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 2020, 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, and based on the consideration of reports of the other auditors on separate financial statements of the joint operation referred to in the Other Matters section below, 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, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their report referred to in the Other Matters section below, 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 crore for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Company. On the Company's appeal, National Company Law Appellate Tribunal (NCLAT), which replaced the Competition Appellate Tribunal (COMPAT) effective 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 crore for alleged contravention of the provisions of the Competition Act. On Company's filing an appeal together with application for interim stay against payment of penalty, COMPAT had stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

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

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.

<table>
<tr><th>Sr. No.</th><th>Key Audit Matters</th><th>Auditor's Responses</th></tr>
<tr><td>1.</td><td>Litigation, Claims and Contingent Liabilities:

(Refer Notes 3J and 48, read along with Emphasis of Matter in Independent Auditor's Report to the standalone financial statements)

The Company is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims.

Based on the nature of regulatory and legal cases management applies significant judgement when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.

Given the different views, possible basis the interpretations, complexity and the magnitude of the potential exposures, and the judgement necessary to determine required disclosures, this is a key audit matter.</td><td>Principal audit procedures performed:
• We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities.
• We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote';
• Examined the Company's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness.
• We read the correspondence from Court authorities and considered legal opinion obtained by the Management from external law firms to evaluate the basis used for provisions recognised or the disclosures made in the standalone financial statements.
• We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions.
• For those matters where Management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company's disclosures made in relation to contingent liabilities.</td></tr>
<tr><td>2.</td><td>Income tax provision :

(Refer Notes 3P, 29, 30 and 48 to the standalone financial statements)

This matter has been identified as a Key Audit Matter due to the significant level of management judgement required in the estimation of provision for income taxes including any write back of provisions, due to the following factors:
• Existence of multiple uncertain tax positions leading to multiple disputes / litigations
• Provision for tax involves interpretation of various rules and law thereof. It also involves consideration of on-going disputes and disclosures of related contingencies.</td><td>Principal audit procedures performed:
• Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Company's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.
• Obtained details of completed tax assessments and demands as of December 31, 2020 from the management.
• We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the Management's underlying key assumptions in estimating the tax provision.
• 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.</td></tr>
</table>

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, compare with the financial statements of the joint operation audited by the other auditors, to the extent it relates to the joint operation and, in doing so, place reliance on the work of the other auditors 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. Other information so far as it relates to the joint operation, is traced from their financial statements audited by the other auditors.

- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's Responsibility for the 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 statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the standalone financial 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the Company and its joint operation to express an opinion on the standalone financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities or business activities included in the standalone financial statements of which we are the independent auditors. For the business activity of the joint operation included in the standalone financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the 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.

Other Matters

We did not audit the financial statements of a joint operation included in the standalone financial statements of the Company whose financial statements reflect total assets of ₹ 0.70 crore as at 31st December 2020 and total revenue of ₹ 0.04 crore for the year ended on that date, as considered in the standalone financial statements. The financial statements of this joint operation have been audited by the other auditors whose reports have been furnished to us, and our opinion in so far as it relates to the amounts and disclosures included in respect of this joint operation and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid joint operation is based solely on the report of such other auditors.

Our opinion on the standalone financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements/ financial information of the joint operation, referred to in the Other Matters section above we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   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 and the reports of the other auditors.

   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 IndAS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31st December, 2020 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, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements - Refer Note 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: 21040081AAAAAV2554)

Place: Mumbai
Date: 18th February, 2021

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, 2020)

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, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Saira Nainar
Partner
(Membership No. 040081)
(UDIN: 21040081AAAAAV2554)

Place: Mumbai
Date: 18th February, 2021

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date on the Standalone financial statements for the year ended 31st December, 2020 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 program 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 program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) (i) 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 / other relevant records provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

(₹ in crore)

Particulars of the land and building	Gross block as at 31st December, 2020	Net Block as at 31st December, 2020	Total number of cases	Remarks
Freehold land	1.30	1.30	12	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 fixed assets / 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.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees to directors / to a company in which a director is interested, to which the provisions of Section 185 of the Companies Act, 2013 apply and hence not commented upon. Further the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. The Company does not have unclaimed deposits as at 31st December, 2020 and accordingly, provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act are not applicable to the Company.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 for manufacture of cement. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Service Tax (GST), 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, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax which have not been deposited as on 31st December, 2020 on account of disputes are given below:

(₹ in crore)

Name of the Statute	Nature of Dues	Period to which the amount relates	Forum where dispute is pending				
			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	30.21	13.20	90.98	112.92	**247.31**
Customs Act, 1962	Demand of Customs Duty, interest and penalty	2000-01 to 2013-14	0.46	38.09	-	-	**38.55**
Central excise Act, 1944	Demand of Excise duty, Denial of Cenvat Credit, Interest and Penalty	1994-95 to 2017-18	7.29	17.19	0.18	2.06	**26.72**
Finance Act, 1994	Denial of service tax credit and penalty	2004-05 to 2017-18	2.98	255.08	-	-	**258.06**
Income Tax Act, 1961	Income tax and Interest	AY 2007-08 to AY 2013-14	70.43	15.56	-	-	**85.99**

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 Standalone 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: 21040081AAAAAV2554)

Place: Mumbai
Date: 18th February, 2021

Balance Sheet

As at 31st December 2020

₹ in crore

Particulars	Notes	As at 31.12.2020	As at 31.12.2019
ASSETS			
1 Non-current assets			
a) Property, plant and equipment	4	**5,382.88**	5,633.62
b) Right-of-use assets	5	**373.98**	-
c) Capital work-in-progress (Refer Note 4(h))		**1,873.74**	1,108.70
d) Goodwill	6	**-**	-
e) Other intangible assets	7	**174.64**	178.83
f) Investments in subsidiaries and joint venture	9	**11,787.71**	11,789.01
g) Financial assets			
i) Investments	10	**4.50**	-
ii) Loans	11	**76.35**	62.90
iii) Other financial assets	12	**537.92**	372.94
h) Non-current tax assets (net) (Refer Note 31)		**152.19**	176.64
i) Other non-current assets	13	**686.66**	819.99
Total - Non-current assets		**21,050.57**	20,142.63
2 Current assets			
a) Inventories	14	**746.61**	954.07
b) Financial assets			
i) Trade receivables	15	**191.51**	513.22
ii) Cash and cash equivalents	16	**2,716.91**	4,512.29
iii) Bank balances other than cash and cash equivalents	17	**207.43**	187.20
iv) Loans	18	**4.43**	4.51
v) Other financial assets	19	**78.82**	228.87
c) Other current assets	20	**460.35**	423.19
		4,406.06	6,823.35
d) Non-current assets classified as held for sale	21	**24.75**	24.75
Total - Current assets		**4,430.81**	6,848.10
TOTAL - ASSETS		**25,481.38**	26,990.73
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	22	**397.13**	397.13
b) Other equity	25	**19,918.73**	21,808.05
Total Equity		**20,315.86**	22,205.18
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	26	**43.60**	35.28
ii) Other financial liabilities	27	**296.77**	0.62
b) Provisions	28	**55.62**	50.34
c) Deferred tax liabilities (net)	29	**185.95**	216.06
d) Other non-current liabilities	32	**40.05**	35.83
Total - Non-current liabilities		**621.99**	338.13
2 Current liabilities			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of micro and small enterprises	33	**2.46**	1.09
Total outstanding dues of creditors other than micro and small enterprises		**878.44**	934.89
ii) Other financial liabilities	34	**765.65**	782.04
b) Other current liabilities	35	**1,911.97**	1,737.81
c) Provisions	36	**3.85**	85.37
d) Current tax liabilities (net) (Refer Note 31)		**981.16**	906.22
Total - Current liabilities		**4,543.53**	4,447.42
Total Liabilities		**5,165.52**	4,785.55
TOTAL - EQUITY AND LIABILITIES		**25,481.38**	26,990.73

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

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 18th February 2021

Rajani Kesari
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board of Directors

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

Rajendra P. Chitale
Chairman - Audit Committee
DIN - 00015986

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

Statement of Profit and Loss

For the year ended 31st December 2020

₹ in crore

Particulars		Notes	For the year ended 31st December 2020	For the year ended 31st December 2019
1	**Income**			
	a) Revenue from operations	37	**11,371.86**	11,667.88
	b) Other income	38	**372.00**	426.52
	Total Income		**11,743.86**	12,094.40
2	**Expenses**			
	a) Cost of materials consumed	39	**874.88**	994.42
	b) Purchase of stock-in-trade	40	**197.31**	88.27
	c) Changes in inventories of finished goods, work-in progress and stock-in-trade	41	**114.08**	42.80
	d) Employee benefits expense	42	**668.78**	672.63
	e) Finance costs	43	**83.05**	83.52
	f) Depreciation and amortisation expense	44	**521.17**	543.83
	g) Power and fuel		**2,251.91**	2,586.42
	h) Freight and forwarding expense	45	**2,854.88**	3,094.20
	i) Other expenses	46	**1,784.54**	2,046.44
			9,350.60	10,152.53
	j) Self consumption of cement		**(21.12)**	(6.15)
	Total Expenses		**9,329.48**	10,146.38
3	**Profit before tax (1-2)**		**2,414.38**	1,948.02
4	**Tax expense**	30		
	a) Current tax - charge		**652.04**	573.00
	b) Deferred tax - (credit)		**(27.76)**	(153.52)
			624.28	419.48
5	**Profit for the year (3-4)**		**1,790.10**	1,528.54
6	**Other comprehensive income**			
	Items not to be reclassified to profit or loss in subsequent periods			
	Remeasurement gains / (losses) on defined benefit plans		**(9.32)**	(6.97)
	Tax adjustment on above		**2.35**	2.58
	Total other comprehensive income		**(6.97)**	(4.39)
7	**Total comprehensive income for the year (5+6)**		**1,783.13**	1,524.15
8	**Earnings per share of ₹ 2 each - in ₹**	47		
	Basic		**9.02**	7.70
	Diluted		**9.01**	7.70

