drivers, any fluctuation in fuel prices can lead to a drop in operating margin. To manage this risk, the Group take following steps:

- i) Optimizing the fuel mix, pursue longer term and fixed contracts where considered necessary.
- ii) Consistent efforts to reduce the cost of power and fuel by using both domestic and international coal and petcoke.
- iii) Use of alternative Fuel and Raw Materials (AFR) and enhancing the utilisation of renewable power including its onsite and offsite solar, wind, hydro power and Waste Heat Recovery System (WHRS).

Additionally, processes and policies related to such risks are reviewed and controlled by senior management and fuel requirements are monitored by the central procurement team.

#### b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group operating activities. The aim of the Group's approach to manage currency risk is to leave the Group with no material residual risk. The Group's is not exposed to significant foreign currency risk. Based on sensitivity analysis, the Group has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

The carrying amount of foreign currency denominated financial assets and liabilities, are as follows

Particulars	As at 31st December 2021		As at 31st December 2020	
	₹ in crore	Foreign currency in crore	₹ in crore	Foreign currency in crore
<b>Trade payable and other financial liabilities (Unhedged)</b>				
CHF	0.26	-	0.19	-
EURO	11.17	0.06	7.88	0.09
GBP	-	-	0.06	-
JPY	1.20	1.78	0.20	0.28
SEK	0.44	0.05	0.34	0.04
SGD	0.01	-	0.01	-
USD	148.29	1.82	153.12	2.11
<b>Total</b>	<b>161.37</b>		<b>161.80</b>	
<b>Foreign exchange derivatives</b>				
USD (Hedged) - Forward contracts against imports and services (Refer Note (i) below)	216.46	2.85	167.71	2.26

### Note:

- i) This does not include the firm commitment

**Foreign currency sensitivity on unhedged exposure - (1% increase / decrease in foreign exchange rates will have the following impact on profit before tax).**

Particulars	As at 31st December 2021		As at 31st December 2020	
	1 % strengthening of ₹ in crore	1 % weakening of ₹ in crore	1 % strengthening of ₹ in crore	1 % weakening of ₹ in crore
<b>Trade payable and other financial liabilities (Unhedged)</b>				
CHF	-	-	-	-
EURO	0.11	(0.11)	0.08	(0.08)
GBP	-	-	-	-
JPY	0.01	(0.01)	-	-
SEK	-	-	-	-
SGD	-	-	-	-
USD	1.49	(1.49)	1.53	(1.53)
<b>Increase / (Decrease) in profit</b>	<b>1.61</b>	<b>(1.61)</b>	<b>1.61</b>	<b>(1.61)</b>

In the Group's opinion, the sensitivity analysis is unrepresentative of the inherent foreign exchange risk because the exposure at the end of the reporting period does not reflect the exposure during the year / in future years.

### c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the security deposit taken from its dealers.

### Interest risk exposure

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>Interest bearing</b>			
Security deposit from dealers	36	1,293.24	1,197.02
<b>Non-interest bearing</b>			
Current maturities of non-current borrowings	36	3.44	-
Borrowings - Interest free sales tax loan	27	43.50	43.60
<b>Total</b>		<b>1,340.18</b>	<b>1,240.62</b>
<b>Interest rate sensitivities for unhedged exposure (Refer Note (i) below)</b>			
Security deposit from dealers			
Impact of increase in 100 bps would decrease profit by		12.93	11.97
Impact of decrease in 100 bps would increase profit by		(12.93)	(11.97)

### Note:

- i) Interest rate sensitivity has been calculated assuming the borrowings outstanding at the reporting date have been outstanding for the entire reporting period.

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

#### B) Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has no significant concentration of credit risk with any counterparty.

#### Financial assets for which loss allowance is measured using lifetime Expected Credit Losses (ECL)

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Trade receivables	16	81.45	91.40
<b>Financial assets other than trade receivables</b>			
Receivables which have significant increase in credit risk	12, 20	39.02	39.13
Long-term loans to joint operation	12	1.10	1.04
		<b>40.12</b>	<b>40.17</b>
<b>Total</b>		<b>121.57</b>	<b>131.57</b>

#### Financial assets other than trade receivables

The exposure to the Group arising out of this category consists of balances with banks, investments in liquid mutual funds (debt markets), incentives receivables from government and loans which do not pose any material credit risk. Such exposure is also controlled, reviewed and approved by the management of the Group on routine basis. There are no indications that defaults in payment obligations would occur in respect of these financial assets.

