



INDEPENDENT AUDITOR'S REPORT

To The Members of Ambuja Cements Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of Ambuja Cements Limited ("the Company"), which comprise the Balance Sheet as at 31st December, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information and which includes a joint operation accounted on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31st December 2021, and its profit total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to the following matters in Notes 48(b)(i) and 48(b)(ii) to the standalone financial statements:

- a. In terms of the order dated 31st August, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹ 1,163.91 crores for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Company. On the Company's appeal, National Company Law Appellate Tribunal (NCLAT), which replaced the Competition Appellate Tribunal (COMPAT) effective 26th May, 2017, in its order passed on 25th July, 2018 had upheld the CCI's Order. The Company's appeal against the said judgement of NCLAT before the Hon'ble Supreme Court was admitted vide its order dated 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 a penalty of ₹ 29.84 crores for alleged contravention of the provisions of the Competition Act. On Company's filing an appeal together with application for interim stay against payment of penalty, COMPAT has stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

Based on the Company's assessment on the outcome of these appeals, supported by the advice of external legal counsel, the Company is of the view that no provision is necessary in respect of these matters in these Standalone Financial Statements.

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditor's Responses
1	<p>Litigation, Claims and Contingent Liabilities: (Refer Notes 3J and 48, read along with Emphasis of Matter in Independent Auditor's Report of the standalone financial statements)</p> <p>The Company is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims.</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>Principal audit procedures performed:</p> <ul style="list-style-type: none"> • We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims (including claims receivable) and contingent liabilities. • We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'. • For those matters where Management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities. • Examined the Company's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness. • We read the correspondence from Court authorities and considered legal opinion obtained by the Management from external law firms to evaluate the basis used for provisions recognised or the disclosures made in the standalone financial statements. • We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions.
2.	<p>Income tax provision : (Refer Notes 3P, 30, 31 and 48 of the standalone 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"> • Existence of multiple uncertain tax positions leading to multiple disputes / litigations • Provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies. 	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none"> • Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Company's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies. • Obtained details of completed tax assessments and demands as of December 31, 2021 from the management. • We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the Management's underlying key assumptions in estimating the tax provisions. • We considered legal precedence and other rulings in evaluating management's position on these uncertain tax positions, the provisions made, and/or write back of the provisions. • We also involved our direct tax specialist in evaluating management's assessment for the uncertain tax positions. • For those matters where Management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.

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

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors' 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 standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

- In connection with our audit of the standalone financial statements, our responsibility is to read the other information, and consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.



Management's Responsibility for the Standalone Financial Statements

The respective Board of Directors of the Company and its Joint Operation Company are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the respective companies and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit, we report 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.
- b. In our opinion, proper books of account as required by law have been kept by the Company and its joint operation so far as it appears from our examination of those books.
- c. The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d. In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.
- e. On the basis of the written representations received from the directors as on 31st December, 2021 taken on record by the Board of Directors of the Company and the report of the statutory auditors of its joint operation, none of the directors of the Company and its joint operation 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 of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g. With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- h. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 48 to the standalone financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company, on the basis of information available with the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP

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

Saira Nainar

(Partner)

(Membership No. 040081)

(UDIN: 22040081ACYPKH5174)

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 Standalone 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”)

We have audited the internal financial controls over financial reporting of Ambuja Cements Limited (“the Company”) as of 31st December, 2021 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITOR’S RESPONSIBILITY

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

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2021, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLPChartered Accountants
(Firm's Registration No. 117366W / W-100018)**Saira Nainar**

(Partner)

(Membership No. 040081)
(UDIN: 22040081ACYPKH5174)

Place : Mumbai

Date : 17th February, 2022



ANNEXURE “B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date on the Standalone financial statements for the year ended 31st December, 2021 of Ambuja Cements Limited)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner over a period of two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) (i) In our opinion and according to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed / other relevant records evidencing title of the company, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold other than self constructed assets included in property plant and equipment, are held in the name of the Company as at the balance sheet date, except the following which are not held in the name of the company as given below:

(₹ in Crore)

Particulars of the land and building	Gross block as at 31st December, 2021	Net Block as at 31st December, 2021	Total number of cases	Remarks
Freehold land	1.30	1.30	13	Title deeds are in the name of the wholly owned subsidiary and entities taken over/merged with the Company.

- (ii) In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment’s / right-of-use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (iii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (v) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees to directors or companies in which directors are interested which are covered under Section 185. In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (vi) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax (GST), Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st December, 2021 for a period of more than six months from the date they became payable.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax (GST), Service Tax, Customs Duty, Cess and other material statutory dues applicable to it with the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Goods and Service Tax (GST), Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrears as at 31st December, 2021 for a period of more than six months from the date they became payable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits as at 31st December, 2021 and accordingly, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act are not applicable to the Company.

- (c) Details of dues of Income-tax, Sales Tax, Goods and Service Tax (GST), Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st December, 2021 on account of disputes are given below:

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending (₹ in Crore)				
			Commissionerate	Appellate authorities and Tribunal	High Courts	Supreme Court	Total
Central Sales Tax Act, 1956 and various State Sales Tax Acts	Demand of sales tax/ Additional purchase tax, Interest and Penalty	1988-89 to 2017-18	28.36	14.34	129.21	112.92	284.93
Customs Act, 1962	Demand of Customs Duty, interest and penalty	2000-01 to 2013-14	0.48	38.07	-	-	38.55
Goods and Service Tax Act, 2017	Demand of GST	2018-19 to 2020-21	1.19	-	-	-	1.19
Central excise Act, 1944	Demand of Excise duty, Denial of Cenvat Credit, Interest and Penalty	1994-95 to 2017-18	8.99	18.60	0.18	2.06	29.83
Finance Act, 1994	Denial of service tax credit and penalty	2004-05 to 2017-18	6.74	256.11	-	-	262.85
Income Tax Act, 1961	Income tax and Interest	AY 2007-08 to AY 2013-14	76.63	15.56	1.38	-	93.57

Amounts given above are net of amounts deposited.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to government. The Company did not have any outstanding loans or borrowings in respect of a financial institution or bank or dues to debenture holders during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of Section 192 of the Companies Act, 2013 are not applicable to the Company.
- (xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

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

Saira Nainar
Partner

(Membership No. 040081)
(UDIN: 22040081ACYPKH5174)

Place : Mumbai
Date : 17th February, 2022



BALANCE SHEET

as at 31st December 2021

Particulars	Notes	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
ASSETS			
1 Non-current assets			
a) Property, plant and equipment	4	7,128.30	5,382.88
b) Right-of-use assets	5	343.26	373.98
c) Capital work-in-progress (Refer Note 4(g))		951.32	1,873.74
d) Goodwill	6	-	-
e) Other intangible assets	7	174.15	174.64
f) Investments in subsidiaries and joint venture	9	11,787.71	11,787.71
g) Financial assets			
i) Investments	10	9.20	4.50
ii) Loans	11	1.52	0.94
iii) Other financial assets	12	338.79	613.33
h) Non-current tax assets (net) (Refer Note 30)		118.58	152.19
i) Other non-current assets	13	545.94	686.66
Total - Non-current assets		21,398.77	21,050.57
2 Current assets			
a) Inventories	14	1,463.57	746.61
b) Financial assets			
i) Trade receivables	15	293.17	191.51
ii) Cash and cash equivalents	16	3,984.70	2,716.91
iii) Bank balances other than cash and cash equivalents	17	178.37	207.43
iv) Loans	18	4.76	4.43
v) Other financial assets	19	204.89	78.82
c) Other current assets	20	620.46	460.35
		6,749.92	4,406.06
d) Non-current assets classified as held for sale	21	24.75	24.75
Total - Current assets		6,774.67	4,430.81
TOTAL - ASSETS		28,173.44	25,481.38
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	22	397.13	397.13
b) Other equity	25	21,810.13	19,918.73
Total Equity		22,207.26	20,315.86
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	26	43.50	43.60
ii) Lease liability	27	261.15	296.64
iii) Other financial liabilities	28	0.13	0.13
b) Provisions	29	65.12	55.62
c) Deferred tax liabilities (net)	30	201.79	185.95
d) Other non-current liabilities	32	36.74	40.05
Total - Non-current liabilities		608.43	621.99
2 Current liabilities			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of micro and small enterprises	33	7.57	2.46
Total outstanding dues of creditors other than micro and small enterprises		1,136.83	878.44
ii) Lease liability (Refer Note 52)		42.90	27.88
iii) Other financial liabilities	34	879.24	737.77
b) Other current liabilities	35	2,040.12	1,911.97
c) Provisions	36	8.92	3.85
d) Current tax liabilities (net) (Refer Note 30)		1,242.17	981.16
Total - Current liabilities		5,357.75	4,543.53
Total Liabilities		5,966.18	5,165.52
TOTAL - EQUITY AND LIABILITIES		28,173.44	25,481.38

The accompanying notes are integral part of the Standalone 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

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

Saira Nainar
Partner
Membership Number : 040081

Rajiv Gandhi
Company Secretary

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhouri
Managing Director &
Chief Executive Officer
DIN - 07419090

Mumbai : 17th February 2022

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
1 INCOME			
a) Revenue from operations	37	13,964.95	11,371.86
b) Other income	38	285.64	372.00
Total Income		14,250.59	11,743.86
2 EXPENSES			
a) Cost of materials consumed	39	1,134.25	874.88
b) Purchase of stock-in-trade	40	381.39	197.31
c) Changes in inventories of finished goods, work-in progress and stock-in-trade	41	(356.13)	114.08
d) Employee benefits expense	42	677.65	668.78
e) Finance costs	43	90.94	83.05
f) Depreciation and amortisation expense	44	551.24	521.17
g) Power and fuel		3,421.01	2,251.91
h) Freight and forwarding expense	45	3,308.33	2,854.88
i) Other expenses	46	2,211.15	1,784.54
		11,419.83	9,350.60
j) Self consumption of cement		(20.18)	(21.12)
Total Expenses		11,399.65	9,329.48
3 PROFIT BEFORE TAX (1-2)		2,850.94	2,414.38
4 EXCEPTIONAL ITEMS	59	65.69	-
5 PROFIT BEFORE TAX (3-4)		2,785.25	2,414.38
6 TAX EXPENSE	31		
a) Deferred tax charge / (credit)		690.79	652.04
b) Deferred tax - (credit)		13.92	(27.76)
		704.71	624.28
7 PROFIT FOR THE YEAR (5-6)		2,080.54	1,790.10
8 OTHER COMPREHENSIVE INCOME			
Items not to be reclassified to profit or loss in subsequent periods			
Remeasurement gains / (losses) on defined benefit plans		7.51	(9.32)
Tax expenses on above		(1.92)	2.35
Total other comprehensive income		5.59	(6.97)
9 TOTAL COMPREHENSIVE INCOME FOR THE YEAR (7+8)		2,086.13	1,783.13
10 EARNINGS PER SHARE OF ₹ 2 EACH - IN ₹	47		
Basic		10.48	9.02
Diluted		10.48	9.01

The accompanying notes are integral part of the Standalone 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

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

Saira Nainar
Partner
Membership Number : 040081

Rajiv Gandhi
Company Secretary

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

Mumbai : 17th February 2022



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
A) EQUITY SHARE CAPITAL	22		
Opening balance		397.13	397.13
Changes during the year		-	-
Closing balance		397.13	397.13

Particulars	Reserves and surplus (Refer Note 25)							Total
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidies	Capital contribution from parent	Retained earnings	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	
B) OTHER EQUITY								
Balance as at 1st January 2021	130.71	12,471.07	5,655.83	9.93	5.02	1.53	1,644.64	19,918.73
Profit for the year	-	-	-	-	-	-	2,080.54	2,080.54
Other comprehensive income (net of tax expenses)	-	-	-	-	-	-	5.59	5.59
Total comprehensive income for the year	-	-	-	-	-	-	2,086.13	2,086.13
Share based payment (Refer Note 49)	-	-	-	-	-	3.83	-	3.83
Final equity dividend paid for the year 2020 (Refer Note 24)	-	-	-	-	-	-	(198.56)	(198.56)
Balance as at 31st December 2021	130.71	12,471.07	5,655.83	9.93	5.02	5.36	3,532.21	21,810.13