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

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 18th February 2021

Rajani Kesari
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board of Directors

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

Rajendra P. Chitale
Chairman - Audit Committee
DIN - 00015986

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

Statement of Changes in Equity

For the year ended 31st December 2020

₹ in crore

Particulars	Notes	As at 31.12.2020	As at 31.12.2019
A) Equity share capital	22		
Opening balance		**397.13**	397.13
Changes during the year		**-**	-
Closing balance		**397.13**	397.13

₹ in crore

Particulars	Reserves and surplus (Refer Note 25)							Total other equity
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidies	Capital contribution from parent	Retained earnings	
B) Other equity								
Balance as at 31st December 2018	130.71	12,471.07	5,655.83	9.93	5.02	-	2,342.84	20,615.40
Profit for the year	-	-	-	-	-		1,528.54	1,528.54
Other comprehensive income (net of tax expenses)	-	-	-	-	-		(4.39)	(4.39)
Total comprehensive income for the year	-	-	-	-	-	-	1,524.15	1,524.15
Share based payment (Refer Note 49)						0.53	-	0.53
Equity dividend paid for the year 2018 (Refer Note 24)							(297.85)	(297.85)
Dividend distribution tax on above (Refer Note 24)	-	-	-	-	-		(34.18)	(34.18)
Balance as at 31st December 2019	130.71	12,471.07	5,655.83	9.93	5.02	0.53	3,534.96	21,808.05
Balance as at 31st December 2019	**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**
Equity dividend paid for the year 2019 (Refer Note 24)	**-**	**-**	**-**	**-**	**-**	**-**	**(297.85)**	**(297.85)**
Interim 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

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 18th February 2021

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

Cash Flow Statement

For the year ended 31st December 2020

₹ in crore

Particulars	Notes	For the year ended 31st December 2020	For the year ended 31st December 2019
A) Cash flows from operating activities			
Profit before tax		**2,414.38**	1,948.02
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	44	**521.17**	543.83
Loss on property, plant and equipment sold, discarded and written off (net)		**21.82**	9.95
Dividend income from subsidiary	38	**(131.58)**	(131.58)
Dividend income from joint venture	38	**(2.50)**	(1.66)
Gain on sale of current financial assets measured at fair value through profit and loss	38	**(10.82)**	(27.84)
Net gain on fair valuation of liquid mutual fund measured at fair value through profit and loss	38	**(0.31)**	(2.74)
Finance costs	43	**83.05**	83.52
Interest income		**(219.91)**	(235.15)
Provision for slow and non moving spares		**17.38**	3.48
Discounting income on interest free loan		**(3.25)**	-
Unrealised exchange loss (net)		**7.95**	0.21
Fair value movement in derivative instruments		**1.02**	0.13
Interest on income tax written back		**(5.77)**	(27.58)
Provisions no longer required written back	37	**(6.06)**	(3.80)
Impairment loss recognised under Expected Credit Loss (ECL) Model		**14.14**	6.03
Compensation Expenses under Employees Stock Options Scheme	49	**1.00**	0.53
Inventories written off		**1.66**	11.50
Bad debts, sundry debit balances and claims written off / written back (net)		**1.07**	0.08
Profit on buy back of shares of joint venture		**(0.94)**	-
Other non-cash items		**(0.05)**	-
Operating profit before working capital changes		**2,703.45**	2,176.93
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	**262.00**	(201.06)
Decrease in Inventories	14	**188.42**	308.71
Adjustments for Decrease / (Increase) in operating liabilities			
Increase / (Decrease) in Trade payables, other liabilities and provisions	26-29, 32-36	**(82.79)**	280.79
Cash generated from operations		**3,071.08**	2,565.37
Direct taxes paid (net of refunds) (Refer Note (1) below)		**(464.84)**	(80.71)
Net cash flow from operating activities (A)		**2,606.24**	2,484.66
B) Cash flows from investing activities			
Purchase of property, plant and equipment, intangibles etc. (including capital work in progress and capital advances)		**(985.47)**	(1,116.47)
Proceeds from sale of property, plant and equipment		**7.65**	6.34
Proceeds from buyback of shares of joint venture		**2.24**	-
Inter corporate deposits and loans given to subsidiaries		**(0.15)**	(0.26)
Gain on sale of current financial assets measured at FVTPL		**10.82**	27.84
Investments in bank deposits (having original maturity of more than 3 months and upto 12 months)		**(8,200.67)**	(4,307.85)
Redemption of bank deposits (having original maturity of more than 3 months and upto 12 months)		**8,189.28**	4,299.23
Investments in bank deposits (having original maturity of more than 12 months)		**(27.84)**	(0.91)
Redemption of bank deposits (having original maturity of more than 12 months)		**19.02**	5.87
Purchase of non current investment		**(4.50)**	-
Dividend received from subsidiary	38	**131.58**	131.58
Dividend received from joint venture	38	**2.50**	1.66
Interest received		**214.05**	216.33
Net cash used in investing activities (B)		**(641.49)**	(736.64)

Cash Flow Statement

For the year ended 31st December 2020

₹ in crore

Particulars	Notes	For the year ended 31st December 2020	For the year ended 31st December 2019
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		**(26.26)**	-
Interest portion of lease repayment		**(16.81)**	
Interest paid		**(46.53)**	(55.82)
Net movement in earmarked balances with banks		**(8.84)**	1.06
Dividend paid on equity shares		**(3,664.61)**	(299.86)
Dividend distribution tax paid		**-**	(34.18)
Net cash used in financing activities (C)		**(3,760.44)**	(388.80)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**(1,795.69)**	1,359.22
Cash and cash equivalents			
Cash and cash equivalents at the end of the year (Refer Note 16)		**2,716.91**	4,512.29
Adjustment for fair value (gain) / loss on liquid mutual funds measured through profit and loss (Refer Note 38)		**(0.31)**	(2.74)
		2,716.60	4,509.55
Cash and cash equivalents at the beginning of the year (Refer Note 16)		**4,512.29**	3,150.33
Net increase / (decrease) in cash and cash equivalents		**(1,795.69)**	1,359.22

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 :

₹ in crore

Particulars	As at 31st December 2019	Cash flow changes		Non-cash flow changes		As at 31st December 2020
		Receipts	Payments	Unwinding charges	Other changes	
Non-current borrowings (Refer note 26)	35.28	**8.47**	**-**	**3.10**	**(3.25)**	**43.60**
Current maturities of non-current borrowings (Refer note 34)	5.78	**-**	**(5.86)**	**0.08**	**-**	**-**
Total	41.06	**8.47**	**(5.86)**	**3.18**	**(3.25)**	**43.60**

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

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 18th February 2021

Rajani Kesari
Chief Financial Officer

Rajiv Gandhi
Company Secretary

For and on behalf of the Board of Directors

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

Rajendra P. Chitale
Chairman - Audit Committee
DIN - 00015986

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

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 18th February 2021.

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 except change in accounting policy on Leases as disclosed in note 52.

Financial statements are presented in ₹ which is the functional currency of the Company and all 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.

V. The Company has applied Ind AS 116 "Leases" with effect from 1st January 2020.

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

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 case, 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:

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:

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.

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.

Notes to Financial Statements

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.

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.

Notes to Financial Statements

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.

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

<u>Debt instruments</u>

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.

<u>Equity instruments</u>

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

Notes to Financial Statements

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:

i. The rights to receive cash flows from the asset have expired, or

ii. 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.

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)

Notes to Financial Statements

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.

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

Notes to Financial Statements

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.

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

Notes to Financial Statements

terms agreed to with customers concerned, which is consistent with the market practice.

Contract balances

Trade Receivables

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

Contract assets, which is a 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.

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.

Notes to Financial Statements

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.

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,

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

Notes to Financial Statements

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.

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

I. Accounting policy effective 1st January 2020

Ind AS 116 "Leases" replaces Ind AS 17 "Leases" and applicable to the Company with effect from 1st January 2020.

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

a. the contract involves the use of identified asset;

b. the Company has substantially all of the economic benefits from the use of the asset through the period of lease and;

c. the Company has the right to direct the use of the asset.

Notes to Financial Statements

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
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.

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

Notes to Financial Statements

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.

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. 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

Notes to Financial Statements

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, 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.

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.

X. New Accounting Pronouncements

Effective from 1st January 2020, the Company has adopted the following new Standard and amendments to certain Ind AS relevant to the Company:

I. Adoption of 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 using the incremental borrowing rate as at the date of initial application.

Further, the application of Ind AS 116 did not have any significant impact on the financial statements and EPS for the year ended 31st December 2020. Information regarding the financial impacts of the initial application of Ind AS 116 is outlined in Note 52.

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

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

There is no material impact on the Company due to the application of the above amendment.

Several other amendments apply for the first time for the year ending 31st December 2020, but do not have an impact on the financial statements of the Company.

Y. Recent Accounting Developments

There is no new standard or amendment to the existing standards which are applicable from 1st January 2021.