Credit risk on cash and cash equivalents, deposits with the banks / financial institutions is generally low as the said deposits have been made with the banks / financial institutions who have been assigned high credit rating by international and domestic credit rating agencies.

Investments of surplus funds are made only with approved financial Institutions. Investments primarily include investment in units of liquid mutual funds (debt market) and fixed deposits with banks having low credit risk.

Total non-current investments (other than subsidiaries and joint arrangements) and investments in liquid mutual funds as on 31st December 2021 are ₹ 27.60 crore and ₹ 858.53 crore (31st December 2020 - ₹ 12.70 crore and ₹ 689.94 crore).

Balances with banks were not past due or impaired as at year end. Other than the details disclosed below, other financial assets are not past due and not impaired, there were no indications of default in repayment as at year end.

ACC Limited, a subsidiary of the Company (ACC), has manufacturing units in various states; mainly those in Maharashtra and Jharkhand are eligible for incentives under the respective State Industrial Policy. ACC accrued these incentives as refund claims in respect of VAT / GST paid, on the basis that all attaching conditions were fulfilled by the ACC and there was reasonable assurance that the incentive claims will be disbursed by the State Governments.

During the previous year, in view of the ACC's re-assessing the expected recovery period for incentives receivables, a charge of ₹ 128.92 crore due to time value of money computed based on the expected credit loss method is included in Other Expenses.

ACC is confident about the ultimate realisation of the dues from the State Governments and there is no risk of default.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

#### Trade receivable

Trade receivables consist of a large number of customers. The Group has credit evaluation policy for each customer and based on the evaluation credit limit of each customer is defined. The exposure in credit risk arising out of major customers is generally backed either by bank guarantee, letter of credit or security deposits.

The Group's exposure and wherever appropriate, the credit ratings of its counterparties are continuously monitored and spread amongst various counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the management of the Group.

The Group does not have higher concentration of credit risks since no single customer accounted for 10% or more of the Company's net sales.

#### The ageing analysis of trade receivables (Refer Note 16):

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Up to 6 months	634.41	538.49
More than 6 months	92.87	114.04
<b>Total</b>	<b>727.28</b>	<b>652.53</b>
Impaired	(81.45)	(91.40)
<b>Total</b>	<b>645.83</b>	<b>561.13</b>

The Group has used a practical expedient by computing the expected loss allowance for financial assets based on historical credit loss experience and adjustments for forward looking information. As per simplified approach, the Group makes provision of expected credit losses on trade receivables using a provision matrix to mitigate the risk of default payments and makes appropriate provision at each reporting date wherever outstanding is for longer period and involves higher risk.

#### Movement in expected credit loss allowance of trade receivable

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balance at the beginning of the year	91.40	51.44
Add : provided during the year	6.91	54.89
Less : amounts utilised	1.13	11.18
Less : reversal of provisions	15.73	3.75
<b>Balance at the end of the year</b>	<b>81.45</b>	<b>91.40</b>

#### Movement in expected credit loss allowance of financial assets

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balance at the beginning of the year	40.17	35.05
Add : provided during the year	0.15	6.50
Less : Reversal of provision	0.20	1.38
<b>Balance at the end of the year</b>	<b>40.12</b>	<b>40.17</b>

### C) Liquidity risk

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

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on undiscounted contractual payments.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 57 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

Particulars	Carrying amount ₹ in crore	Contractual maturities			Total ₹ in crore
		Less than 1 year ₹ in crore	1 - 5 Years ₹ in crore	More than 5 year ₹ in crore	
<b>As at 31st December 2021</b>					
Borrowings	46.94	3.59	46.16	8.47	58.22
Lease liability	429.63	76.98	269.91	203.22	550.11
Trade payables	2,912.82	2,912.82	-	-	2,912.82
Other financial liabilities (Refer Note (a) below)	2,008.99	2,008.86	0.13	-	2,008.99
<b>Total</b>	<b>5,398.38</b>	<b>5,002.25</b>	<b>316.20</b>	<b>211.69</b>	<b>5,530.14</b>
<b>As at 31st December 2020</b>					
Borrowings	43.60	-	49.75	8.47	58.22
Lease liability	427.00	75.59	260.92	213.47	549.98
Trade payables	2,213.41	2,213.41	-	-	2,213.41
Other financial liabilities (Refer Note (a) below)	1,747.81	1,747.68	0.13	-	1,747.81
<b>Total</b>	<b>4,431.82</b>	<b>4,036.68</b>	<b>310.80</b>	<b>221.94</b>	<b>4,569.42</b>