Particulars	Reserves and surplus (Refer Note 25)							Total
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidies	Capital contribution from parent	Retained earnings	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	
B) OTHER EQUITY								
Balance as at 1st January 2020	130.71	12,471.07	5,655.83	9.93	5.02	0.53	3,534.96	21,808.05
Profit for the year	-	-	-	-	-	-	1,790.10	1,790.10
Other comprehensive income (net of tax expenses)	-	-	-	-	-	-	(6.97)	(6.97)
Total comprehensive income for the year	-	-	-	-	-	-	1,783.13	1,783.13
Share based payment (Refer Note 49)	-	-	-	-	-	1.00	-	1.00
Final equity dividend paid for the year 2019 (Refer Note 24)	-	-	-	-	-	-	(297.85)	(297.85)
Interim equity dividend paid for the year 2020 (Refer Note 24)	-	-	-	-	-	-	(3,375.60)	(3,375.60)
Balance as at 31st December 2020	130.71	12,471.07	5,655.83	9.93	5.02	1.53	1,644.64	19,918.73

The accompanying notes are integral part of the Standalone 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

For and on behalf of the Board of Directors

N.S. Sekhsaria

Chairman & Principal Founder
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Chairman - Audit Committee
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Saira Nainar

Partner
Membership Number : 040081

Rajiv Gandhi

Company Secretary

Martin Krieger

Director
DIN - 00077715

Neeraj Akhoury

Managing Director &
Chief Executive Officer
DIN - 07419090

Mumbai : 17th February 2022

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
A) CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		2,785.25	2,414.38
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	44	551.24	521.17
Exceptional Item	59	65.69	-
Loss on property, plant and equipment sold, discarded and written off (net)		25.09	21.82
Dividend income from subsidiary	38	(131.58)	(131.58)
Dividend income from joint venture	38	(2.75)	(2.50)
Gain on sale of current financial assets measured at fair value through profit and loss	38	(8.26)	(10.82)
Net gain on fair valuation of liquid mutual fund measured at fair value through profit and loss	38	(0.10)	(0.31)
Unwinding of discounting charge on interest free sales tax loan	43	3.34	3.18
Finance costs	43	87.60	79.87
Interest income		(113.54)	(219.97)
Provision for slow and non moving store and spares (net)		23.03	17.38
Discounting income on interest free loan		-	(3.25)
Unrealised exchange loss (net)		2.46	7.95
Fair value movement in derivative instruments		5.92	1.02
Interest on tax written back		-	(5.77)
Provisions no longer required written back	37	(11.07)	(6.06)
Impairment loss/ (Reversal) on trade receivable (net)		2.08	15.21
Compensation Expenses under Employees Stock Options Scheme	49	3.83	1.00
Inventories written off		2.40	1.66
Profit on buy back of shares of joint venture		-	(0.94)
Other non-cash items		(0.02)	(0.05)
Operating profit before working capital changes		3,290.61	2,703.39
Changes in Working Capital			
Adjustments for Decrease / (Increase) in operating assets			
Decrease / (Increase) in Trade receivables, loans & advances and other assets	11-13, 15, 17-20	(98.88)	262.00
Decrease / (Increase) in Inventories	14	(742.39)	188.42
Adjustments for (Decrease) / Increase in operating liabilities			
Increase / (Decrease) in Trade payables, other liabilities and provisions	26-30, 32-36	379.78	(82.79)
Cash generated from operations		2,829.12	3,071.02
Direct taxes paid (net of refunds) (Refer Note (1) below)		(362.86)	(464.84)
Net cash flow from operating activities (A)		2,466.26	2,606.18
B) CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment, intangibles etc. (including capital work in progress and capital advances)		(1,160.07)	(985.47)
Proceeds from sale of property, plant and equipment		17.60	7.65
Proceeds from buyback of shares of joint venture		-	2.24
Inter corporate deposits and loans given to subsidiaries		(0.01)	(0.15)
Gain on sale of current financial assets measured at fair value through profit and loss		8.26	10.82
Investments in bank deposits (having original maturity of more than 3 months and upto 12 months)		(5,457.58)	(8,200.67)
Redemption of bank deposits (having original maturity of more than 3 months and upto 12 months)		5,483.10	8,189.28
Investments in bank deposits (having original maturity of more than 12 months)		(10.81)	(27.84)
Redemption of bank deposits (having original maturity of more than 12 months)		0.98	19.02
Purchase of non current investment		(4.70)	(4.50)
Dividend received from subsidiary	38	131.58	131.58
Dividend received from joint venture	38	2.75	2.50
Interest received		107.15	214.11
Net cash used in investing activities (B)		(881.75)	(641.43)



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
C) CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from non-current borrowings		-	8.47
Repayment of current maturity of non-current borrowings		-	(5.86)
Repayment of lease liability	52	(27.46)	(26.26)
Interest portion of lease repayment	43	(15.22)	(16.81)
Interest paid		(75.58)	(46.53)
Net movement in earmarked balances with banks		3.54	(8.84)
Dividend paid on equity shares		(202.10)	(3,664.61)
Net cash used in financing activities (C)		(316.82)	(3,760.44)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		1,267.69	(1,795.69)
Cash and cash equivalents			
Cash and cash equivalents at the end of the year	16	3,984.70	2,716.91
Adjustment for fair value (gain) / loss on liquid mutual funds measured through profit and loss	38	(0.10)	(0.31)
		3,984.60	2,716.60
Cash and cash equivalents at the beginning of the year	16	2,716.91	4,512.29
Net increase / (decrease) in cash and cash equivalents		1,267.69	(1,795.69)

Notes:

- 1) Direct taxes paid are treated as arising from operating activities and are not bifurcated between investing and financing activities.
- 2) 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".
- 3) Changes in liabilities arising from financing activities :

Particulars	As at 31st December 2020	Cash flow changes		Non-cash flow changes		As at 31st December 2021
		Receipts	Payments	Unwinding charges	Other changes	
	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Non-current borrowings (Refer note 26)	43.60	-	-	3.34	(3.44)	43.50
Current maturities of non- current borrowings (Refer note 34)	-	-	-	-	3.44	3.44
Total	43.60	-	-	3.34	-	46.94

The accompanying notes are integral part of the Standalone 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

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

Saira Nainar

Partner
Membership Number : 040081

Rajiv Gandhi

Company Secretary

Martin Kriegner

Director
DIN - 00077715

Neeraj Akhoury

Managing Director &
Chief Executive Officer
DIN - 07419090

Mumbai : 17th February 2022

NOTES TO FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Ambuja Cements Limited (the Company) 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 Company's principal activity is to manufacture and market cement and cement related products.

2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with 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 standalone financial statements were approved for issue in accordance with the resolution of the Board of Directors on 17th February 2022.

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

- A. Certain financial assets and liabilities are measured at fair value (refer note 3 (I) for accounting policy on financial instruments).
- B. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.
- C. 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.
- D. Employee share based payments measured at fair value.

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

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

Functional and Presentation Currency

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

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.

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 Company 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 Company 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 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 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 statement of profit and loss in "other income / (expenses)" when the asset is derecognised.



NOTES TO FINANCIAL STATEMENTS

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	30 – 60 years
Plant and equipment	10 – 25 years
Assets related to Captive Power Plant	40 years
Railway sidings and locomotives	15 years
Furniture, office equipment and tools	3 – 10 years
Vehicles	8 – 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 Company 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.
- 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 Company, 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.

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.

NOTES TO FINANCIAL STATEMENTS

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 Company's intangible assets is, 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 Company 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.

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. Investment in subsidiaries, associates and joint arrangements

I. Subsidiaries

Subsidiaries are entities that are controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the investee. Investments in subsidiaries are accounted at cost less impairment, if any.

II. Associates

Associates are all entities over which the Company 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 Company holds between 20% and 50% of the voting rights. Investments in associates are accounted at cost less impairment, if any.



NOTES TO FINANCIAL STATEMENTS

III. Joint Arrangements

Interests in joint arrangements are interests over which the Company exercises joint control and are classified as either joint operations or joint ventures depending on the contractual rights and obligations arising from the agreement rather than the legal structure of the joint arrangement.

a. 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 the Company transacts with a joint operation in which the Company is a Joint operator (such as a sale or contribution of assets), the Company 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 company's financial statements only to the extent of other parties' interests in the joint operation.

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

b. Joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint 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. Interests in joint ventures are accounted at cost less impairment, if any.

H. Fair value measurement

The Company 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.

I. 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 statement of profit and loss.

I. Financial assets

a. The Company'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.

NOTES TO FINANCIAL STATEMENTS

b. Initial recognition and measurement of financial assets

The Company recognises a financial asset 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 Company 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. Subsequent measurement of financial assets

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

i. Financial assets at amortised cost

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

- 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 Company. 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 statement of profit and loss. The losses arising from impairment, if any are recognised in the statement of profit and loss.

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 instruments 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 Company recognises interest income, impairment losses and reversals and foreign exchange gain or loss in the 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 statement of profit and loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.



NOTES TO FINANCIAL STATEMENTS

- iii. **Debt instruments, liquid mutual funds, derivatives and equity instruments at fair value through the statement of profit and loss (FVTPL)**

Debt instruments

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 FVTOCI criteria, may be designated as at FVTPL as at initial recognition if such designation reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Company has not designated any debt instrument 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 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 Company 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 Company makes such election on an instrument-by-instrument basis.

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

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

- d. **Derivative Financial Instruments**

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

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

- e. **Derecognition of financial assets**

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

- The rights to receive cash flows from the asset have expired, or
- The Company 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 Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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 statement of profit and loss if such gain or loss would have otherwise been recognised in the statement of profit and loss on disposal of that financial asset.

NOTES TO FINANCIAL STATEMENTS

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company 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 statement of profit and loss if such gain or loss would have otherwise been recognised in the 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 Company could be required to repay.

f. Impairment of financial assets

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

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

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

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

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 Company in accordance with the contract and all the cash flows that the entity expects to receive (i.e. all cash shortfalls) discounted at the original EIR. ECL impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the 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 balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

II. Financial liabilities and equity instruments

Classification as debt or equity

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

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 company are recognised at the proceeds received, net of direct issue costs.

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



NOTES TO FINANCIAL STATEMENTS

b. Financial liabilities

i. The Company'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 Company recognises a financial liability in its balance sheet when it becomes party to the contractual provisions of the instrument.

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

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

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.

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 Company 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 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 statement of profit and loss depends on the nature of the hedging relationship and the nature of the hedged item. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

The Company enters into derivative financial instruments such as foreign exchange forward contracts, to manage its exposure to foreign exchange rate risks. The Company 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 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 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.

NOTES TO FINANCIAL STATEMENTS

J. 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 Company 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 Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the financial statements.

III. Contingent asset

Contingent asset is not recognised in 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.

K. 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 financial statements, are recognised as income or expense in the year in which they arise.

Investments in equity capital of overseas companies registered outside India are carried in the balance sheet at the rates at which transactions have been executed.

L. 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 Company core product Cement 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.



NOTES TO FINANCIAL STATEMENTS

Contract balances

Trade Receivables

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

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

Contract Liabilities

Contract liability is a Company 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 Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, 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 Company and the amount of income can be measured reliably).

M. 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 statement of profit and loss for the year in which the employee renders the related service.

II. Defined benefit plan

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

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

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

- a. The date of the plan amendment or curtailment, and
- b. The date that the Company 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 Company recognises the following changes in the net defined benefit obligation as an expense in the 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 balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

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 statement of profit and loss of the year in which the related service is rendered.

NOTES TO FINANCIAL STATEMENTS

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

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 balance sheet. Actuarial gains / losses, if any, are immediately recognised in the statement of profit and loss.

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 Company before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Company recognises termination benefits at the earlier of the following:

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

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 Company does not have an unconditional right to defer the settlement of the obligation beyond 12 months from the reporting date. The Company presents the entire compensated absences as short term provisions, since employee has an unconditional right to avail the leave at any time during the year.