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)

₹ in crore

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value (Refer Note (e) below)	
	As at 31st December 2019	Additions	Deductions / Transfers	As at 31st December 2020	As at 31st December 2019	Charge for the year (Refer Note (f) below)	Deductions/ Transfers	As at 31st December 2020	As at 31st December 2020	As at 31st December 2019
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	53.66	30.92	-	84.58	708.98	718.07
Leasehold mining land	201.12	0.33	-	201.45	3.21	2.06	-	5.27	196.18	197.91
Leasehold non-mining land (Refer Note (j) below)	32.47	0.10	32.57	-	1.01	-	1.01	-	-	31.46
Buildings roads and water works (Refer Note (a) below)	1,557.56	10.73	2.25	1,566.04	331.35	74.12	0.62	404.85	1,161.19	1,226.21
Plant and equipment (owned) (Refer Note (b) below)	4,504.72	193.45	45.39	4,652.78	1,667.32	335.51	18.67	1,984.16	2,668.62	2,837.40
Furniture and fixtures	24.47	0.87	0.24	25.10	11.76	2.45	0.13	14.08	11.02	12.71
Vehicles	119.37	17.55	3.36	133.56	43.01	16.43	2.48	56.96	76.60	76.36
Office equipment	70.42	4.22	0.85	73.79	48.93	10.34	0.82	58.45	15.34	21.49
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	14.31	3.00	-	17.31	7.06	10.06
Railway sidings and locomotives (Refer Note (d) below)	48.59	0.01	-	48.60	19.15	3.68	-	22.83	25.77	29.44
Ships	126.54	-	-	126.54	30.28	7.19	-	37.47	89.07	96.26
Total	**7,857.61**	**295.99**	**84.76**	**8,068.84**	**2,223.99**	**485.70**	**23.73**	**2,685.96**	**5,382.88**	**5,633.62**

₹ in crore

Particulars	Gross Carrying Value				Accumulated Depreciation				Net Carrying Value (Refer Note (e) below)	
	As at 31st December 2018	Additions	Deductions / Transfers	As at 31st December 2019	As at 31st December 2018	Charge for the year (Refer Note (f) below)	Deductions/ Transfers	As at 31st December 2019	As at 31st December 2019	As at 31st December 2018
Freehold non-mining land	372.63	3.62	-	376.25	-	-	-	-	376.25	372.63
Freehold mining land	758.32	13.41	-	771.73	30.77	22.89	-	53.66	718.07	727.55
Leasehold mining land	25.92	175.20	-	201.12	1.33	1.88	-	3.21	197.91	24.59
Leasehold non-mining land	32.47	-	-	32.47	0.64	0.37	-	1.01	31.46	31.83
Buildings roads and water works (Refer Note (a) below)	1,486.43	71.47	0.34	1,557.56	248.29	83.15	0.09	331.35	1,226.21	1,238.14
Plant and equipment (owned) (Refer Note (b) below)	4,208.66	326.16	30.10	4,504.72	1,295.20	388.49	16.37	1,667.32	2,837.40	2,913.46
Furniture and fixtures	23.13	2.88	1.54	24.47	10.39	2.74	1.37	11.76	12.71	12.74
Vehicles	99.04	24.63	4.30	119.37	28.85	16.75	2.59	43.01	76.36	70.19
Office equipment	62.64	10.07	2.29	70.42	39.10	11.90	2.07	48.93	21.49	23.54
Marine structures (Refer Note (c) below)	24.37	-	-	24.37	11.25	3.06	-	14.31	10.06	13.12
Railway sidings and locomotives (Refer Note (d) below)	47.01	1.58	-	48.59	15.50	3.65	-	19.15	29.44	31.51
Ships	126.80	-	0.26	126.54	22.91	7.42	0.05	30.28	96.26	103.89
Total	7,267.42	629.02	38.83	7,857.61	1,704.23	542.30	22.54	2,223.99	5,633.62	5,563.19

Notes to Financial Statements

Includes :

a) i) Premises in co-operative societies, on ownership basis of ₹ 83.42 crore (31st December 2019 - ₹ 84.50 crore) and ₹ 7.73 crore (31st December 2019 - ₹ 6.31 crore) being accumulated depreciation thereon.

ii) ₹ 19.48 crore (31st December 2019 - ₹ 19.92 crore) being cost of roads constructed by the Company, the ownership of which vests with goverment/local authorities and ₹ 16.87 crore (31st December 2019 - ₹ 16.27 crore) being accumulated depreciation thereon.

b) ₹ 73.47 crore (31st December 2019 - ₹ 73.54 crore) being cost of power lines incurred by the Company, the ownership of which vests with state electricty boards and ₹ 11.17 crore (31st December 2019 - ₹ 8.88 crore) being accumulated depreciation thereon.

c) Cost incurred by the Company the ownership of which vests with the state maritime boards.

d) ₹ 11.75 crore (31st December 2019 - ₹ 11.75 crore) being cost of railway sidings incurred by the Company, the ownership of which vests with railway authorities and ₹ 5.90 crore (31st December 2019 - ₹ 4.96 crore) being accumulated depreciation thereon.

e) As per the website of the Ministry of Corporate affairs, certain charges aggregating ₹ 23.42 crore (31st December 2019 - ₹ 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. Subsequent to balance sheet date, on the 5th February 2021 charges for ₹ 1 crore included above have been satisfied.

f) ₹ 5.18 crore (31st December 2019 - ₹ 1.25 crore) capitalised during construction for projects (Refer Note 8).

g) The title deeds of immovable properties are held in the name of the Company except for 12 cases (31st December 2019 - 12 cases) of freehold land amounting to net block of ₹ 1.30 crore (31st December 2019 - ₹ 1.30 crore) for which title deeds are in the name of the subsidiary and erstwhile Company, merged with the Company.

h) Capital work in progress as at 31st December 2020 is ₹ 1,873.74 crore (31st December 2019 - ₹ 1,108.70 crore). 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.

i) For contractual commitment with respect to property, plant and equipment Refer Note 50.

j) Upon implementation of Ind AS 116 - Leases from 1st January 2020, all leasehold non-mining land, identified under the earlier Ind AS 17 amounting ₹ 31.56 crore (net block) have been reclassified as Right of use assets. Also Refer Note 52 A(c).

Note 5 - Right-of-use assets

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

₹ in crore

Particulars	Gross Carrying Value					Accumulated Depreciation					Net Carrying Value	
	As at 1st January 2020 (Refer Note (a) below)	Reclassified on account of Ind AS 116 (Refer Note (a) below)	Additions	Deductions / Transfers	As at 31st December 2020	As at 1st January 2020	Reclassified on account of Ind AS 116 (Refer Note (a) below)	Charge for the year	Deductions/ Transfers	As at 31st December 2020	As at 31st December 2020	As at 31st December 2019
Leasehold land (Refer Note 4(j) and 52(A)(c))	20.28	66.51	-	-	86.79	-	1.01	2.22	-	3.23	83.56	-
Building and installation	8.51	-	0.35	1.07	7.79	-	-	1.75	0.18	1.57	6.22	-
Ships and tugs	315.64	-	-	-	315.64	-	-	31.44	-	31.44	284.20	-
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"

Notes to Financial Statements

Note 6 - Goodwill

₹ in crore

Particulars	Gross Carrying Value				Accumulated Amortisation				Net Carrying Value	
	As at 31st December 2019	Additions	Deductions / Transfers	As at 31st December 2020	As at 31st December 2019	Charge for the year	Deductions/ Transfers	As at 31st December 2020	As at 31st December 2020	As at 31st December 2019
Goodwill (Refer Note (a) below)	235.63	-	-	235.63	235.63	-	-	235.63	-	-
Total	**235.63**	**-**	**-**	**235.63**	**235.63**	**-**	**-**	**235.63**	**-**	**-**

₹ in crore

Particulars	Gross Carrying Value				Accumulated Amortisation				Net Carrying Value	
	As at 31st December 2018	Additions	Deductions / Transfers	As at 31st December 2019	As at 31st December 2018	Charge for the year	Deductions/ Transfers	As at 31st December 2019	As at 31st December 2019	As at 31st December 2018
Goodwill (Refer Note (a) below)	235.63	-	-	235.63	235.63	-	-	235.63	-	-
Total	235.63	-	-	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)

₹ in crore

Particulars	Gross Carrying Value				Accumulated Amortisation				Net Carrying Value	
	As at 31st December 2019	Additions	Deductions / Transfers	As at 31st December 2020	As at 31st December 2019	Charge for the year	Deductions/ Transfers	As at 31st December 2020	As at 31st December 2020	As at 31st December 2019
Mining rights	185.23	-	-	185.23	6.85	5.13	0.22	11.76	173.47	178.38
Water drawing rights	0.31	-	-	0.31	0.08	0.02	-	0.10	0.21	0.23
Computer software	0.34	0.83	-	1.17	0.12	0.09	-	0.21	0.96	0.22
Total	**185.88**	**0.83**	**-**	**186.71**	**7.05**	**5.24**	**0.22**	**12.07**	**174.64**	**178.83**

₹ in crore

Particulars	Gross Carrying Value				Accumulated Amortisation				Net Carrying Value	
	As at 31st December 2018	Additions	Deductions / Transfers	As at 31st December 2019	As at 31st December 2018	Charge for the year	Deductions/ Transfers	As at 31st December 2019	As at 31st December 2019	As at 31st December 2018
Mining rights (Refer Note (a) below)	104.03	81.20	-	185.23	4.16	2.69	-	6.85	178.38	99.87
Water drawing rights	0.31	-	-	0.31	0.06	0.02	-	0.08	0.23	0.25
Computer software	0.34	-	-	0.34	0.05	0.07	-	0.12	0.22	0.29
Total	104.68	81.20	-	185.88	4.27	2.78	-	7.05	178.83	100.41

Note:

a) During the previous year the Company had commenced commercial production by way of open cast mining at its coal block situated at Raigarh district in the state of Chhattisgarh acquired under e-auction.

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.

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balance at the beginning of the year included in capital work-in-progress	**59.80**	28.16
Add : Expenditure during construction for projects		
Employee benefits expenses (Refer Note (a) below)	**22.84**	14.05
Depreciation and amortisation expense (Refer Note 4 (f))	**5.18**	1.25
Other expenses (Refer Note (b) below)	**38.14**	16.34
	125.96	59.80
Less : Capitalised during the year	**-**	-
Balance at the end of the year included in capital work-in-progress	**125.96**	59.80

Notes:

a) 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.

b) 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.