### Note:

- a) Other financial liabilities includes deposits received from customers amounting to ₹ 1,128.43 crore (previous year - ₹ 1,197.02 crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Group does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Group has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

## NOTE 58 - SEGMENT REPORTING

(Refer Note 3 (U) for accounting policy on segment reporting)

- A) The principal business of the Group is of manufacturing and sale of Cement and Cement Related Products. All other activities of the Group revolve around its principal business. The Executive Committee of the Group, has been identified as the Chief Operating Decision Maker (CODM). The CODM evaluates the Group's performance, allocates resources based on analysis of the various performance indicators of the Group as a single unit. CODM have concluded that there is only one operating reportable segment as defined by IND AS 108 "Operating Segments", i.e. Cement and Cement Related Products.

### B) Geographical Information

The Group operates in geographical areas of India (country of domicile) and others (outside India).

Particulars	Revenues from customers		Non-current assets (Refer Note (a) below)	
	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
a) Within India	28,545.98	24,089.10	26,717.16	25,349.29
b) Outside India (Refer Note (b) below)	2.10	4.76	-	-
<b>Total</b>	<b>28,548.08</b>	<b>24,093.86</b>	<b>26,717.16</b>	<b>25,349.29</b>

### Notes:

- a) As per IND AS 108 "Operating Segments", Non-current assets include assets other than financial instruments, deferred tax assets, post-employment benefit assets, and rights arising under insurance contracts (i) located in the entity's country of domicile and (ii) located in all foreign countries in total in which the entity holds assets.
- b) Sales outside India are in functional currency.

### C) Information about major customers

During the year ended 31st December 2021 and 31st December 2020, there is no single customer who contributes 10% or more to the Group's revenue.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 59 - FINANCIAL INFORMATION IN RESPECT OF JOINT VENTURES AND ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL

#### a) Interest in joint ventures

The Group has interest in the following joint ventures which it considers to be individually immaterial. The Group's interest in the following joint ventures are accounted for using the equity method in the consolidated financial statements. Summarised financial information of the joint ventures, based on their financial statements, and reconciliation with the carrying amount of the investment in consolidated financial statements are set out below:

#### The Group's share in each joint ventures is as follows

Particulars	As at 31st December 2021 %	As at 31st December 2020 %
<b>Direct joint venture</b>		
Counto Microfine Products Private Limited	50.00%	50.00%
<b>Joint venture of a subsidiary</b>		
Aakaash Manufacturing Company Private Limited	40.00%	40.00%

#### Aggregate information of joint ventures that are not individually material

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
The Group's share of profit / (loss) from continuing operations	10.57	5.53
The Group's share of other comprehensive income	0.08	(0.03)
The Group's share of total comprehensive income	10.65	5.50
The carrying amount of the investment	49.79	43.02

#### b) Interest in associates

The Group's interest in these associates is accounted for using the equity method in the consolidated financial statements. Summarised financial information of the associates, based on their financial statements, and reconciliation with the carrying amount of the investments in consolidated financial statements are set out below:

#### The Group's share in each associate is as follows :

Name of the associates	As at 31st December 2021 %	As at 31st December 2020 %
<b>Associates of subsidiary</b>		
Alcon Cement Company Private Limited	40.00%	40.00%
Asian Concretes and Cements Private Limited	45.00%	45.00%

#### Aggregate information of associates that are not individually material

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
The Group's share of profit / (loss) from continuing operations	9.66	8.91
The Group's share of other comprehensive income	(0.08)	(0.02)
The Group's share of total comprehensive income	9.58	8.89
The carrying amount of the investment	120.72	111.58

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 59 - FINANCIAL INFORMATION IN RESPECT OF JOINT VENTURES AND ASSOCIATES THAT ARE NOT INDIVIDUALLY MATERIAL (CONTD.....)