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.

N. Non-current assets held for sale

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale rather than through continuing use 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 Company 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,



NOTES TO FINANCIAL STATEMENTS

- 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 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 statement of profit and loss in "Other income".

O. Borrowing Cost

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.

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

NOTES TO FINANCIAL STATEMENTS

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

Q. Leases

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

- i. the contract involves the use of an identified asset
- ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease and
- iii. the Company has the right to direct the use of the asset

Company as a lessee:

Right-of-use assets

At the date of commencement of the lease, the Company 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

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

Lease liabilities

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

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

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



NOTES TO FINANCIAL STATEMENTS

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

- i. 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.
- ii. 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 Balance Sheet, whereas lease liability have been included under "other financial liabilities" in 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 Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (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.

Company as a lessor:

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

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

R. 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 Company and makes strategic decisions.

S. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are 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.

T. Government grants and subsidies

- I. Grants and subsidies from the Government are recognised when the Company will comply with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received 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 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 Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the 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.

NOTES TO FINANCIAL STATEMENTS

- 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.

U. 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.

V. Classification of current / non-current assets and liabilities

All assets and liabilities are presented as current or non-current as per the Company'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 Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities.

W. Exceptional items

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

X. Use of estimates and judgments

The preparation of the Company's 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 financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The Company makes estimates and assumptions concerning the future. The 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 litigation

The litigations and claims to which the Company 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 statement of profit and loss. The useful lives of the Company'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.



NOTES TO FINANCIAL STATEMENTS

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

Y. 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 Company in its financial statements. These amendments are applicable to the Company for the financial year starting 1st January 2022.

NOTES TO 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			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)	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
Freehold non-mining land	423.05	4.71	-	427.76	-	-	427.76	423.05
Freehold mining land	793.56	70.66	-	864.22	41.66	-	737.98	708.98
Leasehold mining land	201.45	0.19	-	201.64	2.06	-	194.31	196.18
Buildings roads and water works (Refer Note (a) below)	1,566.04	175.29	0.61	1,740.72	73.45	1.85	1,264.27	1,161.19
Plant and equipment (owned) (Refer Note (b) below)	4,652.78	1,884.31	59.32	6,477.77	340.80	24.73	4,177.54	2,668.62
Furniture and fixtures	25.10	3.76	0.07	28.79	4.26	1.89	12.34	11.02
Vehicles	133.56	21.85	15.92	139.49	17.81	11.49	76.21	76.60
Office equipment	73.79	13.44	3.47	83.76	7.97	3.38	20.72	15.34
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	3.00	-	4.06	7.06
Railway sidings and locomotives	48.60	110.77	-	159.37	5.33	-	131.21	25.77
Ships	126.54	-	0.02	126.52	7.17	0.02	81.90	89.07
Total	8,068.84	2,284.98	79.41	10,274.41	503.51	43.36	7,128.30	5,382.88

Particulars	Gross Carrying Value			Accumulated Depreciation			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)	Deductions / Transfers	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
Freehold non-mining land	376.25	46.90	0.10	423.05	-	-	423.05	376.25
Freehold mining land	771.73	21.83	-	793.56	30.92	-	708.98	718.07
Leasehold mining land	201.12	0.33	-	201.45	2.06	-	196.18	197.91
Leasehold non-mining land (Refer Note (i) below)	32.47	0.10	32.57	-	-	1.01	-	31.46
Buildings roads and water works (Refer Note (a) below)	1,557.56	10.73	2.25	1,566.04	74.12	0.62	1,161.19	1,226.21
Plant and equipment (owned) (Refer Note (b) below)	4,504.72	193.45	45.39	4,652.78	335.51	18.67	2,668.62	2,837.40
Furniture and fixtures	24.47	0.87	0.24	25.10	2.45	0.13	11.02	12.71
Vehicles	119.37	17.55	3.36	133.56	16.43	2.48	76.60	76.36
Office equipment	70.42	4.22	0.85	73.79	10.34	0.82	15.34	21.49
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	3.00	-	7.06	10.06
Railway sidings and locomotives	48.59	0.01	-	48.60	3.68	-	25.77	29.44
Ships	126.54	-	-	126.54	7.19	-	89.07	96.26
Total	7,857.61	295.99	84.76	8,068.84	485.70	23.73	5,382.88	5,633.62



NOTES TO 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 Company, the ownership of which vests with government/local authorities and ₹ 17.24 crore (31st December 2020 - ₹ 16.87 crore) being accumulated depreciation thereon.
- b) ₹ 73.83 crore (31st December 2020 - ₹ 73.47 crore) being cost of power lines incurred by the Company, the ownership of which vests with state electricity boards and ₹ 13.47 crore (31st December 2020 - ₹ 11.17 crore) being accumulated depreciation thereon.
- c) Cost incurred by the Company 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 Company are pending for satisfaction due to some procedural issues, although related loan amounts have already been paid in full.
- e) Nil (31st December 2020 - ₹ 5.18 crore) depreciation capitalised during construction for projects (Refer Note 8).
- f) The title deeds of immovable properties are held in the name of the Company except for 13 cases (31st December 2020 - 13 cases) of freehold land amounting to net block of ₹ 1.30 crore (31st December 2020 - ₹ 1.30 crore) for which title deeds are in the name of the subsidiary and erstwhile Ambuja Cements Rajasthan Limited (merged with the Company).
- g) Capital work in progress as at 31st December 2021 is ₹ 951.32 crore (31st December 2020 - ₹ 1,873.74 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	268.69	98.42
Flyash Dryer	43.04	-
Others	204.93	134.87
Total	951.32	1,873.74

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.

- h) For contractual commitment with respect to property, plant and equipment Refer Note 50.
- i) Upon implementation of Ind AS 116 - Leases from 1st January 2020, all leasehold non-mining land, identified under the earlier Ind AS 17 amounting ₹ 31.56 crore (net block) have been reclassified as Right-of-use assets. Refer Note 52 A(c).

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - RIGHT-OF-USE ASSETS

(Refer Note 3 (Q) and (X) 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 52(A)(c))	86.79	2.42	-	89.21	3.65	-	82.33	83.56
Building and installation	7.79	1.18	0.89	8.08	1.60	0.26	5.17	6.22
Ships and tugs	315.64	2.84	1.31	317.17	31.21	1.24	255.76	284.20
Total	410.22	6.44	2.20	414.46	36.24	1.50	343.26	373.98

Particulars	Gross Carrying Value			Accumulated Depreciation			Net Carrying Value	
	As at 1st January 2020	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(i) and 52(A)(c))	20.28	66.51	-	-	86.79	-	1.01	2.22
Building and installation	8.51	-	0.35	1.07	7.79	-	-	1.75
Ships and tugs	315.64	-	-	-	315.64	-	-	31.44
Total	344.43	66.51	0.35	1.07	410.22	-	1.01	35.41
								0.18
								36.24
								373.98

Note:

a) Refer Note 52 on adoption of Ind AS 116 "Leases"

NOTE 6 - 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	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
Goodwill (Refer Note (a) below)	235.63	-	-	235.63	-	-	235.63	-
Total	235.63	-	-	235.63	-	-	235.63	-

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	Deductions/ Transfers	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
Goodwill (Refer Note (a) below)	235.63	-	-	235.63	-	-	235.63	-
Total	235.63	-	-	235.63	-	-	235.63	-

Note:

a) The Company has adopted Ind AS w.e.f. 1st January 2017. In previous Generally Accepted Accounting Principles (GAAP) the Company 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	As at 1st January 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	₹ in crore
Mining rights	185.23	12.01	2.42	194.82	11.76	10.96	172.10	173.47
Water drawing rights	0.31	-	-	0.31	0.10	0.02	0.19	0.21
Computer software	1.17	1.19	-	2.36	0.21	0.29	1.86	0.96
Total	186.71	13.20	2.42	197.49	12.07	11.27	174.15	174.64

Particulars	Gross Carrying Value			Accumulated Amortisation			Net Carrying Value	
	As at 1st January 2020	Additions	Deductions / Transfers	As at 31st December 2020	As at 1st January 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	₹ in crore
Mining rights	185.23	-	-	185.23	6.85	5.13	173.47	178.38
Water drawing rights	0.31	-	-	0.31	0.08	0.02	0.21	0.23
Computer software	0.34	0.83	-	1.17	0.12	0.09	0.96	0.22
Total	185.88	0.83	-	186.71	7.05	5.24	174.64	178.83

NOTES TO FINANCIAL STATEMENTS

NOTE 8 - CAPITALISATION OF EXPENDITURE

The Company 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	125.96	59.80
Add : Expenditure during construction for projects		
Employee benefits expenses (Refer Note (a) below)	24.56	22.84
Depreciation and amortisation expense (Refer Note 4 (e))	-	5.18
Other expenses (Refer Note (b) below)	105.56	38.14
	256.08	125.96
Less : Capitalised during the year (Refer Note (c) below)	256.08	-
Balance at the end of the year included in capital work-in-progress	-	125.96

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 - INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE

(Refer Note 3 (G) for accounting policy on Investment in subsidiaries associates and joint arrangements measured at cost)

Particulars	Face value (in ₹)	As at 31st December 2021		As at 31st December 2020	
		No of shares	₹ in crore	No of shares	₹ in crore
A) Investment in subsidiaries					
Quoted, in fully paid equity shares					
ACC Limited	10	93,984,120	11,737.80	93,984,120	11,737.80
Unquoted, in fully paid equity shares					
M.G.T. Cements Private Limited	10	750,000	3.05	750,000	3.05
Chemical Limes Mundwa Private Limited	10	5,140,000	6.47	5,140,000	6.47
OneIndia BSC Private Limited (Refer Note (c) below)	10	2,501,000	2.50	2,501,000	2.50
Dirk India Private Limited (Refer Note 58)	10	2,075,383	23.03	2,075,383	23.03
			35.05		35.05
B) Investment in joint venture					
Unquoted, In fully paid equity shares					
Counto Microfine Products Private Limited (During the previous year 675,677 shares were bought back)	10	7,644,045	14.86	7,644,045	14.86
Total			11,787.71		11,787.71



NOTES TO FINANCIAL STATEMENTS

NOTE 9 - INVESTMENTS IN SUBSIDIARIES AND JOINT VENTURE (CONTD.....)

Notes:

a) Book and Market value

Particulars	Book value as at		Market value as at	
	31st December 2021 ₹ in crore	31st December 2020 ₹ in crore	31st December 2021 ₹ in crore	31st December 2020 ₹ in crore
Aggregate amount of quoted investments	11,737.80	11,737.80	20,840.04	15,210.39
Aggregate amount of unquoted investments	49.91	49.91	-	-
Total	11,787.71	11,787.71	20,840.04	15,210.39

b) Disclosure pursuant to Ind AS 27 - Separate Financial Statements

Investments in the following subsidiary companies, joint venture company and joint operation are accounted at cost

Name of the Company	Principal activities	Country of Incorporation	% of equity interest	
			As at 31st December 2021	As at 31st December 2020
Direct and Indirect Subsidiaries				
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 (Refer Note 21(a))	Cement and cement related products	Nepal	91.63%	91.63%
Dirk India Private Limited (Refer Note 58)	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 (c) below)	Shared Services	India	75.03%	75.03%
Joint Venture				
Counto Microfine Products Private Limited	Cement and cement related products	India	50.00%	50.00%
Joint Operation				
Wardha Vaalley Coal Field Private Limited (Refer Note 63)	Cement and cement related products	India	27.27%	27.27%

- c) The Company's investment in equity shares of OneIndia BSC Private Limited (BSC), engaged in business shared services, is ₹ 2.50 crore (31st December 2020 ₹ 2.50 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 Company 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 FINANCIAL STATEMENTS

NOTE 10 - NON-CURRENT INVESTMENTS

Name of the Company	Face value (in ₹)	As at 31st December 2021		As at 31st December 2020	
		No of shares	₹ in crore	No of shares	₹ in crore
A) Investments carried at amortised cost					
Unquoted, in Government and trust securities					
National Savings Certificate ₹ 36,500 (31st December 2020 ₹ 36,500) deposited with government department as security. (Refer Note (b) below)			-		-
			-		-
B) Investments carried at fair value through profit and loss (FVTPL)					
Unquoted, In fully paid equity shares					
Gujarat Goldcoin Ceramics Limited (provision made and under liquidation)	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	3,075,791	3.91	-	-
Amplus Green Power Private Limited (Refer Note (f) below)	10	2,578,592	4.50	2,578,592	4.50
			9.20		4.50
Total			9.20		4.50
Aggregate amount of unquoted investments			9.20		4.50

Notes:

- Refer Note 55 for information about fair value measurement and Note 56 for credit risk and market risk of investments.
- Denotes amount less than ₹ 50,000.
- This company is under liquidation and the Company 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 has subscribed 3,075,791 equity shares in Solbridge Energy Private Limited (Solbridge) representing 7.31% holding for a total consideration of ₹ 3.91 crore. The Solbridge has set up a solar power plant in the State of Chhattisgarh of which the Company's Bhatapara plant would be one of the consumer.
- During the previous year, the Company has subscribed 2,578,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹ 4.50 crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company's Dadri plant would be one of the consumer.