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 31.12.2020		As at 31.12.2019	
		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 year 675,677 shares were bought back)	10	**7,644,045**	**14.86**	8,319,722	16.16
Total			**11,787.71**		11,789.01

Notes:

a) Book and Market value

₹ in crore

Particulars	Book value as at		Market value as at	
	31.12.2020	31.12.2019	**31.12.2020**	31.12.2019
Aggregate amount of quoted investments	**11,737.80**	11,737.80	**15,210.39**	13,577.42
Aggregate amount of unquoted investments	**49.91**	51.21	**-**	-
Total	**11,787.71**	11,789.01	**15,210.39**	13,577.42

Notes to Financial Statements

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 31.12.2020	As at 31.12.2019
a) 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	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%
b) Joint Venture				
Counto Microfine Products Private Limited	Cement and cement related products	India	**50.00%**	50.00%
c) Joint Operation				
Wardha Vaalley Coal Field Private Limited	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 2019 ₹ 2.50 crore). The service agreement was for a period of 5 years ending 31st December 2020, the same is not renewed. Accordingly, the financial statements of BSC for the year ended 31st December 2020 have not been prepared on a "Going Concern" basis. BSC is currently not under liquidation. The Company believes that investment in BSC is recoverable and no impairment is necessary considering positive net worth of ₹ 13.09 crore and net current assets ₹ 9.59 crore as at 31st December 2020.

Note 10 - Non-current investments

Particulars	Face value (in ₹)	As at 31.12.2020		As at 31.12.2019	
		No of shares	**₹ in crore**	No of shares	₹ in crore
A) Investments carried at amortised cost					
Government and trust securities					
Unquoted					
National Savings Certificate ₹ 36,500 (31st December 2019 ₹ 36,500) deposited with government department as security. (Refer Note (b) below)			**-**		-
Total (A)			**-**		-
B) Investments carried at fair value through profit and loss (FVTPL)					
Unquoted, In fully paid equity shares					
Gujarat Goldcoin Ceramics Limited (Under liquidation)	10	**1,000,000**	**-**	1,000,000	-
Amplus Green Power Private Limited (Refer Note (c) below)	10	**2,578,592**	**4.50**	-	-
Total (B)			**4.50**		-
Total (A+B)			**4.50**		-
Aggregate amount of unquoted investments			**4.50**		-

Notes:

a) Refer Note 55 for information about fair value measurement and Note 56 for credit risk and market risk of investments.

b) Denotes amount less than ₹ 50,000.

c) During the 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's 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Security deposits	**75.41**	61.47
Loans to employees	**0.94**	1.43
	76.35	62.90
Unsecured loans which have significant increase in credit risk		
Loans to related party - Subsidiary (Refer Notes 54 and (c) below)	**37.94**	37.94
Loans to Joint Operation	**1.04**	0.98
	38.98	38.92
Less : allowance for doubtful loans	**38.98**	38.92
	-	-
Total	**76.35**	62.90

Notes:

a) 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.

b) 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.

c) The Company had performed a test of impairment on Dirk India Private Limited (DIPL) and determined the value in use based on estimated cash flow projections. Basis that the Company recognised a provision towards loans and interest thereon amounting to ₹ 37.94 crore and ₹ 9.22 crore respectively.

d) Refer Note 56 (B) for information about credit risk of loans.

Note 12 - Other non-current financial assets

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Incentives receivable under government incentive schemes	**481.97**	344.09
Bank deposits with more than 12 months maturity (Refer Note (a) below)	**50.80**	25.06
Interest accrued on fixed deposits	**5.15**	3.79
Unsecured receivables which have significant increase in credit risk		
Interest receivable from related party - subsidiary (Refer Notes 54 and 11 (c))	**9.22**	10.60
Less : allowance for doubtful balances	**9.22**	10.60
	-	-
Total	**537.92**	372.94

Notes:

a) These include fixed deposits of ₹ 41.84 crore (31st December 2019 - ₹ 24.15 crore) given as security against bank guarantees and other deposits ₹ 8.96 crore (31st December 2019 - ₹ 0.91 crore) given as security to regulatory authorities.

b) Refer Note 56 (B) for information about credit risk of other financial assets.

Notes to Financial Statements

Note 13 - Other non-current assets

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Capital advances	**256.23**	347.51
Advances other than capital advances		
Deposit against government dues / liabilities	**167.11**	167.09
Prepayments under leases	**-**	34.24
Advances recoverable other than in cash	**48.35**	42.74
Other claim receivable from Government	**214.97**	228.41
	686.66	819.99
Unsecured, considered doubtful		
Capital advances	**5.83**	6.59
Advances recoverable other than in cash	**0.89**	6.74
Other claim receivable from Government	**31.84**	31.84
	38.56	45.17
Less : allowance for doubtful receivables	**38.56**	45.17
	-	-
Total	**686.66**	819.99

Notes:

a) 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.

b) 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Raw materials (including in transit - ₹ 0.10 crore; 31st December 2019 - ₹ 5.42 crore)	**61.18**	55.41
Work-in-progress	**203.92**	274.44
Finished goods	**71.49**	104.38
Captive coal	**19.87**	31.26
Stock in trade (in respect of goods acquired for trading)	**2.18**	1.46
Coal and fuel (including in transit - ₹ 0.25 crore; 31st December 2019 - ₹ 24.24 crore)	**158.00**	245.87
Stores and spares (including in transit - ₹ 2.92 crore; 31st December 2019 - ₹ 6.32 crore)	**203.68**	225.11
Packing material	**26.29**	16.14
Total	**746.61**	954.07

Notes:

a) 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 2020 is amounting to ₹ 17.38 crore (31st December 2019 - ₹ 3.48 crore).

b) 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Secured, considered good	**55.72**	167.89
Unsecured, considered good	**135.79**	345.33
Unsecured which have significant increase in credit risk	**23.68**	9.90
	215.19	523.12
Less : Allowance for doubtful trade receivables	**23.68**	9.90
Total	**191.51**	513.22

Notes:

a) 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.

b) Refer Note 54 for receivables from related parties.

c) 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balances with banks		
In current accounts	**26.97**	23.32
Deposit with original maturity upto 3 months	**2,415.63**	3,585.18
Cash on hand	**-**	0.05
Deposit with other than banks with original maturity of upto 3 months	**200.00**	250.00
Investments in liquid mutual funds measured at FVTPL	**74.31**	653.74
Total	**2,716.91**	4,512.29

Note 17 - Bank balances other than cash and cash equivalents

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Other Bank Balances		
Earmarked balances with banks (Refer Note (a) below)	**32.29**	23.45
Fixed deposit with banks (original maturity more than 3 months but up to 12 months) (Refer Note (b) below)	**175.14**	163.75
Total	**207.43**	187.20

Notes:

a) 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 not available for use by the Company.

b) These include fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 129.37 crore including interest (31st December 2019 - ₹ 123.28 crore), (Refer Note 48(b)(i)) and other deposits amounting ₹ 25.00 crore (31st December 2019 - ₹ 25.00 crore) given as security against bank guarantees to regulatory authorities and ₹ 20.77 crore (31st December 2019 - ₹ 15.47 crore) to others.

Notes to Financial Statements

Note 18 - Current loans

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Loans to related parties - subsidiary (Refer Note 54)	**1.44**	1.29
Loans to employees	**2.99**	3.22
Total	**4.43**	4.51

Notes:

a) 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.

b) 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Incentives receivable under government incentive schemes	**32.58**	149.00
Interest accrued on loan to subsidiary (Refer Note 54)	**0.23**	3.17
Interest accrued on fixed deposits	**3.93**	17.63
Deposit with banks with original maturity of more than 12 months (Refer Note (a) below)	**1.08**	18.00
Other receivables	**41.00**	41.07
	78.82	228.87
Unsecured which have significant increase in credit risk		
Other receivables	**12.14**	5.70
Less : Allowance for doubtful other receivable	**12.14**	5.70
	-	-
Total	**78.82**	228.87

Notes:

a) Fixed deposits of ₹ Nil (31st December 2019 - ₹ 10.00 crore) given as security against bank guarantees and other deposit ₹ 1.08 crore (31st December 2019 - ₹ 8.00) given as security to regulatory authorities.

b) Refer Note 56 (B) for information about credit risk of other financial assets.

Note 20 - Other current assets

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Advances other than capital advances (Refer Note (a) below)		
Advances	**139.54**	154.36
Balances with statutory / Government authorities	**274.36**	253.94
Prepaid expenses	**27.67**	12.41
Prepayments under leases	**-**	1.31
Others	**18.78**	1.17
Total	**460.35**	423.19

Note:

a) 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
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 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Authorised		
40,000,000,000 (31st December 2019 - 40,000,000,000) Equity shares of ₹ 2 each	**8,000.00**	8,000.00
150,000,000 (31st December 2019 - 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 2019 - 1,985,971,749) Equity shares of ₹ 2 each fully paid-up	**397.19**	397.19
Total	**397.19**	397.19
Subscribed and paid-up		
1,985,645,229 (31st December 2019 - 1,985,645,229) Equity shares of ₹ 2 each fully paid-up	**397.13**	397.13
Total	**397.13**	397.13

Notes :

a) Reconciliation of equity shares outstanding

Particulars	As at 31.12.2020		As at 31.12.2019	
	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.

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Holderind Investments Limited Mauritius Holding company (a subsidiary of LafargeHolcim Limited, Switzerland, the ultimate holding company) **1,253,156,361** (31st December 2019 - 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 31.12.2020		As at 31.12.2019	
	No. of shares	% holding	No. of shares	% holding
Holderind Investments Limited Mauritius	**1,253,156,361**	**63.11%**	1,253,156,361	63.11%

Notes to Financial Statements

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 2019 - 186,690) and 139,830 (31st December 2019 - 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

a) 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.

b) 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.

c) The Company generally meets its capital requirement through internal accruals. The borrowings as appearing in the Note 26 represents Interest Free Loan from State Government. The Company is not subject to any externally imposed capital requirements.