#### c) Interest in joint operations

The Group has interest in a joint operation "Wardha Vaalley Coal Field Private Limited". The Group's interest are accounted on a line-by-line basis by adding together the book value of like items of assets, liabilities, income, expenses and cash flow in the Standalone Financial Statements of the Company. Summarised financial information of the joint operation is given below:

Particulars	As at 31st December 2021 % and ₹ crore	As at 31st December 2020 % and ₹ crore
Shareholding in %	27.27%	27.27%
Aggregate information of joint operation		
The Company's share of profit / (loss)	(0.11)	(0.11)
The Company's share of total comprehensive income	(0.11)	(0.11)

### NOTE 60 - FINANCIAL INFORMATION IN RESPECT OF MATERIAL PARTLY-OWNED SUBSIDIARY

The Group has concluded that ACC Limited is the only subsidiary with material non-controlling interest. Financial information of ACC Limited is given below:

#### a) Proportion of equity interest held by non-controlling interest

Name of the Company	Principal place of business	As at 31st December 2021	As at 31st December 2020
ACC Limited	India	49.95%	49.95%

#### b) Summarised Consolidated financial information of ACC Limited

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
<b>i) Non-controlling interest in ACC Limited</b>		
Total comprehensive income allocated to non-controlling interest	933.38	734.52
Accumulated balances of non-controlling interest	7,141.05	6,336.90
<b>ii) Summarised Balance Sheet of ACC Limited</b>		
Non-current assets	10,669.46	9,751.60
Current assets	10,369.38	8,448.63
	<b>21,038.84</b>	<b>18,200.23</b>
Non-current liabilities	720.62	693.60
Current liabilities	6,006.04	4,804.26
Non-controlling interest of ACC Limited	3.35	3.24
	<b>6,730.01</b>	<b>5,501.10</b>
<b>Equity attributable to owners of the parent</b>	<b>14,308.83</b>	<b>12,699.13</b>
<b>iii) Dividends paid to non-controlling interest of the Company in ACC Limited</b>	131.32	131.32



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 60 - FINANCIAL INFORMATION IN RESPECT OF MATERIAL PARTLY-OWNED SUBSIDIARY (CONTD.....)

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
	₹ in crore	₹ in crore
<b>iv) Summarised Statement of Profit and Loss of ACC Limited</b>		
<b>Income</b>	16,358.38	14,002.72
<b>Expenses</b>		
Cost of materials consumed	2,119.57	1,673.21
Purchase of stock-in-trade	921.19	696.89
Changes in inventories of finished goods, work-in progress and stock-in-trade	(174.25)	142.41
Employee benefits expense	836.16	841.21
Finance costs	54.62	57.08
Depreciation and amortisation expense	600.68	638.84
Power and fuel	3,364.77	2,574.65
Freight and forwarding expense	3,822.99	3,416.09
Other expenses	2,263.16	2,086.41
<b>Total expenses</b>	<b>13,808.89</b>	<b>12,126.79</b>
<b>Profit before share of profit of associates and joint ventures, exceptional items and tax expenses</b>	<b>2,549.49</b>	<b>1,875.93</b>
Share of profit of associates and joint venture	11.65	8.93
Profit before exceptional items and tax expenses	<b>2,561.14</b>	<b>1,884.86</b>
Exceptional items	54.76	176.01
<b>Profit before tax</b>	<b>2,506.38</b>	<b>1,708.85</b>
Tax expense	643.28	278.59
<b>Profit for the year</b>	<b>1,863.10</b>	<b>1,430.26</b>
Other Comprehensive Income	5.43	(14.58)
<b>Total comprehensive income</b>	<b>1,868.53</b>	<b>1,415.68</b>
Profit attributable to owners of the company	1,862.99	1,430.18
Profit attributable to non-controlling interest	0.11	0.08
Total comprehensive income attributable to owners of the company	1,868.42	1,415.60
Total comprehensive income attributable to non-controlling interest	0.11	0.08
<b>v) Summarised Cash Flow Statement of ACC Limited</b>		
Cash flow from Operating activities	2,835.49	2,219.19
Cash used in Investing activities	(988.01)	(535.15)
Cash used in Financing activities	(330.52)	(327.36)
<b>Net increase in cash and cash equivalents</b>	<b>1,516.96</b>	<b>1,356.68</b>