NOTES TO FINANCIAL STATEMENTS

NOTE 11 - NON-CURRENT LOANS

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Loans to employees	1.52	0.94
Unsecured loans which have significant increase in credit risk		
Loans to Dirk India Private Limited, a subsidiary (Refer Notes 54 and 58)	37.94	37.94
Loans to Wardha Vaalley Coal Field Private Limited, a Joint Operation	1.10	1.04
	39.04	38.98
Less : allowance for doubtful loans	39.04	38.98
	-	-
Total	1.52	0.94

Notes:

- Loans are non-derivative financial assets which generate a fixed or variable interest income for the Company. The carrying value may be affected by changes in the credit risk of the counterparties.
- No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 56 (B) for information about credit risk.

NOTE 12 - OTHER NON-CURRENT FINANCIAL ASSETS

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Security deposits	66.74	75.41
Incentives receivable under government incentive schemes	212.31	481.97
Bank deposits with more than 12 months maturity (Refer Note (a) below)	52.77	50.80
Interest accrued on fixed deposits	6.97	5.15
Unsecured receivables which have significant increase in credit risk		
Interest receivable from Dirk India Private Limited, a subsidiary (Refer 54 and 58)	9.22	9.22
Less : allowance for doubtful interest receivable	9.22	9.22
	-	-
Total	338.79	613.33

Notes:

- These include fixed deposits of ₹ 10.88 crore (31st December 2020 - ₹ 41.84 crore) given as security against bank guarantees and ₹ 0.05 crore (31st December 2020 - ₹ 8.96 crore) given as security to regulatory authorities.
- Refer Note 56 (B) for information about credit risk of other financial assets.

NOTES TO FINANCIAL STATEMENTS

NOTE 13 - OTHER NON-CURRENT ASSETS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Capital advances	134.51	256.23
Advances other than capital advances		
Deposit against government dues / liabilities	167.16	167.11
Advances recoverable other than in cash	29.30	48.35
Other claim receivable from Government	214.97	214.97
	545.94	686.66
Unsecured, considered doubtful		
Capital advances	4.70	5.83
Advances recoverable other than in cash	0.85	0.89
Other claim receivable from Government	31.84	31.84
	37.39	38.56
Less : allowance for doubtful receivables	37.39	38.56
	-	-
Total	545.94	686.66

Notes:

- No advances are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no advances are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 56 (B) for information about credit risk of other receivables.

NOTE 14 - 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 - ₹ 0.26 crore; 31st December 2020 - ₹ 0.10 crore)	79.80	61.18
Work-in-progress	481.75	203.92
Finished goods	109.00	71.49
Stock in trade (in respect of goods acquired for trading)	2.56	2.18
Captive coal	87.52	19.87
Coal and fuel (including in transit - ₹ 15.44 crore; 31st December 2020 - ₹ 0.25 crore)	476.64	158.00
Stores and spares (including in transit - ₹ 5.06 crore; 31st December 2020 - ₹ 2.92 crore)	189.93	203.68
Packing material	35.49	26.29
Others	0.88	-
Total	1,463.57	746.61

Notes:

- The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares for the year ended 31st December 2021 is amounting to ₹ 23.03 crore (31st December 2020 - ₹ 17.38 crore).
- No inventories have been pledged as security for liabilities.



NOTES TO FINANCIAL STATEMENTS

NOTE 15 - TRADE RECEIVABLES

(Refer Note 3 (I) (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	56.69	55.72
Unsecured, considered good	236.48	135.79
Unsecured which have significant increase in credit risk	25.87	23.68
	319.04	215.19
Less : allowance for doubtful trade receivables	25.87	23.68
Total	293.17	191.51

Notes:

- No trade receivables are due from directors or other officers of the company or any of them either severally or jointly with any other person. Further, no trade receivables are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 54 for receivables from related parties.
- Refer Note 56 (B) for information about credit risk of trade receivables.

NOTE 16 - CASH AND CASH EQUIVALENTS

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balances with banks		
In current accounts	55.78	26.97
Deposit with original maturity upto 3 months	3,453.84	2,415.63
	3,509.62	2,442.60
Deposit with other than banks with original maturity of upto 3 months	-	200.00
Investments in liquid mutual funds measured at FVTPL	475.08	74.31
Total	3,984.70	2,716.91

Note:

- Refer Note 56 (B) for information about market risk.

NOTE 17 - BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Other Bank Balances		
Earmarked balances with banks (Refer Note (a) below)	28.75	32.29
Fixed deposit with banks (original maturity more than 3 months but up to 12 months) (Refer Note (b) below)	149.62	175.14
Total	178.37	207.43

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.
- These include fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 133.57 crore including interest (31st December 2020 - ₹ 129.37 crore), (Refer Note 48(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 FINANCIAL STATEMENTS

NOTE 18 - CURRENT LOANS

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Loans to related parties, Subsidiaries of the Company (Refer Note 54)	1.45	1.44
Loans to employees	3.31	2.99
Total	4.76	4.43

Notes:

- No loans are due from directors or other officers of the Company or any of them either severally or jointly with any other person. Further, no loans are due from firms or private companies in which any director is a partner, a director or a member.
- Refer Note 56 (B) for information about credit risk of loans.

NOTE 19 - OTHER CURRENT FINANCIAL ASSETS

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Incentives receivable under government incentive schemes	148.97	32.58
Interest accrued on loan to subsidiaries (Refer Note 54)	0.38	0.23
Interest accrued on fixed deposits	3.28	3.93
Deposit with banks with original maturity of more than 12 months (Refer Note (a) below)	8.94	1.08
Other receivables	43.32	41.00
	204.89	78.82
Unsecured which have significant increase in credit risk		
Other receivables	12.03	12.14
Less : allowance for doubtful other receivable	12.03	12.14
	-	-
Total	204.89	78.82

Notes:

- Deposits of ₹ 8.94 crore (31st December 2020 - ₹ 1.08) given as security to regulatory authorities.
- Refer Note 56 (B) for information about credit risk of other financial assets.

NOTE 20 - OTHER CURRENT ASSETS

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Unsecured, considered good		
Advances other than capital advances (Refer Note (a) below)		
Advances	225.63	139.54
Balances with statutory / Government authorities	357.48	274.36
Prepaid expenses	30.79	27.67
Others	6.56	18.78
Total	620.46	460.35

Note:

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



NOTES TO FINANCIAL STATEMENTS

NOTE 21 - NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

(Refer Note 3 (N) 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
Investments in Dang Cement Industries Private Limited (Refer Note (a) below)	24.75	24.75
Total	24.75	24.75

Note:

- a) The Company has entered into share purchase agreement for sale of its entire investment in Dang Cement Industries Private Limited, subject to fulfillment of certain conditions. Transaction is expected to be completed in the next 12 months. Pending fulfilment of such conditions, the said investment has been classified as held for sale.

NOTE 22 - EQUITY SHARE CAPITAL

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Authorised		
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
Total	8,150.00	8,150.00
Issued		
1,985,971,749 (31st December 2020 - 1,985,971,749) Equity shares of ₹ 2 each fully paid-up	397.19	397.19
Subscribed and paid-up		
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 FINANCIAL STATEMENTS

NOTE 22 - 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)		
1,253,156,361 (31st December 2020 - 1,253,156,361) Equity shares of ₹ 2 each fully paid-up	250.63	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 number 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, 58,4417,928 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 23 - CAPITAL MANAGEMENT

- The Company'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 Company reviews the capital structure of the Company 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 Company generally meets its capital requirement through internal accruals. The borrowings as appearing in the Notes 26 and 34 represents Interest Free Loan from State Government considered as Government grant. The Company 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 26 and 34)	46.94	43.60
Less : Cash and cash equivalents (Refer Note 16)	3,984.70	2,716.91
Net debt	(3,937.76)	(2,673.31)
Total equity (Refer Notes 22 and 25)	22,207.26	20,315.86
Net Debt to Equity	Nil	Nil



NOTES TO FINANCIAL STATEMENTS

NOTE 24 - DIVIDEND DISTRIBUTION MADE AND PROPOSED

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
a) Dividend paid on equity shares		
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
Total	198.56	3,673.45
b) Dividend proposed on equity shares		
Final dividend for the year ended 31st December 2021 ₹ 6.30 per share (31st December 2020 - ₹ 1.00 per share) (Refer Note (a) below)	1,250.96	198.56
Total	1,250.96	198.56

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 25 - OTHER EQUITY

(Refer 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	12,471.07	12,471.07
c) General reserve	5,655.83	5,655.83
d) Capital redemption reserve	9.93	9.93
e) Subsidies	5.02	5.02
f) Capital contribution from parent	5.36	1.53
g) Retained earnings	3,532.21	1,644.64
Total	21,810.13	19,918.73

Nature and purpose of each reserve within equity:

a) Capital reserve

This reserve has been transferred to the Company 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 Company created 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 Company.

NOTES TO FINANCIAL STATEMENTS

NOTE 25 - OTHER EQUITY (CONTD.....)

d) Capital redemption reserve

Capital redemption reserve was created by transferring from retained earnings. During 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 various 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 Company 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 Statement of Profit and Loss. Retained earnings is a free reserve available to the Company.

NOTE 26 - NON-CURRENT BORROWINGS

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

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

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 27 - LEASE LIABILITY

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Lease liability (Refer Note 52)	261.15	296.64
Total	261.15	296.64

NOTE 28 - OTHER NON-CURRENT FINANCIAL LIABILITIES

(Refer Note 3 (I) (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
Total	0.13	0.13



NOTES TO FINANCIAL STATEMENTS

NOTE 29 - NON-CURRENT PROVISIONS

(Refer Note 3 (J) (I) and 3 (M) 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 51)	6.30	8.34
Provision for mines reclamation expenses (Refer Note (a) below)	58.82	47.28
Total	65.12	55.62

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
Opening Balance	47.28	33.68
Add : Provision during the year	9.44	12.42
	56.72	46.10
Add : Unwinding of discounting	2.10	1.34
Less : Provision utilised during the year	-	0.16
Closing Balance	58.82	47.28

NOTE 30 - DEFERRED TAX LIABILITIES (NET)

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

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Deferred tax liabilities, on account of		
Depreciation and amortisation	434.11	399.48
Deferred tax assets, on account of		
Provision for employee benefits	22.70	12.84
Provision for slow and non moving spares	18.91	13.11
Expenditure debited in the Statement of Profit and Loss but allowed for tax purposes in the following years	59.85	61.35
Provision against loan and interest thereon receivable from a subsidiary	11.87	11.87
Interest provided under section 244 (A) of Income Tax Act, 1961	99.07	95.17
Others temporary differences	19.92	19.19
	232.32	213.53
Deferred tax liabilities / (assets) (net)	201.79	185.95

NOTES TO FINANCIAL STATEMENTS

NOTE 30 - DEFERRED TAX LIABILITIES (NET) (CONTD.....)