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Total debt (including current maturities of borrowings) (Refer Notes 26 and 34)	**43.60**	41.06
Less : Cash and cash equivalents (Refer Note 16)	**2,716.91**	4,512.29
Net debt	**(2,673.31)**	(4,471.23)
Total equity (Refer Notes 22 and 25)	**20,315.86**	22,205.18
Net Debt to Equity	**Nil**	Nil

Note 24 - Dividend distribution made and proposed

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
A) Cash dividends on equity shares declared and paid		
i) Final dividend for the year ended 31st December 2019 ₹ Nil per share (31st December 2018 - ₹ 1.50 per share)	**-**	297.85
ii) Dividend distribution tax on final dividend	**-**	34.18
iii) Interim dividend for the year ended 31st December 2019 ₹ 1.50 per share (31st December 2018 - ₹ Nil per share) (Refer Note (c) below)	**297.85**	-
iv) Interim dividend for the year ended 31st December 2020 ₹ 17 per share	**3,375.60**	-
Total	**3,673.45**	332.03
B) Proposed dividend on equity shares		
i) Final dividend for the year ended 31st December 2020 ₹ 1 per share (31st December 2019 - ₹ 1.50 per share) (Refer Note (a) and (c) below)	**198.56**	297.85
Total	**198.56**	297.85

Notes:

a) Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability.

b) In Union budget 2020, taxability of dividend has been changed from Corporates to recipient of dividend therefore no disclosure is made for the dividend distribution tax in respect of dividend proposed for the current year.

c) Due to COVID-19 pandemic there was a delay in conducting AGM 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.

Notes to Financial Statements

Note 25 - Other equity

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
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	**1.53**	0.53
g) Retained earnings	**1,644.64**	3,534.96
Total	**19,918.73**	21,808.05

Nature and purpose of each reserve :

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.

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 "LafargeHolcim Ltd" 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 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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Secured		
Interest free loan from State Government (Refer Notes (a) and (b) below)	**43.60**	35.28
Total	**43.60**	35.28

Notes:

a) Interest free loan from State Government granted under State investment promotion scheme has been considered as a government grant and the difference between the fair value and nominal value as on date of receipt of ₹ 3.25 crore (previous year - ₹ Nil) was recognised as an income.

b) Interest free loans from State Government, secured by bank guarantees (majorly backed by pledge of bank fixed deposits) and 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 year, the Company has paid one of the installment of ₹ 5.86 crore which was due in February 2020. Next installment is due in August 2022.

Notes to Financial Statements

Note 27 - Other non-current financial liabilities

(Refer Note 3 (I) (II) (b) for accounting policy on financial liabilities and 3(Q) for acoounting policy on leases)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Liability for capital expenditure	**0.13**	0.62
Lease Liability (Refer Notes 52)	**296.64**	-
Total	**296.77**	0.62

Note 28 - Non-current provisions

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
For employee benefits		
Provision for gratuity and other staff benefit schemes (Refer Note 51)	**8.34**	16.66
Others		
Provision for mines reclamation expenses (Refer Note (a) below)	**47.28**	33.68
Total	**55.62**	50.34

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 :

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Opening Balance	**33.68**	21.34
Add : Provision during the year	**12.42**	12.89
	46.10	34.23
Add : Unwinding of discount	**1.34**	1.04
Less : Utilisation during the year	**0.16**	1.59
Closing Balance	**47.28**	33.68

Note 29 - Deferred tax liabilities (net)

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Deferred tax liabilities, on account of		
Depreciation and amortisation	**399.48**	427.01
Deferred tax assets, on account of		
Provision for employee benefits	**12.84**	40.05
Provision for slow and non moving spares	**13.11**	8.73
Expenditure debited in statement of profit and loss but allowed for tax purposes in the following years	**61.35**	54.22
Provision against loan and interest thereon receivable from a subsidiary	**11.87**	12.21
Interest provided u/s 244A of Income Tax Act, 1961	**95.17**	80.50
Others temporary differences	**19.19**	15.24
	213.53	210.95
Deferred tax liabilities (net)	**185.95**	216.06

Notes to Financial Statements

Note 29 - Deferred tax liabilities (net)

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

₹ in crore

Particulars	As at 31st December 2019	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2020
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 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 u/s 244A 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**

₹ in crore

Particulars	As at 31st December 2018	Charge / (Credit) to Statement of Profit and Loss	Charge / (Credit) to Other Comprehensive Income	As at 31st December 2019
Deferred tax liabilities, on account of				
Depreciation and amortisation	626.20	(199.19)	-	427.01
Deferred tax assets, on account of				
Provision for employee benefits	64.78	(27.31)	2.58	40.05
Provision for slow and non moving spares	10.91	(2.18)	-	8.73
Expenditure debited in statement of profit and loss but allowed for tax purposes in the following years	55.87	(1.65)	-	54.22
Provision against loan and interest thereon receivable from a subsidiary	16.96	(4.75)	-	12.21
Interest provided u/s 244A of Income Tax Act, 1961	92.45	(11.95)	-	80.50
Others temporary differences	13.07	2.17	-	15.24
	254.04	(45.67)	2.58	210.95
Deferred tax liabilities / (assets) (net)	372.16	(153.52)	(2.58)	216.06

Note:

a) The Company has long term capital losses of ₹ 3.58 crore (31st December 2019 - ₹ 4.43 crore) for which no deferred tax assets have been recognised. These losses will expire between financial year 2021-22 to 2022-23.

Note 30 - Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

Particulars	For the year ended 31st December 2020		For the year ended 31st December 2019	
	₹ in crore	**In %**	₹ in crore	In %
Accounting Profit before tax	**2,414.38**		1,948.02	
Tax expenses at statutory income tax rate (Refer Note (a) below)	**607.65**	**25.17%**	544.47	27.95%
Effect of tax exempt dividend income	**-**	**-**	(36.78)	-1.89%
Effect of non deductible expenses	**18.83**	**0.78%**	26.88	1.38%
Effect of allowances / tax holidays for tax purpose	**-**	**-**	(4.70)	-0.24%
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	**-**	**-**	(103.28)	-5.30%
Effect of change in tax rate on Deferred Tax	**-**	**-**	(5.40)	-0.28%
Others	**(2.20)**	**-0.09%**	(1.71)	-0.09%
Tax Expenses at the Effective Income Tax Rate	**624.28**	**25.86%**	419.48	21.53%
Tax expense reported in the statement of profit or loss	**624.28**	**25.86%**	419.48	21.53%

Notes to Financial Statements

Notes:

a) Company follows calendar year as financial year, therefore applicable statutory income tax rate is weighted average rate. The tax rate used for above reconciliation is the Corporate tax rate payable by Corporate entities in India on taxable profits under Indian tax law.

b) The Government of India has inserted section 115 BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective 1st April 2019, subject to certain conditions. The Company has adopted the option of reduced rate and accordingly opening deferred tax liability as on 1st January 2019, amounting to ₹ 103.28 crore has been reversed during the previous year ended 31st December 2019.

Note 31 - Recognition of tax adjustments for Order Giving Effect received

On receipt of Order Giving Effect (OGE) to the CIT(A) order for certain assessment years, the Company has recognised interest income on income tax refund and reversal of provision for interest on income tax, aggregating ₹ 85.57 crore (previous year ₹ 132.58 crore) during the year ended 31st December 2020. However, considering the uncertainty of its ultimate realisation, the Company has also made a provision of ₹ 61.84 crore (previous year ₹ 81.00 crore), resulting in recognition of net income of ₹ 23.73 crore (previous year ₹ 51.50 crore) in other income during the year ended 31st December 2020.

Note 32 - Other non-current liabilities

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Rebate to customers	**40.05**	35.83
Total	**40.05**	35.83

Note 33 - Total outstanding dues of micro and small enterprises

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
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	**2.41**	1.08
Interest	**0.05**	0.01
	2.46	1.09
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	**16.35**	26.26
Interest	**0.08**	0.31
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	**0.01**	-
d) The amount of interest accrued and remaining unpaid at the end of the year	**0.06**	0.01
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 31.12.2020	As at 31.12.2019
Financial Liabilities at amortised cost		
Security deposits	**490.39**	506.41
Liability for capital expenditure	**167.59**	188.57
Unpaid dividends (Refer Note (a) below)	**29.79**	20.95
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile ACRL	**2.50**	2.50
Current maturities of borrowings	**-**	5.78
Current portion of lease liability (Refer Note 52)	**27.88**	-
Others (includes interest on security deposits)	**46.46**	57.74
Financial Liabilities at fair value		
Foreign currency forward contract	**1.04**	0.09
Total	**765.65**	782.04

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Contract liability (Refer Note (a) below)		
Advance received from customers	**130.93**	78.98
Other liability		
Statutory dues payable	**535.17**	512.57
Rebates to customers	**397.87**	416.21
Other payables (includes interest on income tax)	**848.00**	730.05
Total	**1,911.97**	1,737.81

Note:

a) The contract liability outstanding at the beginning of the year has been recognised as revenue during the year ended 31st December 2020.

Note 36 - Current provisions

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Provision for compensated absences (Refer Note (a) below)	**3.85**	85.37
Total	**3.85**	85.37

Note:

a) During the year, the Company has funded liability towards provision for compensated absences to the extent of ₹ 70 crore.