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 61 - ADDITIONAL INFORMATION AS REQUIRED BY PARAGRAPH 2 OF THE GENERAL INSTRUCTIONS FOR THE PREPARATION OF CONSOLIDATED FINANCIAL STATEMENTS UNDER DIVISION II OF SCHEDULE III TO THE COMPANIES ACT, 2013.

Name of the entity	Year	Share in net assets, (total assets minus total liabilities)		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
		₹ in crore	As % of consolidated net assets	₹ in crore	As % of consolidated profit or loss	₹ in crore	As % of consolidated other comprehensive income	₹ in crore	As % of consolidated total comprehensive income
Parent									
Ambuja Cements Limited	2021	22,207.26	68.33%	2,080.54	56.06%	5.59	50.32%	2,086.13	56.05%
	2020	20,315.86	69.82%	1,790.10	57.62%	(6.97)	32.24%	1,783.13	57.80%
Subsidiaries - Indian									
ACC Limited	2021	14,228.43	43.78%	1,820.27	49.05%	5.44	48.96%	1,825.71	49.05%
	2020	12,661.44	43.51%	1,414.94	45.54%	(14.54)	67.25%	1,400.40	45.39%
M.G.T. Cements Private Limited	2021	(0.02)	0.00%	(0.01)	0.00%	-	-	(0.01)	0.00%
	2020	(0.01)	0.00%	-	-	-	-	-	-
Chemical Limes Mundwa Private Limited	2021	0.24	0.00%	(0.24)	-0.01%	-	-	(0.24)	-0.01%
	2020	0.01	0.00%	(0.20)	-0.01%	-	-	(0.20)	-0.01%
Dirk India Private Limited	2021	(30.93)	-0.10%	2.66	0.07%	0.08	0.72%	2.74	0.07%
	2020	(33.68)	-0.12%	(1.03)	-0.03%	(0.06)	0.28%	(1.09)	-0.04%
OneIndia BSC Private Limited (Refer Note 11 (b))	2021	13.34	0.04%	0.25	0.01%	-	-	0.25	0.01%
	2020	13.08	0.04%	(1.29)	-0.04%	-	-	(1.29)	-0.04%
Subsidiaries - Foreign									
Dang Cement Industries Private Limited	2021	-	-	(0.83)	-0.02%	-	-	(0.83)	-0.02%
	2020	-	-	(0.92)	-0.03%	-	-	(0.92)	-0.03%
Subsidiaries of Subsidiary - Indian									
Bulk Cement Corporation (India) Limited	2021	61.26	0.19%	1.94	0.05%	-	-	1.94	0.05%
	2020	59.32	0.20%	1.58	0.05%	-	-	1.58	0.05%
ACC Mineral Resources Limited	2021	86.76	0.27%	2.20	0.06%	-	-	2.20	0.06%
	2020	84.55	0.29%	2.89	0.09%	-	-	2.89	0.09%
Lucky Minmat Limited (Refer Note 64 (d))	2021	(3.08)	-0.01%	(0.60)	-0.02%	-	-	(0.60)	-0.02%
	2020	(2.49)	-0.01%	(0.50)	-0.02%	-	-	(0.50)	-0.02%
National Limestone Company Private Limited (Refer Note 64 (a))	2021	-	-	-	-	-	-	-	-
	2020	-	-	1.64	0.05%	-	-	1.64	0.05%
Singhania Minerals Private Limited	2021	(0.94)	0.00%	0.03	0.00%	-	-	0.03	0.00%
	2020	(0.96)	0.00%	(0.61)	-0.02%	-	-	(0.61)	-0.02%
Non-controlling interest in all subsidiaries	2021	7,145.03	21.99%	930.66	25.08%	2.71	24.39%	933.37	25.08%
	2020	6,340.89	21.79%	741.40	23.86%	(7.28)	33.67%	734.12	23.79%
Joint ventures - Indian (accounted for using equity method)									
Counto Microfine Products Private Limited	2021	36.41	0.11%	8.71	0.23%	0.01	0.09%	8.72	0.23%
	2020	30.45	0.10%	4.87	0.16%	(0.01)	0.05%	4.86	0.16%
Aakaash Manufacturing Company Private Limited	2021	13.38	0.04%	1.94	0.05%	-	-	1.94	0.05%
	2020	12.57	0.04%	0.67	0.02%	(0.02)	0.09%	0.65	0.02%
Associates of subsidiary - Indian (accounted for using equity method)									
Alcon Cement Company Private Limited	2021	18.55	0.06%	0.33	0.01%	-	-	0.33	0.01%
	2020	18.66	0.06%	0.31	0.01%	(0.02)	0.09%	0.29	0.01%
Asian Concretes and Cements Private Limited	2021	102.17	0.31%	9.25	0.25%	-	-	9.25	0.25%
	2020	92.92	0.32%	8.60	0.28%	-	-	8.60	0.28%
Adjustments on consolidation	2021	(11,379.09)	-35.01%	(1,146.06)	-30.88%	(2.72)	-24.48%	(1,143.34)	-30.72%
	2020	(10,494.12)	-36.06%	(855.61)	-27.54%	7.28	-33.67%	(848.33)	-27.50%
Total equity	2021	32,498.77	100.00%	3,711.04	100.00%	11.11	100.00%	3,722.15	100.00%
	2020	29,098.49	100.00%	3,106.84	100.00%	(21.62)	100.00%	3,085.22	100.00%