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

Particulars	As at 1st January 2021	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2021
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Deferred tax liabilities, on account of				
Depreciation and amortisation	399.48	34.63	-	434.11
Deferred tax assets, on account of				
Provision for employee benefits	12.84	11.78	(1.92)	22.70
Provision for slow and non moving spares	13.11	5.80	-	18.91
Expenditure debited in the Statement of Profit and Loss but allowed for tax purposes in the following years	61.35	(1.50)	-	59.85
Provision against loan and interest thereon receivable from a subsidiary	11.87	-	-	11.87
Interest provided under section 244 (A) of Income Tax Act, 1961	95.17	3.90	-	99.07
Others temporary differences	19.19	0.73	-	19.92
	213.53	20.71	(1.92)	232.32
Deferred tax liabilities / (assets) (net)	185.95	13.92	1.92	201.79

Particulars	As at 1st January 2020	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Deferred tax liabilities, on account of				
Depreciation and amortisation	427.01	(27.53)	-	399.48
Deferred tax assets, on account of				
Provision for employee benefits	40.05	(29.56)	2.35	12.84
Provision for slow and non moving spares	8.73	4.38	-	13.11
Expenditure debited in the Statement of Profit and Loss but allowed for tax purposes in the following years	54.22	7.13	-	61.35
Provision against loan and interest thereon receivable from a subsidiary	12.21	(0.34)	-	11.87
Interest provided under section 244 (A) of Income Tax Act, 1961	80.50	14.67	-	95.17
Others temporary differences	15.24	3.95	-	19.19
	210.95	0.23	2.35	213.53
Deferred tax liabilities / (assets) (net)	216.06	(27.76)	(2.35)	185.95

Notes:

- The Company has long term capital losses of ₹ 3.58 crore (31st December 2020 - ₹ 3.58 crore) for which no deferred tax assets have been recognised. These losses will expire between financial year 2021-22 to 2022-23.
- The Company offsets tax assets and liabilities if and only if it has a legally enforceable right to set-off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities related to income taxes levied by the same tax authority.



NOTES TO FINANCIAL STATEMENTS

NOTE 31 - 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 %
Profit before tax	2,785.25		2,414.38	
Tax expenses at statutory income tax rate (Refer Note (a) below)	701.05	25.17%	607.65	25.17%
Effect of deduction under Section 80M of the Income tax Act, 1961	(33.81)	-1.21%	(32.99)	-1.36%
Effect of non deductible expenses	33.52	1.20%	18.63	0.77%
Others	3.95	0.14%	30.99	1.28%
Tax expenses at the effective income tax rate	704.71	25.30%	624.28	25.86%
Tax expense reported in the Statement of Profit and Loss	704.71	25.30%	624.28	25.86%

NOTE 32 - 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
Total	36.74	40.05

NOTE 33 - 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 Company 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	7.47	2.41
Interest	0.10	0.05
	7.57	2.46
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:

- a) 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 FINANCIAL STATEMENTS

NOTE 34 - OTHER CURRENT FINANCIAL LIABILITIES

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

₹ in crore

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Financial Liabilities at amortised cost		
Security deposit from dealers	500.34	490.39
Liability for capital expenditure	268.22	167.59
Unpaid dividends (Refer Note (a) below)	26.25	29.79
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 26)	3.44	-
Others (includes interest on security deposits)	75.23	46.46
Financial Liabilities at fair value		
Foreign currency forward contract	3.26	1.04
Total	879.24	737.77

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 Company.

NOTE 35 - OTHER CURRENT LIABILITIES

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Contract liability (Refer Note (a) below)		
Advance received from customers	142.15	130.93
Other liability		
Statutory dues payable	627.34	535.17
Rebates to customers	414.37	397.87
Other payables (includes interest on income tax)	856.26	848.00
Total	2,040.12	1,911.97

Note:

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

NOTE 36 - CURRENT PROVISIONS

(Refer Note 3 (M) 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 compensated absences (Refer Note (a) below)	8.92	3.85
Total	8.92	3.85

Note:

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



NOTES TO FINANCIAL STATEMENTS

NOTE 37 - REVENUE FROM OPERATIONS

(Refer Note 3 (L) (I) and (II) for accounting policy on revenue recognition and 3 (T) for accounting policy on government grants and subsidies)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Revenue from contracts with customers		
Sale of manufactured products	13,232.68	10,896.21
Sale of traded products	560.88	278.76
	13,793.56	11,174.97
Other operating revenues		
Provisions no longer required written back	11.07	6.06
Sale of scrap	72.93	50.79
Incentives and subsidies (Refer Note (f) below)	3.19	50.29
Miscellaneous income (includes insurance claims and others) (Refer Note (f) below)	84.20	89.75
	171.39	196.89
Total	13,964.95	11,371.86

Notes:

- a) Reconciliation of revenue as per contract price and as recognised in the 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	15,723.26	12,526.70
Less: Discounts and incentives	1,929.70	1,351.73
Revenue as per the Statement of Profit and Loss	13,793.56	11,174.97

- 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 Company does not provide performance warranty for products, therefore there is no liability towards performance warranty.
- d) The Company 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 57 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".
- f) Government grants recognized in the 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)	3.19	50.29
Discounting income on interest free loan from State Government included in miscellaneous income above.	-	3.25
Total	3.19	53.54

- 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.

NOTES TO FINANCIAL STATEMENTS

NOTE 38 - OTHER INCOME

(Refer Note 3 (L) (III) and (IV) 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
Interest income on		
Bank deposits at effective interest rate method	106.21	191.58
Income tax refund	-	17.96
Defined benefit obligation (net) (Refer Note 51)	0.15	-
Others	7.33	10.43
	113.69	219.97
Dividend income from non-current investment		
From subsidiary	131.58	131.58
From joint venture	2.75	2.50
	134.33	134.08
Other non operating income		
Gain on sale of current financial assets measured at FVTPL	8.26	10.82
Net gain on fair valuation of liquid mutual fund measured at FVTPL (Refer Note (a) below)	0.10	0.31
Gain on buy back of non-current investments	-	0.94
Interest on income tax written back and others	29.22	5.77
Others	0.04	0.11
Total	285.64	372.00

Notes:

- These instruments are measured at fair value through profit or loss in accordance with Ind AS 109.
- Refer Note 55 (B) for information about fair value measurement.

NOTE 39 - 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	61.18	55.41
Add : Purchases during the year	1,152.87	880.65
	1,214.05	936.06
Less : Inventories at the end of the year	79.80	61.18
Cost of materials consumed (Refer Note (a) and (b) below)	1,134.25	874.88

Notes:

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
a) Break-up of cost of materials consumed		
Fly ash	529.53	421.73
Gypsum	288.70	204.50
Others (Refer Note (b) below)	316.02	248.65
Total	1,134.25	874.88

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

NOTE 40 - 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	331.54	158.75
Others	49.85	38.56
Total	381.39	197.31



NOTES TO FINANCIAL STATEMENTS

NOTE 41 - 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
Inventories at the end of the year		
Work-in-progress	481.75	203.92
Finished goods	109.00	71.49
Stock in trade	2.56	2.18
Captive coal	87.52	19.87
	680.83	297.46
Inventories at the beginning of the year		
Work-in-progress	203.92	274.44
Finished goods	71.49	104.38
Stock in trade	2.18	1.46
Captive coal	19.87	31.26
	297.46	411.54
Add: Trial run stocks, at the commencement of commercial production at Marwar plant	27.24	-
	324.70	411.54
(Increase) / decrease in inventories	(356.13)	114.08

NOTE 42 - EMPLOYEE BENEFITS EXPENSE

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Salaries and wages	580.56	580.65
Contribution to provident and other funds	51.60	49.46
Employee stock option expenses (Refer Note 49)	3.83	1.00
Staff welfare expenses	41.66	37.67
Total	677.65	668.78

NOTE 43 - FINANCE COSTS

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Interest on :		
Income tax (net of interest income on refund - ₹ 15.50 crore; previous year - ₹ 61.84 crore)	24.78	18.10
Defined benefit obligation (net) (Refer Note 51)	-	0.66
Security deposits	13.48	15.34
Others	32.02	27.62
	70.28	61.72
Unwinding of financial liabilities	3.34	3.18
Unwinding of interest on lease liability (Refer Note (a) below)	15.22	16.81
Unwinding of mines reclamation provision (Refer Note 29)	2.10	1.34
Total	90.94	83.05

Notes:

- On adoption of Ind AS 116 Leases, the Company 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 55 (B) for information about fair value measurement.

NOTES TO FINANCIAL STATEMENTS

NOTE 44 - 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)	503.51	485.70
Less : Pre-operative charge during the year (Refer Note 8)	-	5.18
	503.51	480.52
Depreciation on Right-of-use assets (Refer Note 5)	36.46	35.41
Amortisation of intangible assets (Refer Note 7)	11.27	5.24
Total	551.24	521.17

NOTE 45 - 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	2,439.96	2,155.69
On Internal material transfer	868.37	699.19
Total	3,308.33	2,854.88

NOTE 46 - OTHER EXPENSES

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Royalty on minerals	292.60	231.10
Consumption of stores and spare parts	274.28	224.82
Consumption of packing materials	501.02	344.97
Repairs	187.42	148.15
Rent (Refer Note 52)	62.31	57.99
Rates and taxes	108.11	92.02
Insurance	38.00	25.76
Technology and know-how fees	131.25	107.86
Advertisement	89.25	63.93
Corporate Social Responsibility (Refer Note (a) below)	64.02	52.31
Loss on account of exchange rate difference (net)	7.97	9.94
Miscellaneous expenses (Refer Note (b) below)	454.92	425.69
Total	2,211.15	1,784.54

Notes:

a) Corporate Social Responsibility Expenditure :

- The Company is required to spend ₹ 36.57 crore (previous year ₹ 30.90 crore) towards Corporate Social Responsibility i.e. 2% of the average profits for the last three financial years, calculated as per Section 198 of the Companies Act, 2013. As approved by the Board of Directors, the Company has spent ₹ 64.41 crore (previous year ₹ 53.97 crore). ₹ 62.53 crore (previous year - ₹ 52.31 crore) is included under head Corporate Social Responsibility in Other Expenses and the balance ₹ 1.87 crore (previous year ₹ 1.66 crore) is included under various other heads of the Statement of Profit and Loss.
- No amount has been spent on construction / acquisition of an asset of the Company and the entire amount has been spent in cash.
- Details of excess amount spent under Section 135 (5) of the Companies Act, 2013

₹ in crore				
Balance excess spent as at 1st January 2021	Amount required to be spent during the year	Amount spent during the year	CSR expenses claimed in the current year	Excess spent
-	36.57	64.41	64.41	27.84



NOTES TO FINANCIAL STATEMENTS

NOTE 46 - OTHER EXPENSES (CONTD.....)

b) Miscellaneous expenses :

- Does not include any item of expenditure with a value of more than 1% of Revenue from operations.
- Includes expenses towards information technology, traveling, consultancy, site restoration, outsource services and others.
- Includes payment to auditors (excluding taxes) as under :

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Statutory auditor		
Audit fees (including for quarterly limited reviews and financial statements for tax filing purposes)	2.06	2.07
Other services	0.07	0.04
Reimbursement of expenses (Refer Note (c) below)	-	0.03
	2.13	2.14
Cost auditor		
Audit Fee	0.09	0.10
Reimbursement of expenses	-	0.02
	0.09	0.12
Total	2.22	2.26

- Denotes amount less than ₹ 50,000.

NOTE 47 - EARNINGS PER SHARE (EPS)

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

- 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.
- 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.
- 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)	2,080.54	1,790.10
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	10.48	9.02
Diluted	10.48	9.01

NOTES TO FINANCIAL STATEMENTS

NOTE 48 - CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (Refer Note 3 (J) (II) for accounting policy on contingent liability)

Particulars	For the year ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Contingent liabilities and claims against the Company not acknowledged as debts related to various matters (Refer Note (a) below)		
Labour	8.87	11.15
Land	18.97	47.28
Demand from Competition Commission of India (Refer Note (b) below)	1,898.06	1,767.74
Sales tax (Refer Note (c) below)	273.21	273.28
Excise customs and service tax (Refer Note (d) below)	258.20	254.85
Stamp duty (Refer Note (e) below)	310.34	305.88
Income tax (Refer Note (f) below)	486.38	488.79
Others	151.69	128.17
Total	3,405.72	3,277.14

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 Company does not expect any reimbursements in respect of the above contingent liabilities.
- iii) The Company 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 financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial position.