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)

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Revenue from contracts with customers		
Sale of Manufactured products	**10,896.21**	11,233.39
Sale of Traded products	**278.76**	119.37
	11,174.97	11,352.76
Other operating revenues		
Provisions no longer required written back	**6.06**	3.80
Sale of scrap	**50.79**	43.86
Incentives and subsidies (Refer note (f) below)	**50.29**	207.78
Miscellaneous income (Refer note (f) below) (includes insurance claims and others)	**89.75**	59.68
	196.89	315.12
Total	**11,371.86**	11,667.88

Notes :

a) Reconciliation of revenue as per contract price and as recognised in statement of profit and loss:

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Revenue as per contract price	**12,526.70**	12,825.66
Less: Discounts and incentives	**1,351.73**	1,472.90
Revenue as per statement of profit and loss	**11,174.97**	11,352.76

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**

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Recognised in statement of profit and loss		
Incentives and subsidies (Refer Note (g) below)	**50.29**	207.78
Discounting income on interest free loan from State Government included in miscellaneous income of Note 37	**3.25**	-
Total	**53.54**	207.78

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)

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Interest income on		
Bank deposits - effective interest rate method	**191.58**	203.10
Income tax refund (Refer Note 31)	**17.96**	24.01
Defined benefit obligation (net) (Refer Note 51)	**-**	0.15
Others	**10.43**	7.95
	219.97	235.21
Dividend income from non-current investment		
From subsidiary	**131.58**	131.58
From joint venture	**2.50**	1.66
	134.08	133.24
Other non operating income		
Gain on sale of current financial assets measured at FVTPL	**10.82**	27.84
Net gain on fair valuation of liquid mutual fund measured at FVTPL (Refer Note (a) below)	**0.31**	2.74
Gain on buy back of non-current investments	**0.94**	-
Interest on income tax written back and others (Refer Note 31)	**5.77**	27.49
Others	**0.11**	-
Total	**372.00**	426.52

Note:

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

Note 39 - Cost of materials consumed

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Inventories at the beginning of the year	**55.41**	72.96
Add : Purchases during the year	**880.65**	976.87
	936.06	1,049.83
Less : Inventories at the end of the year	**61.18**	55.41
Cost of materials consumed (Refer Note (a) below)	**874.88**	994.42
Notes:		
a) Break-up of cost of materials consumed		
Fly ash	**421.73**	461.41
Gypsum	**204.50**	224.73
Others (Refer Note (b) below)	**248.65**	308.28
Total	**874.88**	994.42

b) 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

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Cement	**158.75**	51.92
Others	**38.56**	36.35
Total	**197.31**	88.27

Notes to Financial Statements

Note 41 - Change in inventories of finished goods work-in-progress and stock-in-trade

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Inventories at the end 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
Inventories at the beginning of the year		
Work-in-progress	**274.44**	338.35
Finished goods	**104.38**	108.65
Stock in trade	**1.46**	0.02
Captive coal	**31.26**	7.32
	411.54	454.34
(Increase) / decrease in inventories	**114.08**	42.80

Note 42 - Employee benefits expense

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Salaries and wages	**580.65**	586.13
Contribution to provident and other funds	**49.46**	37.38
Employee stock option expenses (Refer Note 49)	**1.00**	0.53
Staff welfare expenses	**37.67**	48.59
Total	**668.78**	672.63

Note 43 - Finance costs

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Interest on :		
Income tax (net of interest income on refund - ₹ 61.84 crore; previous year - ₹ 81 crore) (Refer Note 31)	**18.10**	21.06
Defined benefit obligation (net) (Refer Note 51)	**0.66**	-
Security deposits	**15.34**	25.25
Others	**27.62**	34.78
Unwinding of financial liabilities	**3.18**	1.39
Unwinding of interest on lease liability (Refer Note (a) below)	**16.81**	-
Unwinding of mines reclamation provision (Refer Note 28)	**1.34**	1.04
Total	**83.05**	83.52

Note:

a) 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.

Notes to Financial Statements

Note 44 - Depreciation and amortisation expense

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

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Depreciation on property plant and equipment (Refer Note 4)	**485.70**	542.30
Less : Pre-operative charge during the year (Refer Note 8)	**5.18**	1.25
	480.52	541.05
Depreciation on Right-of-use assets (Refer Note 5)	**35.41**	-
Amortisation of intangible assets (Refer Note 7)	**5.24**	2.78
Total	**521.17**	543.83

Note 45 - Freight and forwarding expense

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
On finished products	**2,155.69**	2,402.15
On Internal material transfer	**699.19**	692.05
Total	**2,854.88**	3,094.20

Note 46 - Other expenses

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Royalty on minerals	**231.10**	254.93
Consumption of stores and spare parts	**224.82**	315.17
Consumption of packing materials	**344.97**	383.86
Repairs	**148.15**	218.93
Rent (Refer Note 52)	**57.99**	54.50
Rates and taxes	**92.02**	78.43
Insurance	**25.76**	23.52
Technology and know-how fees	**107.86**	112.64
Advertisement	**63.93**	85.45
Corporate Social Responsibility (Refer note (a) below)	**52.31**	60.98
Exchange loss (net)	**9.94**	1.12
Miscellaneous expenses (Refer Note (b) below)	**425.69**	456.91
Total	**1,784.54**	2,046.44

Notes:

a) **Corporate Social Responsibility Expenditure :**

i) As per Board's approval, the Company has spent ₹ 53.97 crore (previous year ₹ 62.57 crore) towards various schemes of Corporate Social Responsibility activities of which Donation is ₹ 52.31 crore (previous year - ₹ 60.98 crore) and the balance amount spent are included in different heads of expenses in the statement of profit and loss.

ii) The amount required to be spent under Section 135 of the Companies Act, 2013, for the year ended 31st December 2020 is ₹ 30.90 crore (previous year ₹ 26.71 crore) i.e 2% of the average net profits for the last three financial years, calculated as per Section 198 of the Companies Act, 2013.

iii) No amount has been spent on construction / acquisition of an asset of the Company and the entire amount has been spent in cash.

Notes to Financial Statements

b) Miscellaneous expenses :

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

ii) Includes expenses towards information technology, traveling, consultancy, site restoration, outsource services and others.

iii) Includes payment to auditors (excluding taxes) as under:

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Statutory auditor		
For audit fees (including for quarterly limited reviews and tax financial statements)	**2.07**	2.14
Fees for other services	**0.04**	0.01
For reimbursement of expenses	**0.03**	0.06
	2.14	2.21
Cost auditor		
As auditor for cost audit	**0.10**	0.10
For reimbursement of expenses	**0.02**	0.02
	0.12	0.12
Total	**2.26**	2.33

Note 47 - Earnings per share (EPS)

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

a) Basic EPS is calculated by dividing profit for the year attributable to equity shareholders of the Company by the weighted average number of Equity shares outstanding during the year.

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

c) Calculation of the basic and diluted EPS:

	Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
i)	Profit attributable to equity shareholders of the Company for basic and diluted EPS (₹ in crore)	**1,790.10**	1,528.54
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	**315,403**	315,467
iii)	Weighted average number of shares for diluted EPS	**1,985,960,632**	1,985,960,696
iv)	Earnings per equity share (in ₹)		
	Face value of equity per share	**2.00**	2.00
	Basic	**9.02**	7.70
	Diluted	**9.01**	7.70

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)

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Contingent liabilities and claims against the Company not acknowledged as debts related to various matters (Refer Note (a) below)		
Labour	**11.15**	10.36
Land	**47.28**	46.27
Demand from Competition Commission of India (Refer Note (b) below)	**1,767.74**	1,635.46
Sales tax (Refer Note (c) below)	**273.28**	274.83
Excise customs and service tax (Refer Note (d) below)	**254.85**	261.58
Stamp duty (Refer Note (e) below)	**305.88**	305.88
Income tax (Refer Note (f) below)	**488.79**	465.06
Others	**128.17**	126.30
Total	**3,277.14**	3,125.75

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 ₹ 573.99 crore (31st December 2019 - ₹ 441.71 crore).

Notes to Financial Statements

Note 48 - Contingent Liabilities (to the extent not provided for)

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 2019 - ₹ 247.97 crore, including interest of ₹ 134.45 crore) the Company deposited ₹ 143.52 crore, including interest of ₹ 30.00 crore (31st December 2019 - ₹ 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, ₹ 196.46 crore (31st December 2019 - ₹ 196.52 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 2019 - ₹ 287.88 crore) on the merger order passed by Hon'ble High Court of Delhi, approving the merger of erstwhile Ambuja Cement India Private 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 2019 - ₹ 372.01 crore) along with interest payable of ₹ 111.18 crore (31st December 2019 - ₹ 87.45 crore) has been disclosed under contingent liabilities.

Notes to Financial Statements

Note 49 - Share Based Payment

a) **Description of plan - LafargeHolcim Performance Share Plan:**
LafargeHolcim Ltd (Ultimate Holding Company) set up a performance share plan. Performance shares are granted to executives, 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 2020, 6,000 (previous year - 6,000) performance share at fair value of ₹ 3,352 (previous year - ₹ 3,405) per share were granted and ₹ 1.00 crore (Previous year – ₹ 0.53 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 2020**	For the year ended 31st December 2019
Opening Balance as at 1st January	**6,000**	-
Granted during the year	**6,000**	6,000
Forfeited during the year	**(1,800)**	-
Closing balance as at 31st December	**10,200**	6,000

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

Note 50 - Capital and Other Commitments

₹ in crore

Particulars	**As at 31.12.2020**	As at 31.12.2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**843.89**	842.10

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 statement of profit and loss ₹ 27.91 crore (previous year - ₹ 27.32 crore).

b) Defined benefit plans - as per actuarial valuation

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

i) Funded plan includes gratuity benefit to every employee who has completed service of five years or more, at 15 days salary for each completed year of service (on last drawn basic salary) in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance company in the form of qualifying insurance policies.

ii) Other non funded plans includes post employment healthcare to certain employees. The Company has discontinued this plan in the previous year.

c) Investment strategy

The Company’s investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The Company 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 plan typically exposes the Company to actuarial risks such as investment risk, interest rate risk, demographic risk, salary inflation risk and longevity risk.