### Note:

- a) The above figures are from the Standalone Financial Statements of the respective companies and before eliminating intra group transactions and balances.



# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 62 - GOODWILL ON CONSOLIDATION

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Carrying amount as at beginning of the year	7,876.11	7,881.49
Impairment during the year (Refer Note 64 (d))	6.42	-
Derecognition in the view of divestment (Refer Note - 64 (a))	-	5.38
Net carrying value as at end of the year	<b>7,869.69</b>	<b>7,876.11</b>
<b>Goodwill has been generated on account of the following acquisition over the years :</b>		
ACC Limited (including its subsidiaries) (Refer Note (a) below)	7,846.50	7,852.92
Dirk India Private Limited	19.29	19.29
M.G.T. Cements Private Limited	2.72	2.72
Chemical Limes Mundwa Private Limited	1.18	1.18
<b>Total</b>	<b>7,869.69</b>	<b>7,876.11</b>

### Notes:

- In respect of goodwill of ACC Limited, for the purpose of impairment testing, the recoverable amount is determined based on fair value less cost of disposal as per the requirement of Ind AS 36. The fair value is computed based on market share price of equity share of ACC Limited, quoted on the stock exchange.
- Based on the Group's assessment there is no further impairment of goodwill.

## NOTE 63 - COAL BLOCK

ACC Mineral Resources Limited (AMRL), through its joint operations had secured development and mining rights for four coal blocks allotted to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the judgment of Supreme Court dated 25th August 2014 read with its order dated 24th September 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 23rd March 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 31st March 2014. The Hon'ble Delhi High Court issued its judgment on 9th March 2017 wherein the court has said that "whatever has transpired after 31st March 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account." Accordingly a fresh claim has been filed with Ministry of Coal for reimbursement of expenses incurred up to the date of vesting order. In respect of other three blocks, auctioning dates are yet to be announced.

## NOTE 64 - NOTES RELATED TO MATERIAL SUBSIDIARY, ACC LIMITED

- During the previous year, ACC Limited, a subsidiary of the Company, divested 200,000 Equity Shares representing 100% stake in National Limestone Company Private Limited (NLCPL) under a Share Purchase Agreement dated 18th November 2020. The Group has received the entire consideration amount of ₹ 20 crore. The Group has accounted for ₹ 12.91 crore as profit arising from divestment.
- ACC Limited, a subsidiary of 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 ₹ 16.15 crore (31st December 2020 ₹ 11.08 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 54)
- ACC Limited, a subsidiary of the Company, has arrangement with a joint venture company whereby it purchases Ready Mixed Concrete and sells that to external customers. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Group's local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale (excluding GST) of such Ready Mix Concrete to customer of ₹ 126.19 crore (31st December 2020 ₹ 73.18 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 CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 64 - NOTES RELATED TO MATERIAL SUBSIDIARY, ACC LIMITED (CONTD.....)