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, concerning alleged contravention of the provisions of the Competition Act, 2002. On Company's appeal, 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 a penalty of ₹ 1,163.91 crore on the Company. The Company filed an appeal 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 Company's appeal and upheld the CCI's order. Against this, the Company 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 a penalty of ₹ 29.84 crore on the Company. On Company's appeal, 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 believes it has 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 ₹ 704.31 crore (31st December 2020 - ₹ 573.99 crore).



NOTES TO FINANCIAL STATEMENTS

NOTE 48 - CONTINGENT LIABILITIES (TO THE EXTENT NOT PROVIDED FOR) (CONTD.....)

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 (31st December 2020 - ₹ 247.97 crore, including interest of ₹ 134.45 crore) the Company deposited ₹ 143.52 crore, including interest of ₹ 30.00 crore (31st December 2020 - ₹ 143.52 crore, including interest of ₹ 30.00 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 & 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 Company 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 (CBEC) circular, based on legal opinion, the Company has treated the same as "possible". Accordingly, ₹ 198.66 crore (31st December 2020 - ₹ 196.46 crore) has been disclosed as contingent liability.

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 was 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. The Company contended that the said incentives are in the nature of capital receipts, and hence not liable to income tax. The Income tax department had, initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A). The Company had received one favourable order from the assessing officer 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 Company 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 the Company 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 Company again reviewed the matter and, after considering the legal merits of the Company's claim, including inter-alia, the ratio of the decisions of Hon'ble Supreme Court, and the pattern of favourable orders by the department including favourable disposal of the Company's appeal by the CIT (A), as mentioned above, the Company reassessed the risk and concluded that the risk of an ultimate outflow of funds for this matter is no longer probable.

Pending final legal closure of this matter, income tax amount of ₹ 372.01 crore (31st December 2020 - ₹ 372.01 crore) along with interest payable of ₹ 111.18 crore (31st December 2020 - ₹ 111.18 crore) has been disclosed under contingent liabilities.

NOTES TO FINANCIAL STATEMENTS

NOTE 49 - 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 8,400 (previous year - 6,000) performance share at fair value of ₹ 4,426 (previous year - ₹ 3,352) per share were granted and ₹ 3.83 crore (previous year – ₹ 1.00 crore) is charged to the 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 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
Opening Balance	10,200	6,000
Add : Granted during the year	8,400	6,000
Less : Forfeited during the year	-	1,800
Closing Balance	18,600	10,200

- 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 50 - 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)	529.21	843.89

Note:

- a) For commitments relating to lease arrangements, Refer Note 52.

NOTE 51 - EMPLOYEE BENEFITS

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

a) Defined contribution plans

Amount recognised and included in Note 42 "Contribution to Provident and Other Funds" (including contribution to provident fund trust referred in note (g) below) of the Statement of Profit and Loss ₹ 28.21 crore (previous year - ₹ 27.91 crore).

b) Defined benefit plans - as per actuarial valuation

The Company has defined benefit gratuity and provident fund managed by trust. 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.



NOTES TO FINANCIAL STATEMENTS

NOTE 51 - EMPLOYEE BENEFITS (CONTD.....)

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 Company of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets.

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

- i) **Investment risk** : As the plan assets include significant investments in quoted debt and equity instruments, the Company is exposed to the risk of impacts arising from fluctuation in interest rates and risks associated with equity market.
 - 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.
- d) Summary of the components of net benefit / expense recognised in the Statement of Profit and Loss, the funded status and amounts recognised in the Balance Sheet for the respective defined benefits plans is as under :

Particulars	2021 Funded ₹ in crore	2020 Funded ₹ in crore
I Expense recognised in the Statement of Profit and Loss		
1 Current service cost	11.61	10.35
2 Interest cost	9.28	8.88
3 Past service cost	-	-
4 Interest (income) on plan assets	(9.66)	(8.73)
5 Amount recognized in the Statement of Profit and Loss	11.23	10.50
II Re-measurements recognised in other comprehensive Income (OCI)		
1 Demographic change	(0.40)	-
2 Change in financial assumptions	(4.76)	10.31
3 Experience changes	(1.01)	3.44
4 Return on plan assets (excluding interest income)	(1.32)	(2.66)
5 Amount recognised in OCI	(7.49)	11.09
III Net asset / (liability) recognised in the Balance Sheet		
1 Present value of defined benefit obligation	159.62	157.37
2 Fair value of plan assets	159.34	155.83
3 Funded status [surplus / (deficit)]	(0.28)	(1.54)
4 Net asset / (liability)	(0.28)	(1.54)

NOTES TO FINANCIAL STATEMENTS

NOTE 51 - EMPLOYEE BENEFITS (CONTD.....)

Particulars	2021 Funded ₹ in crore	2020 Funded ₹ in crore
IV Change in defined benefit obligation during the year		
1 Present value of defined benefit obligation at the beginning of the year	157.37	137.27
2 Current service cost	11.61	10.35
3 Interest service cost	9.28	8.88
4 Actuarial (gains) / losses recognised in other comprehensive income		
- Demographic changes	(0.40)	-
- Change in financial assumptions	(4.76)	10.31
- Experience changes	(1.01)	3.44
5 Benefit payments	(12.47)	(12.88)
6 Curtailment	-	-
7 Net transfer in on account of business combinations / others	-	-
8 Present value of defined benefit obligation at the end of the year (Refer Note (i) below)	159.62	157.37
V Change in fair value of assets during the year		
1 Plan assets at the beginning of the year	155.83	128.32
2 Interest income	9.66	8.73
3 Contribution by employer	5.00	29.00
4 Actual benefit paid	(12.47)	(12.88)
5 Return on plan assets (excluding interest income)	1.32	2.66
6 Plan assets at the end of the year	159.34	155.83
VI Weighted average duration of defined benefit obligation	10 years	10 years
VII Maturity profile of defined benefit obligation		
1 Within the next 12 months	24.34	17.69
2 Between 1 and 5 years	70.14	60.67
3 Between 5 and 10 years	78.47	83.52
VIII Sensitivity analysis for significant assumptions (Refer Note (i) & (ii) below)		
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	150.85	147.53
2 For decrease in discount rate by 100 basis points	169.41	168.40
3 For increase in salary rate by 100 basis points	169.29	168.21
4 For decrease in salary rate by 100 basis points	150.79	147.51
5 For increase in medical inflation rate by 100 basis points	NA	NA
6 For decrease in medical inflation rate by 100 basis points	NA	NA
IX The major categories of plan assets as a percentage of total plan		
Qualifying insurance policy with Life Insurance Corporation of India (LIC) (Refer Note (v) below)	100%	100%
Particulars	2021 ₹ in crore	2020 ₹ in crore
X Expected cash flows		
1) Expected employer contribution in the next year	24.34	17.69
2) Expected benefit payments		
Year 1	24.34	17.69
Year 2	16.13	15.52
Year 3	17.22	14.47
Year 4	17.38	14.26
Year 5	19.41	16.43
6 to 10 years	78.47	83.51
Total Expected benefit payments	172.95	161.88



NOTES TO FINANCIAL STATEMENTS

NOTE 51 - EMPLOYEE BENEFITS (CONTD.....)

Particulars	As at 31st December 2021	As at 31st December 2020
XI Actuarial Assumptions		
1) Financial Assumptions		
Discount rate (Refer Note (ii) below)	6.75%	6.25%
Salary escalation (Refer Note (iii) below)	7.00%	7.00%
2) Demographic Assumptions		
Expected average remaining working lives of employees	9.70	9.92
Disability rate	5% mortality rates	5% mortality rates
Expected rate of return on plan assets	6.80%	6.80%
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:

- 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.
 - 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.
 - 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.
 - Basis used to determine expected rate of return on assets
The Company has considered the current level of returns declared by LIC, i.e. 6.80% to develop the expected long-term return on assets for funded plan of gratuity.
 - In the absence of detailed information regarding plan assets which is funded with LIC 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 ₹ 7.12 crore (previous year - ₹ 12.21 crore).
- f) The Company expects to make contribution of ₹ 24.34 crore (previous year - ₹ 17.69 crore) to the defined benefit plans during the next year.
- g) Provident Fund managed by a trust set up by the Company**

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

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

The Company has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and shortfall of ₹ 6.02 crore (previous year - ₹ 6.80 crore) is recognised in the Statement of Profit and Loss. The Company has contributed ₹ 5.79 crore (previous year- ₹ 4.55 crore) towards provident fund liability.

NOTES TO FINANCIAL STATEMENTS

NOTE 51 - 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
I) Components of expense recognised in the Statement of Profit and Loss		
1 Current service cost	4.80	4.88
2 Interest Cost	9.46	13.23
3 Interest Income	(9.23)	(12.70)
Total	5.03	5.41
II) Amount recognised in the Balance Sheet		
1 Present value of Defined Benefit Obligation	(157.91)	(148.58)
2 Fair value of plan assets	151.89	141.78
3 Funded status (Surplus / (Deficit))	(6.02)	(6.80)
4 Net asset / (liability) as at end of the year (Refer Note (ii) below)	(6.02)	(6.80)
III) Present Value of Defined Benefit Obligation		
1 Present value of Defined Benefit Obligation at beginning of the year	148.58	153.97
2 Current service cost	4.80	4.88
3 Interest cost	9.46	13.23
4 Benefits paid and transfer out	(11.40)	(24.55)
5 Employee Contributions	7.39	8.24
6 Transfer in / (Out) Net	0.69	2.09
7 Actuarial (gains) / losses	(1.61)	(9.28)
Present value of Defined Benefit Obligation	157.91	148.58
IV) Fair Value of Plan Assets		
1 Plan assets at the beginning of the year	141.78	146.26
2 Return on plan assets including interest income	9.23	12.70
3 Contributions by Employer	5.79	4.55
4 Contributions by Employee	7.39	8.24
5 Transfer in / (Out) Net	0.69	2.09
6 Asset Gain / (Loss)	(1.59)	(7.51)
7 Actual benefits paid	(11.40)	(24.55)
8 Plan assets at the end of the year	151.89	141.78
V) Amounts recognised in Other Comprehensive Income		
1 Actuarial (Gain) / Loss on Liability	(1.61)	(9.28)
2 Actuarial (Gain) / Loss on Plan assets	1.59	7.51
Total	(0.02)	(1.77)
VI) Weighted Average duration of Defined Benefit Obligation	9.30 years	10.08 years
VII) The major categories of plan assets as a percentage of total plan	-	-
1 Special deposits scheme	11%	12%
2 Government Securities	61%	67%
3 Debentures and Bonds	20%	19%
4 Mutual Fund	8%	2%
	100%	100%
VIII) The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:		
1 Discounting rate	6.75%	6.25%
2 Guaranteed interest rate	8.50%	8.50%



NOTES TO FINANCIAL STATEMENTS

NOTE 51 - EMPLOYEE BENEFITS (CONTD.....)

IX) Sensitivity analysis for factors mentioned in Actuarial Assumptions (Refer Note (i) below)

Particulars	As at 31 December 2021 ₹ in crore	As at 31 December 2020 ₹ in crore
1 Discount rate (1% increase)	157.37	148.14
2 Discount rate (1% decrease)	158.56	149.09
3 Interest rate guarantee (1% increase)	165.16	155.57
4 Interest rate guarantee (1% decrease)	154.13	145.33

Notes:

- The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation recognised in the Balance Sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.
- In respect of Provident Fund, only liability and not surplus is recognised in the Balance Sheet.
- The Company expects to contribute ₹ 4.50 crore (previous year - ₹ 5.00 crore) to the trust managed Provident Fund in next year.