Notes to Financial Statements

Note 51 - Employee benefits

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 :

₹ in crore

Particulars			2020	2019	
			Funded	Funded	Non funded
I	**Expense recognised in the statement of profit and loss**				
	1	Current service cost	**10.35**	10.38	0.61
	2	Interest cost	**8.88**	10.05	0.84
	3	Past service cost	**-**	-	(12.47)
	4	Interest (income) on plan assets	**(8.73)**	(10.20)	-
	5	Amount recognised in the statement of profit and loss	**10.50**	10.23	(11.02)
II	**Re-measurements recognised in other comprehensive Income (OCI)**				
	1	Demographic change	**-**	(0.01)	-
	2	Change in financial assumptions	**10.31**	2.19	-
	3	Experience changes	**3.44**	(0.48)	-
	4	Return on plan assets (excluding interest income)	**(2.66)**	(2.44)	-
	5	Amount recognised in OCI	**11.09**	(0.74)	-
III	**Net asset / (liability) recognised in the balance sheet**				
	1	Present value of defined benefit obligation	**157.37**	137.27	-
	2	Fair value of plan assets	**155.83**	128.32	-
	3	Funded status [surplus / (deficit)]	**(1.54)**	(8.95)	-
	4	Net asset / (liability)	**(1.54)**	(8.95)	-
IV	**Change in defined benefit obligation during the year**				
	1	Present value of defined benefit obligation at the beginning of the year	**137.27**	140.50	11.17
	2	Current service cost	**10.35**	10.38	0.61
	3	Interest service cost	**8.88**	10.05	0.84
	4	Actuarial (gains) / losses recognised in other comprehensive income			
		- Demographic changes	**-**	(0.01)	-
		- Change in financial assumptions	**10.31**	2.19	-
		- Experience changes	**3.44**	(0.48)	-
	5	Benefit payments	**(12.88)**	(25.35)	(0.15)
	6	Curtailment	**-**	-	(12.47)
	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)	**157.37**	137.27	(0.00)

Notes to Financial Statements

Note 51 - Employee benefits

₹ in crore

Particulars	2020	2019	
	Funded	Funded	Non funded
V Change in fair value of assets during the year			
1 Plan assets at the beginning of the year	**128.32**	135.08	-
2 Interest income	**8.73**	10.20	-
3 Contribution by employer	**29.00**	5.80	-
4 Actual benefit paid	**(12.88)**	(25.21)	-
5 Return on plan assets (excluding interest income)	**2.66**	2.44	-
6 Plan assets at the end of the year	**155.83**	128.32	-
VI Weighted average duration of defined benefit obligation	**10 years**	10 years	NA
VII Maturity profile of defined benefit obligation			
1 Within the next 12 months	**17.69**	13.71	-
2 Between 1 and 5 years	**60.67**	56.34	-
3 Between 5 and 10 years	**83.52**	74.33	-
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	**147.53**	128.71	-
2 For decrease in discount rate by 100 basis points	**168.40**	146.34	-
3 For increase in salary rate by 100 basis points	**168.21**	146.32	NA
4 For decrease in salary rate by 100 basis points	**147.51**	128.65	NA
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%	NA

X Expected cash flows

₹ in crore

Particulars	2020	2019
1) Expected employer contribution in the next year	**17.69**	13.71
2) Expected benefit payments		
Year 1	**17.69**	13.71
Year 2	**15.52**	15.44
Year 3	**14.47**	14.72
Year 4	**14.26**	12.63
Year 5	**16.43**	13.55
6 to 10 years	**83.51**	74.33
Total Expected benefit payments	**161.88**	144.38

Notes to Financial Statements

Note 51 - Employee benefits

XI Actuarial Assumptions

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
1) Financial Assumptions		
Discount rate (Refer Note (ii) below)	**6.25%**	6.80%
Salary escalation (Refer Note (iii) below)	**7.00%**	6.50%
2) Demographic Assumptions		
Expected average remaining working lives of employees	**9.92**	10.27
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**	LIC (1996-98) Annuitants
Turnover rate	**Past Service upto 26 years : 5% and above 26 years : 1%**	Past Service upto 26 years : 5% and above 26 years : 1%

Notes:

i) Significant actuarial assumptions for the determination of the defined benefit obligation are discount rate, expected salary increase and mortality. These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no changes in market conditions at the reporting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analysis.

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

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

iv) **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.

v) 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 ₹ 12.21 crore (previous year - ₹ 10.45 crore).

f) The Company expects to make contribution of ₹ 17.69 crore (previous year - ₹ 13.71 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 ₹ 6.80 crore (previous year - ₹ 7.71 crore) is recognised in the Statement of Profit and Loss. The Company has contributed ₹ 5.53 crore(previous year- ₹ 6.43 crore) towards provident fund liability.

Notes to Financial Statements

Note 51 - Employee benefits

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

₹ in crore

Particulars			For the year ended 31st December 2020	For the year ended 31st December 2019
I)	**Components of expense recognised in the Statement of Profit and Loss**			
	1	Current service cost	**4.88**	6.92
	2	Interest Cost	**13.23**	8.66
	3	Interest Income	**(12.70)**	(8.51)
	4	Total expenses	**5.41**	7.07
II)	**Amount recognised in Balance Sheet**			
	1	Present value of Defined Benefit Obligation	**(148.58)**	(153.97)
	2	Fair value of plan assets	**141.78**	146.26
	3	Funded status (Surplus / (Deficit))	**(6.80)**	(7.71)
	4	Net asset / (liability) as at end of the year (Refer Note (ii) below)	**(6.80)**	(7.71)
III)	**Present Value of Defined Benefit Obligation**			
	1	Present value of Defined Benefit Obligation at beginning of the year	**153.97**	139.87
	2	Current service cost	**4.88**	6.92
	3	Interest cost	**13.23**	8.66
	4	Benefits paid and transfer out	**(24.55)**	(18.04)
	5	Employee Contributions	**8.24**	10.49
	6	Transfer in / (Out) Net	**2.09**	1.56
	7	Actuarial (gains) / losses	**(9.28)**	4.51
	8	Present value of Defined Benefit Obligation at the end of the year	**148.58**	153.97
IV)	**Fair Value of Plan Assets**			
	1	Plan assets at the beginning of the year	**146.26**	139.27
	2	Return on plan assets including interest income	**12.70**	8.51
	3	Contributions by Employer	**4.55**	6.57
	4	Contributions by Employee	**8.24**	10.49
	5	Transfer in / (Out) Net	**2.09**	1.56
	6	Asset Gain / (Loss)	**(7.51)**	(2.10)
	7	Actual benefits paid	**(24.55)**	(18.05)
	8	Plan assets at the end of the year	**141.78**	146.26
V)	**Amounts recognised in Other Comprehensive Income at period end**			
	1	Actuarial (Gain) / Loss on Liability	**(9.28)**	4.51
	2	Actuarial (Gain) / Loss on Plan assets	**7.51**	2.10
	3	Total Actuarial (Gain) / Loss included in OCI	**(1.77)**	6.61
VI)	**Weighted Average duration of Defined Benefit Obligation**		**10.08 years**	10 Years
VII)	**The major categories of plan assets as a percentage of total plan**			
	1	Special deposits scheme	**12%**	4%
	2	Government Securities	**67%**	47%
	3	Debentures and Bonds	**19%**	47%
	4	Mutual Fund	**2%**	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	**6.25%**	6.80%
	2	Guaranteed interest rate	**8.50%**	8.65%

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

₹ in crore

Particulars		As at 31 December 2020	As at 31 December 2019
1	Discount rate (1% increase)	**148.14**	153.57
2	Discount rate (1% decrease)	**149.09**	154.47
3	Interest rate guarantee (1% increase)	**155.57**	161.12
4	Interest rate guarantee (1% decrease)	**145.33**	150.73

Notes to Financial Statements

Notes:

i) The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period which is the same as that applied in calculating the defined benefit obligation recognised in the Balance Sheet. There was no change in the methods and assumptions used in preparing the sensitivity analysis from previous year.

ii) In respect of Provident Fund, only liability and not surplus is recognised in the Balance Sheet.

iii) The Company expects to contribute ₹ 5.00 crore (previous year - ₹ 6.00 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:

i) Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.

ii) Excluded the initial direct costs from the measurement of the Right of Use Assets (ROU) at the date of initial application.

iii) The Company has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at 1st January 2020

iv) 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.

v) 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**

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

₹ in crore

Particulars	**As at 1st January 2020**
Leasehold land	20.28
Building and installation	8.51
Ships and tugs	315.64
Total	**344.43**

Notes to Financial Statements

Note 52 - Leases

c) 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.

₹ in crore

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**

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

	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 for the year ended 31st December 2020 as per Ind AS 116:

a) **Company as lessee**

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

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

₹ in crore

Particulars	For the year ended 31st December, 2020
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

c) The Company has a ship lease arrangement for one of its vessel. For the purpose of determining the lease payment it is calculated in USD as per the terms of the contract.

d) The opearting cash outflow for the year ended 31st December 2020 has increased by ₹ 43.07 crore. and the financing cashflows have decreased by ₹ 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 2020.