- d) The Group had invested ₹ 38.10 crore (previous year - ₹ 38.10 crore) in equity shares of Lucky Minmat Limited (LML), a wholly owned subsidiary company. In view of no mining activity being carried out in view of on-going litigation on transfer of lease rights and amendments brought in to the Mines and Minerals (Development and Regulations) Amendment Act, 2021, the Group has reassessed the value of investments and accordingly, during the year ended 31st December 2021, goodwill on consolidation of ₹ 6.42 crore has been impaired.

### NOTE 65 - SHARE BASED PAYMENT

a) **Description of plan - Holcim Performance Share Plan:**

Holcim Limited (Erstwhile LafargeHolcim Limited), the 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. 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).

- b) During the year, 15,000 (previous year - 13,800) performance share at fair value of ₹ 4,426 per share (previous year - ₹ 3,352 per share) were granted and ₹ 8.01 crore (previous year - ₹ 3.66 crore) is charged to the Consolidated Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding credit to the capital contribution from parent under other equity.)
- c) Information related to the Performance Share Plan granted is presented below (in number)

Particulars	For the year ended 31st December 2021	For the year ended 31st December 2020
Opening Balance	26,400	15,000
Add : Granted during the year	15,000	13,800
Less : Forfeited during the year	5,400	2,400
<b>Closing balance</b>	<b>36,000</b>	<b>26,400</b>

- d) Fair value of shares granted is determined based on the estimated achievement of Holcim Limited's (Erstwhile LafargeHolcim Limited) Earnings per Share, Return on Invested Capital and Sustainability indicators.

### NOTE 66 - EXCEPTIONAL ITEMS

During the year ended 31st December 2021, there was a charge of ₹ 120.45 crore on account of restructuring costs to employees and contract staff.

### NOTE 67 - RISK DUE TO OUTBREAK OF COVID-19 PANDEMIC

The Group has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The Group has, at the date of approval of the consolidated financial statements, used internal and external sources of information and expects that the carrying amount of the assets will be recovered. The impact of COVID-19 on the Group's consolidated financial statements may differ from that estimated as at the date of approval of the same.

**NOTE 68** - In December 2020, the CCI initiated an investigation against cement companies in India including the Company and its subsidiary, ACC Limited regarding alleged anti-competitive behaviour and conducted search and seizure operations in December 2020 against few companies. The Group has provided the information sought. The Group are of the firm view that it has acted and continues to act in compliance with competition laws. The Group is continuing to cooperate with the regulator. The Group believes that this does not have any impact on the financial statement.



## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### NOTE 69 - CODE ON SOCIAL SECURITY, 2020

The new Code on Social Security, 2020 (Code) has been enacted, which could impact the contributions by the Group towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Group will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

**NOTE 70** - Figures below ₹ 50,000 have not been disclosed.

**NOTE 71** - The Group has reclassified security deposits as below to give effect to incremental changes in Division II to Schedule III to the Companies Act, 2013

Description	Notes	Previously reported amount ₹ in crore	Revised amount ₹ in crore	Change ₹ in crore
<b>Balance Sheet</b>				
<b>Non-current financial assets</b>				
Loans	12	212.28	12.45	199.83
Other financial assets	13	1,184.09	1,383.92	(199.83)
<b>Current financial assets</b>				
Loans	19	62.06	8.85	53.21
Other financial assets	20	346.35	399.56	(53.21)

The accompanying notes are integral part of the Consolidated Financial Statements

**For and on behalf of the Board of Directors**

**Rajani Kesari**  
Chief Financial Officer

**N.S. Sekhsaria**  
Chairman & Principal Founder  
DIN - 00276351

**Rajendra P. Chitale**  
Chairman - Audit Committee  
DIN - 00015986

**Rajiv Gandhi**  
Company Secretary

**Martin Kriegner**  
Director  
DIN - 00077715

**Neeraj Akhoury**  
Managing Director & Chief  
Executive Officer  
DIN - 07419090

Mumbai : 17th February 2022