NOTE 52 - LEASES

(Refer Note 3 (Q) and (X) for accounting policy on leases)

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

The Company 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 Company has chosen the option whereby the right-of-use asset is equal to the lease liability at the initial application of Ind AS 116.

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

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - Excluded the initial direct costs from the measurement of the Right-of-use assets (ROU) at the date of initial application.
 - The Company has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at 1st January 2020
 - The Company has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
 - For lease arrangement in respect of ships, the Company 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	241.74
Non lease component for ships	201.84
Exemption of commitments for short-term leases	(9.84)
Exemption of commitments for leases of low value assets	(0.28)
Undiscounted future lease payments from operating leases	433.46
Effect of discounting	(89.03)
Total lease liability recognised as of 1st January 2020	344.43

NOTES TO FINANCIAL STATEMENTS

NOTE 52 - 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	20.28
Building and installation	8.51
Ships and tugs	315.64
Total	344.43

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

Particulars	For the year ended 31st December, 2020 ₹ in crore
Decrease in expenses	
Freight and forwarding expense	37.57
Rent expenses (included in other expenses)	3.90
	41.47
Increase in expenses	
Depreciation and amortisation expense	35.04
Finance costs	16.81
Foreign exchange (gain)/loss (included in other expenses)	6.93
	58.78

- d) The Company has entered into long-term leasing arrangements for land which has been assessed as finance lease since the present value of the minimum lease payments is substantially similar to the fair value of the leasehold land. These arrangements do not involve any material recurring payments. The Company 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	32.57	1.01	31.56
Other non-current Assets	33.94	-	33.94
Total	66.51	1.01	65.50

- e) The operating cash outflow for the year ended 31st December 2021 has increased by ₹ 42.68 crores (previous year - ₹ 43.07 crore), the financing cashflows have decreased by ₹ 42.68 crore (previous year - ₹ 43.07 crore) as repayment of lease liability and interest portion of lease payment. There is no commitment for leases not yet commenced as at 31st December 2021.

	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%

B) Disclosure as per Ind AS 116:

a) Company as lessee

The Company's lease asset classes primarily consist of leases for 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 Company has a ship on lease arrangement with the Contract currency in USD, hence the lease payment is calculated in USD.



NOTES TO FINANCIAL STATEMENTS

NOTE 52 - LEASES (CONTD.....)

- c) The operating cash outflow for the year ended 31st December 2021 has increased by ₹ 42.68 crore (previous year - ₹ 43.07 crore), the financing cashflows have decreased by ₹ 42.68 crore (previous year - ₹ 43.07 crore) as repayment of lease liability and interest portion of lease payment. There is no commitment for leases not yet commenced as at 31st December 2021.

- d) The movement in lease liabilities is as follows :

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Opening Balance	324.52	344.43
Additions during the year	4.02	0.35
Finance cost accrued during the period	15.22	16.81
Lease Modification	(0.11)	(0.18)
Payment of lease liabilities	(42.68)	(43.07)
Unrealised loss	3.71	6.93
Termination of lease contracts	(0.63)	(0.75)
Closing Balance	304.05	324.52
Current	42.90	27.88
Non-current	261.15	296.64
Total	304.05	324.52

- e) Lease Expenses recognised in 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	62.31	57.99
Total	62.31	57.99

- f) The maturity analysis of lease liabilities are disclosed in Note 56 (C) - Liquidity risk

NOTE 53 - DISCLOSURE PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS 2015 AND SECTION 186 (4) OF THE COMPANIES ACT 2013 :

Particulars	As at 31st December 2021		As at 31st December 2020	
	Outstanding balance	Maximum balance outstanding during the year	Outstanding balance	Maximum balance outstanding during the year
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
Unsecured loans to wholly owned subsidiaries :				
a) Dirk India Private Limited	37.94	37.94	37.94	37.94
For working capital requirement carrying interest @ 12% p.a. (Provision against loans and interest receivable thereon has been made)				
b) Chemical Limes Mundwa Private Limited	1.43	1.43	1.43	1.43
For working capital requirement. Repayment on call basis and carrying interest rate in the range of @ 9% p.a. to 12% p.a				
c) M.G.T Cements Private limited	0.02	0.02	0.01	0.01
(For working capital requirement. Repayment on call basis and carrying interest rate in the range of @ 9% p.a. to 10.55% p.a.)				

Notes:

- None of the loanees have made investment in the shares of the Company.
- Details of investments made is given in Note 9.
- Outstanding loans as disclosed above does not include interest accrued thereon.

NOTES TO FINANCIAL STATEMENTS

NOTE 54 - 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
4	ACC Limited	Subsidiary
5	M.G.T. Cements Private Limited	Subsidiary
6	Chemical Limes Mundwa Private Limited	Subsidiary
7	Dang Cement Industries Private Limited, Nepal	Subsidiary
8	Dirk India Private Limited	Subsidiary
9	OneIndia BSC Private Limited	Subsidiary
10	Wardha Vaalley Coal Field Private Limited	Joint Operation (Refer Note 63)
11	ACC Mineral Resources Limited	Subsidiary of ACC Limited
12	Lucky Minmat Limited	Subsidiary of ACC Limited
13	National Limestone Company Private Limited	Subsidiary of ACC Limited (Ceased to be a subsidiary w.e.f. 18th November 2020)
14	Singhania Minerals Private Limited	Subsidiary of ACC Limited
15	Bulk Cement Corporation (India) Limited	Subsidiary of ACC Limited

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	LafargeHolcim Energy Solutions S.A.S., France	Fellow Subsidiary
5	Lafarge Africa PLC, Nigeria	Fellow Subsidiary
6	Lafarge Holcim Global Hub Services Private Limited	Fellow Subsidiary
7	Holcim Philippines, Inc., Philippines	Fellow Subsidiary
8	Lafarge Umiam Mining Private Limited	Fellow Subsidiary
9	Holcim (Australia) Pty Ltd, Australia	Fellow Subsidiary
10	Lafargeholcim Investment Co Ltd, China	Fellow Subsidiary
11	Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	Fellow Subsidiary
12	Lafarge Zementwerke GMBH	Fellow Subsidiary
13	Counto Microfine Products Private Limited	Joint Venture
14	Ambuja Cements Limited Staff Provident Fund Trust	Trust (Post-employment benefit plan)
15	Ambuja Cements Limited Employees Gratuity Fund Trust	Trust (Post-employment benefit plan)
16	Ambuja Cement Foundation	Trust (Corporate Social Responsibility Trust)
17	Ambuja Vidya Niketan Trust	Trust (Corporate Social Responsibility Trust)
18	Ambuja Hospital Trust	Trust (Corporate Social Responsibility Trust)



NOTES TO FINANCIAL STATEMENTS

NOTE 54 - 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 period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
A) Transactions with subsidiaries		
1 Purchase of goods		
Dirk India Private Limited	-	0.09
ACC Limited	479.34	221.10
	479.34	221.19
2 Purchase of Asset		
ACC Limited	0.73	-
	0.73	-
3 Sale of Asset		
ACC Limited	17.42	-
	17.42	-
4 Sale of goods		
ACC Limited	888.21	517.21
	888.21	517.21
5 Rendering of services		
ACC Limited	33.06	33.80
	33.06	33.80
6 Interest income		
Dirk India Private Limited	4.55	4.56
Chemical Limes Mundwa Private Limited	0.16	0.15
	4.71	4.71

NOTES TO FINANCIAL STATEMENTS

NOTE 54 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
7 Receiving of services		
Dirk India Private Limited	11.51	13.62
ACC Limited	47.84	43.91
OneIndia BSC Private Limited	-	14.76
	59.35	72.29
8 Dividend Received		
ACC Limited	131.58	131.58
	131.58	131.58
9 Other recoveries		
ACC Limited	23.20	7.33
	23.20	7.33
10 Other payments		
ACC Limited	22.72	8.70
OneIndia BSC Private Limited	-	0.71
	22.72	9.41
11 Inter corporate deposits and loans		
Chemical Limes Mundwa Private Limited	-	0.15
M.G.T. Cements Private Limited	0.01	-
	0.01	0.15

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2021 ₹ in crore
B) Outstanding balances with subsidiary Companies		
1 Loans / inter corporate deposits given outstanding		
Unsecured, Considered good		
Chemical Limes Mundwa Private Limited	1.43	1.43
M.G.T. Cements Private Limited	0.02	0.01
Unsecured, where significant increase in credit risk (provision made)		
Dirk India Private Limited	37.94	37.94
	39.39	39.38
2 Amount receivable		
Unsecured, considered good		
Chemical Limes Mundwa Private Limited	0.38	0.23
ACC Limited	100.09	68.90
Unsecured, where significant increase in credit risk (interest on loans), (provision made)		
Dirk India Private Limited	9.22	9.22
	109.69	78.35
3 Amount payable		
Dirk India Private Limited	0.86	3.34
ACC Limited	37.90	21.84
OneIndia BSC Private Limited	-	1.83
	38.76	27.01



NOTES TO FINANCIAL STATEMENTS

NOTE 54 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
C) Transactions with fellow subsidiaries during the year		
1 Purchase of goods		
LafargeHolcim Energy Solutions S.A.S., France	-	225.54
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	199.03	-
	199.03	225.54
2 Sale of Fixed Assets		
Holcim Services (South Asia) Limited	-	0.01
	-	0.01
3 Receiving of services		
Holcim Group Services Limited, Switzerland	0.17	0.16
Holcim Technology Limited, Switzerland	131.25	107.86
LafargeHolcim Investment Co Ltd, China	0.16	-
Holcim Services (South Asia) Limited	39.52	47.04
Lafarge Holcim Global Hub Services Private Limited	22.42	9.69
Lafarge Zementwerke GMBH	0.29	-
	193.81	164.75
4 Rendering of services		
Holcim Services (South Asia) Limited	7.47	2.41
	7.47	2.41
5 Other recoveries		
LafargeHolcim Energy Solutions S.A.S., France	0.44	0.58
Holcim Technology Limited, Switzerland	2.44	1.15
Lafarge Africa PLC, Nigeria	-	0.01
Holcim Philippines, Inc., Philippines	-	0.14
Lafarge Umiam Mining Private Limited	-	0.17
Holcim (Australia) Pty Ltd, Australia	-	0.08
	2.88	2.13
6 Other payments		
LafargeHolcim Energy Solutions S.A.S., France	0.85	3.21
Holcim Technology Limited, Switzerland	0.08	0.86
	0.93	4.07

NOTES TO FINANCIAL STATEMENTS

NOTE 54 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2021 ₹ in crore
D) Outstanding balances with fellow subsidiary Companies		
1 Amount payable		
Holcim Technology Limited, Switzerland	30.28	24.36
Holcim Services (South Asia) Limited	1.98	5.13
Lafarge Holcim Global Hub Services Private Limited	1.75	-
LafargeHolcim Energy Solutions S.A.S., France	-	2.23
Holcim Trading Limited, Switzerland (Erstwhile LH Trading Ltd)	7.76	-
	41.77	31.72
2 Amount receivable		
Holcim Services (South Asia) Limited	3.29	2.42
	3.29	2.42

Particulars	For the period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
E) Transactions with holding company during the year		
1 Dividend paid		
Holderind Investments Limited, Mauritius	125.32	2,318.34
	125.32	2,318.34

Particulars	For the period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
F) Transactions with joint ventures during the year		
1 Rendering of services		
Counto Microfine Products Private Limited	3.62	3.53
	3.62	3.53
2 Sale of Goods		
Counto Microfine Products Private Limited	0.02	-
	0.02	-
3 Dividend Received		
Counto Microfine Products Private Limited	2.75	2.50
	2.75	2.50
4 Buy back of shares		
Counto Microfine Products Private Limited	-	2.25
	-	2.25

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
G) Outstanding balances with joint ventures		
1 Amount receivable		
Counto Microfine Products Private Limited	0.76	-
	0.76	-



NOTES TO FINANCIAL STATEMENTS

NOTE 54 - RELATED PARTY DISCLOSURE (CONTD.....)

Particulars	For the period ended 31st December 2021 ₹ in crore	For the year ended 31st December 2020 ₹ in crore
H) Transactions with Key Management Personnel		
1 Remuneration (Refer Note (a) and (b) below)		
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
	19.10	21.95
2 Break-up of remuneration		
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 49)	0.28	0.15
	19.10	21.95
3 Commission, sitting fees and advisory fee		
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
	4.77	4.88
	23.87	26.83

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 Mr. Neeraj Akhoury, MD and CEO being paid every six months as per agreement.
- Contribution to Ambuja Cements Limited Staff Provident Fund Trust :
The Company is required to contribute a specified percentage of the employee compensation for eligible employees towards provident fund. The Company makes monthly contribution to a trust specified for this purpose. During the year ended 31st December 2021, the Company has contributed ₹ 5.79 crore (previous year - ₹ 4.55 crore).
- Contribution to Ambuja Cements Limited Employees Gratuity Fund Trust :
The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees. During the year ended 31st December 2021, the Company has contributed ₹ 5.00 crore (previous year - ₹ 29 crore).
- 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
- The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Company 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 FINANCIAL STATEMENTS

NOTE 55 - FINANCIAL INSTRUMENTS

(Refer Note 3 (H) for accounting policy on fair value measurement)

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
Financial assets					
a) Measured at amortised cost					
Cash and cash equivalents	16	3,509.62	3,509.62	2,642.60	2,642.60
Bank balances other than cash and cash equivalents	17	178.37	178.37	207.43	207.43
Trade Receivables	15	293.17	293.17	191.51	191.51
Loans	11, 18	6.28	6.28	5.37	5.37
Other financial assets	12, 19	543.68	543.68	692.15	692.15
		4,531.12	4,531.12	3,739.06	3,739.06
b) Measured at fair value through profit and loss (FVTPL)					
Cash and cash equivalents - investments in liquid mutual funds	16	475.08	475.08	74.31	74.31
Investment in unquoted equity instruments	10	9.20	9.20	4.50	4.50
		484.28	484.28	78.81	78.81
Total (a+b)		5,015.40	5,015.40	3,817.87	3,817.87
Financial liabilities					
a) Measured at amortised cost					
Trade payables		1,144.40	1,144.40	880.90	880.90
Lease liabilities		304.05	304.05	324.52	324.52
Other financial liabilities	28, 34	872.67	872.67	736.86	736.86
Interest free loan from State Government	26	46.94	46.94	43.60	43.60
		2,368.06	2,368.06	1,985.88	1,985.88
b) Measured at fair value through profit and loss (FVTPL)					
Foreign currency forward contract	34	3.26	3.26	1.04	1.04
Total (a+b)		2,371.32	2,371.32	1,986.92	1,986.92



NOTES TO FINANCIAL STATEMENTS

NOTE 55 - 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 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
Income on Financial Instruments			
Financial assets measured at amortised cost			
Interest income	38	113.54	202.01
Impairment losses on trade receivables (including reversals of impairment losses)		2.19	13.78
Financial assets measured at fair value through profit or loss			
Gain on sale of current financial assets	38	8.26	10.82
Net gain on fair valuation of liquid mutual fund	38	0.10	0.31
Total		124.09	226.92
Expenses on Financial Instruments			
Financial liabilities measured at amortised cost			
Net Exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	46	2.05	8.92
Interest expenses on deposits from dealers	43	13.48	15.34
Interest expense on lease liability	43	15.22	16.81
Financial liabilities measured at fair value through profit or loss			
Net Loss on foreign currency forward contract	46	5.92	1.02
Total		36.67	42.09
Net Income recognised in the Statement of Profit and Loss		87.42	184.83

C) Fair value measurements

The Company 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 FINANCIAL STATEMENTS

NOTE 55 - 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
Financial assets					
a) Measured at fair value through the statement of profit and loss (FVTPL)					
Cash and cash equivalents - investments in liquid mutual funds	16	475.08	74.31	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 subsidiaries and joint ventures)	10	9.20	4.50	3	Using discounted cash flow method.
Financial liabilities					
a) Measured at fair value through the statement of profit and loss (FVTPL)					
Foreign currency forward contract	34	3.26	1.04	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:

a) 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 Company's opinion 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 financial statement approximate their fair values largely due to the short-term maturities of these instruments.

NOTE 56 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company 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 Company'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 Company's policy that no trading in derivatives for speculative purposes shall be undertaken.

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



NOTES TO FINANCIAL STATEMENTS

NOTE 56 - 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 affected by market risk comprise deposits, investments, trade payables.

The Company is not an investor in equity market. The Company 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 Company's investments are predominantly held in fixed deposits and liquid mutual funds (debt market). Mark to market movements in respect of the Company's investments are valued through the 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 risk

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

NOTES TO FINANCIAL STATEMENTS

NOTE 56 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

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 Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company operating activities. The aim of the Company's approach to manage currency risk is to leave the Company with no material residual risk. The Company is not exposed to significant foreign currency risk. Based on sensitivity analysis, the Company has well defined forex exposure threshold limit approved by Board of Directors, beyond which all forex exposure are fully hedged.

The total carrying amount of foreign currency denominated financial 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
Trade payable and other financial liabilities (Unhedged)				
CHF	0.22	-	0.08	-
EURO	4.86	0.06	1.55	0.02
GBP	-	-	0.05	-
JPY	1.19	1.78	0.20	0.28
SEK	0.44	0.05	0.34	0.04
SGD	-	-	0.01	-
USD	130.77	1.82	148.28	2.04
Total	137.48		150.51	
Foreign exchange derivatives				
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
Trade payable and other financial liabilities (Unhedged)				
CHF	0.01	(0.01)	-	-
EURO	0.05	(0.05)	0.01	(0.01)
GBP	-	-	-	-
JPY	0.01	(0.01)	-	-
SEK	0.01	(0.01)	-	-
SGD	-	-	-	-
USD	1.31	(1.31)	1.48	(1.48)
Increase / (Decrease) in profit	1.39	(1.39)	1.49	(1.49)

In the Company'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.



NOTES TO FINANCIAL STATEMENTS

NOTE 56 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

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 Company'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
Interest bearing			
Security deposit from dealers	34	500.34	490.39
Non-interest bearing			
Current maturities of non-current borrowings	34	3.44	-
Interest free loan from State Government	26	43.50	43.60
Total		547.28	533.99
Interest rate sensitivities for unhedged exposure (Refer Note (i) below)			
Security deposit from dealers			
Impact of increase in 100 bps would decrease profit by		5.00	4.90
Impact of decrease in 100 bps would increase profit by		(5.00)	(4.90)

Note :

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

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 Company 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 Company 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	15	25.87	23.68
Financial assets other than trade receivables			
Loans to subsidiary	11	37.94	37.94
Loans to joint operation	11	1.10	1.04
Interest receivable from subsidiary	12	9.22	9.22
Other receivable	19	12.03	12.14
Total		86.16	84.02

Trade receivables

Trade receivables consist of a large number of customers. The Company 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 Company'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 Company.

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

NOTES TO FINANCIAL STATEMENTS

NOTE 56 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

Ageing of trade receivables (Refer Note 15) :

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Up to 6 months	288.95	183.26
More than 6 months	30.09	31.93
Total	319.04	215.19
Impaired	(25.87)	(23.68)
Total	293.17	191.51

Financial assets other than trade receivables

The exposure to the Company 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 Company 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 equivalent. 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 ₹ 9.20 crore and ₹ 475.08 crore (31st December 2020 - ₹ 4.50 and ₹ 74.31 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.

Expected credit loss assessment

The Company 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 Company 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 receivables

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balance at the beginning of the year	23.68	9.90
Add : provided during the year	5.39	15.23
Less : reversal of provisions	3.20	1.45
Balance at the end of the year	25.87	23.68

Expected credit loss provision in respect of financial assets other than trade receivables comprise of loans extended to subsidiary and joint operation of the company

Movement in expected credit loss allowance of financial assets other than trade receivables

Particulars	As at 31st December 2021 ₹ in crore	As at 31st December 2020 ₹ in crore
Balance at the beginning of the year	60.34	55.22
Add : provided during the year	0.15	6.50
Less : reversal of provisions	0.20	1.38
Balance at the end of the year	60.29	60.34



NOTES TO FINANCIAL STATEMENTS

NOTE 56 - FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONTD.....)

C) Liquidity risk

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

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	
As at 31st December 2021					
Borrowings	46.94	3.59	46.16	8.47	58.22
Lease liabilities	304.05	44.40	182.67	149.49	376.56
Trade payables	1,144.40	1,144.40	-	-	1,144.40
Other financial liabilities (Refer Note (a) below)	875.93	879.24	0.13	-	879.37
Total	2,371.32	2,071.63	228.96	157.96	2,458.55
As at 31st December 2020					
Borrowings	43.60	-	49.75	8.47	58.22
Lease liabilities	324.52	49.49	184.74	184.32	418.55
Trade payables	880.90	880.90	-	-	880.90
Other financial liabilities (Refer Note (a) below)	737.90	737.77	0.13	-	737.90
Total	1,986.92	1,668.16	234.62	192.79	2,095.57

Note:

- a) Other financial liabilities includes deposits received from customers amounting to ₹ 500.34 crore (31st December 2020 - ₹ 490.39 crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Company has assumed that these deposits including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

NOTES TO FINANCIAL STATEMENTS

NOTE 57 - SEGMENT REPORTING

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

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

B) Geographical Information

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

	Revenues from customers		Non-current assets (Refer Note (a) below)	
	For the year ended 31st December 2021	For the year ended 31st December 2020	As at 31st December 2021	As at 31st December 2020
	₹ in crore	₹ in crore	₹ in crore	₹ in crore
a) Within India	13,793.56	11,174.97	9,261.55	8,644.09
b) Outside India (Refer Note (b) below)	-	-	-	-
Total	13,793.56	11,174.97	9,261.55	8,644.09

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) Company does not have revenue outside India.

C) Information about major customers

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

NOTE 58 - PROPOSED AMALGAMATION OF A SUBSIDIARY

During the year 2019, the Board of Directors has approved the amalgamation of Dirk India Private Limited (DIPL), a wholly owned subsidiary with the Company with effect from 1st January 2020 in terms of the scheme of amalgamation, subject to regulatory approval. The application for merger is filed with the National Company Law Tribunal (NCLT) Mumbai and NCLT Ahmedabad. Pending regulatory approval the impact of the proposed amalgamation is not given in these financial statements.

NOTE 59 - EXCEPTIONAL ITEMS

During the year ended 31st December 2021, there was a charge of ₹ 65.69 crore on account of restructuring costs to employees and contract staff.

NOTE 60 - RISK DUE TO OUTBREAK OF COVID-19 PANDEMIC

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statement including the recoverability of carrying amounts of financial and non-financial assets. The Company has, at the date of approval of the financial statement, 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 Company's financial statements may differ from that estimated as at the date of approval of the same.

NOTE 61 - In December 2020, the CCI initiated an investigation against cement companies in India including the Company regarding alleged anti-competitive behaviour and conducted search and seizure operations in December 2020 against few companies. The Company has provided the information sought. The Company is of the firm view that it has acted and continues to act in compliance with competition laws. The Company is continuing to cooperate with the regulator. The Company believes that this does not have any impact on the financial statement.



NOTES TO FINANCIAL STATEMENTS

NOTE 62 - CODE ON SOCIAL SECURITY, 2020

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

NOTE 63 - FINANCIAL INFORMATION IN RESPECT OF JOINT OPERATIONS THAT ARE NOT INDIVIDUALLY MATERIAL

The Company has interest in a joint operation "Wardha Vaalley Coal Field Private Limited". The Company'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. Summarised financial information of the joint operation is given below:

Particulars	As at 31st December 2021 % and ₹ in crore	As at 31st December 2020 % and ₹ in 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 64 - Figures below ₹ 50,000 have not been disclosed.

NOTE 65 - The Company 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
Balance Sheet				
Non-current financial assets				
Loans	11	76.35	0.94	75.41
Other financial assets	12	537.92	613.33	(75.41)

The accompanying notes are integral part of the Standalone 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