Notes to Financial Statements

Note 52 - Leases

e) The movement in lease liabilities during the year ended 31st December 2020 is as follows :

Particulars	₹ in crore
Balance at the 1st January 2020	**344.43**
Additions during the year	0.35
Finance cost accrued during the period	16.81
Lease Modification	(0.18)
Payment of lease liabilities	(43.07)
Unrealised loss	6.93
Termination of lease contracts	(0.75)
Balance at December 31, 2020	**324.52**
Current	27.88
Non-current	296.64
Total	**324.52**

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

₹ in crore

Particulars	For the year ended 31st December 2020
Expense relating to short-term leases and low-value assets	**57.99**
Total	**57.99**

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

C) Operating Lease Disclosures under earlier Ind AS 17

Operating lease commitments — Company as lessee

a) The Company has entered into various long term lease agreements for land. The Company does not have an option to purchase the leased land at the expiry of the lease period. The unamortised operating lease prepayments as at ₹ 31st December 2019 aggregating to ₹ 35.55 crore is included in other non current / current assets, as applicable.

b) Operating lease payment of ₹ 54.50 crore recognised in the Statement of Profit and Loss for the year ended 31st December 2019.

c) The lease payments recognised in the statement of profit and loss under freight and forwarding expense on finished products for the year ended 31st December 2019 amounts to ₹ 26.99 crore.

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

₹ in crore

Particulars	As at 31.12.2019
Not later than one year	37.28
Later than one year and not later than five years	83.90
Later than five years	120.56
Total	241.74

Notes to Financial Statements

Note 53 - Disclosure pursuant to SEBI (Listing obligations and disclosure requirements) regulations 2015 and Section 186 (4) of the Companies Act 2013:

₹ in crore

Particulars		As at 31.12.2020		As at 31.12.2019	
		Outstanding balance	**Maximum balance outstanding during the year**	Outstanding balance	Maximum balance outstanding during the year
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. (Company has made provision against loans and interest receivable thereon)				
b)	Chemical Limes Mundwa Private Limited	**1.43**	**1.43**	1.28	1.28
	For working capital requirement. Repayment on call basis and carries an interest rate in range of @ 9% p.a. to 12% p.a				
c)	M.G.T Cements Private limited	**0.01**	**0.01**	0.01	0.01
	(For working capital requirement. Repayment on call basis and carries an interest rate @ 10.55% p.a.)				

Notes:

1) None of the loanees have made per se investment in the shares of the Company.
2) Details of investments made is given in Note 9.
3) Outstanding loans as disclosed above do not include interest accrued thereon.

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	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	ACC Mineral Resources Limited	Subsidiary of ACC Limited
11	Lucky Minmat Limited	Subsidiary of ACC Limited
12	National Limestone Company Private Limited	Subsidiary of ACC Limited (Ceased to be a subsidiary w.e.f. 18th November 2020)
13	Singhania Minerals Private Limited	Subsidiary of ACC Limited
14	Bulk Cement Corporation (India) Limited	Subsidiary of ACC Limited

Notes to Financial Statements

Note 54 - Related party disclosure

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

i) Related parties

Sr	Name	Nature of Relationship
1	Holcim Group Services Limited, Switzerland	Fellow Subsidiary
2	Holcim Technology Limited, Switzerland	Fellow Subsidiary
3	Holcim Services (South Asia) Limited	Fellow Subsidiary
4	Holcim (Romania) S.A., Romania	Fellow Subsidiary
5	LafargeHolcim Energy Solutions S.A.S., France	Fellow Subsidiary
6	Holcim (US) Inc	Fellow Subsidiary
7	LafargeHolcim Building Materials (China) Limited	Fellow Subsidiary
8	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
9	Lafarge Africa PLC, Nigeria	Fellow Subsidiary
10	Lafarge Holcim Global Hub Services Private Limited	Fellow Subsidiary
11	Holcim Philippines, Inc., Philippines	Fellow Subsidiary
12	Lafarge Umiam Mining Private Limited	Fellow Subsidiary
13	Holcim (Australia) Pty Ltd	Fellow Subsidiary
14	Counto Microfine Products Private Limited	Joint Venture
15	Ambuja Cements Limited Staff Provident Fund Trust	Trust (Post-employment benefit plan)
16	Ambuja Cements Limited Employees Gratuity Fund Trust	Trust (Post-employment benefit plan)

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 Promoter Director representing LafargeHolcim Limited, Switzerland, Non Independent Director
3	Mr. Martin Kriegner	Non Executive Promoter Director representing LafargeHolcim Limited, Switzerland, Non Independent Director
4	Mr. Christof Hassig	Non Executive Promoter Director representing LafargeHolcim Limited, Switzerland, Non Independent Director
5	Mr. B.L. Taparia	Non Executive Director (upto 29th March 2019)
6	Mr. Nasser Munjee	Non Executive, Independent Director
7	Mr. Rajendra P. Chitale	Non Executive, Independent Director
8	Mr. Shailesh Haribhakti	Non Executive, Independent Director
9	Dr. Omkar Goswami	Non Executive, Independent Director
10	Mr. Haigreve Khaitan	Independent Director (upto 31st March 2019)
11	Mr. Roland Kohler	Non Executive Promoter Director representing LafargeHolcim Limited, Switzerland, Non Independent Director (upto 10th December 2020)
12	Mr. Ramanathan Muthu	Non Executive Promoter Director representing LafargeHolcim Limited, Switzerland, Non Independent Director (with effect from 23rd December 2020)
13	Ms. Then Hwee Tan	Non Executive, Non Independent Director (with effect from 18th February 2019)
14	Mr. Mahendra Kumar Sharma	Non Executive, Non Independent Director (with effect from 1st April 2019)
15	Ms. Shikha Sharma	Non Executive, Independent Director (with effect from 1st April 2019)
16	Mr. Ranjit Shahani	Non Executive, Non Independent Director (with effect from 1st April 2019)
17	Mr. Praveen Kumar Molri	Non Executive, Non Independent Director (with effect from 1st April 2019)
18	Mr. Ajay Kapur	Managing Director & Chief Executive Officer (upto 28th February 2019)
19	Mr. Bimlendra Jha	Managing Director & Chief Executive Officer (with effect from 1st March 2019 to 20th February 2020)
20	Mr. Neeraj Akhoury	Managing Director & Chief Executive Officer (with effect from 21st February 2020)
21	Mr. Suresh Joshi	Chief Financial Officer (upto 30th April 2019)
22	Ms. Sonal Shrivastava	Chief Financial Officer (with effect from 1st May 2019 to 31st August 2020)
23	Ms. Rajani Kesari	Chief Financial Officer (with effect from 1st September 2020)
24	Mr. Rajiv Gandhi	Company Secretary

Notes to Financial Statements

Note 54 - Related party disclosure

II) Transactions with related party

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
A)	**Transactions with subsidiaries during the year**		
1	**Purchase of goods**		
	Dirk India Private Limited	**0.09**	0.59
	ACC Limited	**221.10**	103.61
		221.19	104.20
2	**Sale of goods**		
	ACC Limited	**517.21**	115.08
3	**Rendering of services**		
	ACC Limited	**33.80**	32.52
4	**Interest income**		
	Dirk India Private Limited	**4.56**	4.55
	Chemical Limes Mundwa Private Limited	**0.15**	0.14
		4.71	4.69
5	**Receiving of services**		
	Dirk India Private Limited	**13.62**	13.46
	ACC Limited	**43.91**	41.98
	OneIndia BSC Private Limited	**14.76**	22.14
		72.29	77.58
6	**Dividend Received**		
	ACC Limited	**131.58**	131.58
7	**Other recoveries**		
	ACC Limited	**7.33**	9.78
8	**Other payments**		
	ACC Limited	**8.70**	0.14
	OneIndia BSC Private Limited	**0.71**	0.01
		9.41	0.15
9	**Inter corporate deposits and loans**		
	Chemical Limes Mundwa Private Limited	**0.15**	0.25
	M.G.T. Cements Private Limited	**-**	0.01
		0.15	0.26

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
B)	**Outstanding balances with subsidiary Companies**		
1	**Loans / inter corporate deposits given outstanding**		
	Unsecured, Considered good		
	Chemical Limes Mundwa Private Limited	**1.43**	1.28
	M.G.T. Cements Private Limited	**0.01**	0.01
	Unsecured loans which have significant increase in credit risk		
	Dirk India Private Limited	**37.94**	37.94
		39.38	39.23
2	**Amount receivable**		
	Unsecured, considered good		
	Chemical Limes Mundwa Private Limited	**0.23**	0.11
	ACC Limited	**68.90**	44.53
	Dirk India Private Limited	**-**	3.06
	Unsecured interest on loans which have significant increase in credit risk		
	Dirk India Private Limited	**9.22**	10.60
		78.35	58.30

Notes to Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
3	**Amount payable**		
	Dirk India Private Limited	**3.34**	7.49
	ACC Limited	**21.84**	28.28
	OneIndia BSC Private Limited	**1.83**	4.04
		27.01	39.81

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
C)	**Transactions with fellow subsidiaries during the year**		
1	**Purchase of goods**		
	LafargeHolcim Energy Solutions S.A.S., France	**225.54**	282.25
2	**Purchase of Fixed Assets**		
	Holcim (US) Inc	**-**	97.58
3	**Sale of Fixed Assets**		
	Holcim Services (South Asia) Limited	**0.01**	-
4	**Receiving of services**		
	Holcim Group Services Limited, Switzerland	**0.16**	0.25
	Holcim Technology Limited, Switzerland	**107.86**	112.67
	Holcim Services (South Asia) Limited	**47.04**	51.79
	Lafarge Holcim Global Hub Services Private Limited	**9.69**	-
		164.75	164.71
5	**Rendering of services**		
	Holcim Services (South Asia) Limited	**2.41**	1.60
6	**Other recoveries**		
	LafargeHolcim Energy Solutions S.A.S., France	**0.58**	0.17
	Holcim Technology Limited, Switzerland	**1.15**	0.44
	Holcim Cement (Bangladesh) Limited, Bangladesh	**-**	0.01
	Lafarge Africa PLC, Nigeria	**0.01**	0.16
	Holcim Philippines, Inc., Philippines	**0.14**	-
	Lafarge Umiam Mining Private Limited	**0.17**	-
	Holcim (Australia) Pty Ltd	**0.08**	-
		2.13	0.78
7	**Other payments**		
	LafargeHolcim Energy Solutions S.A.S., France	**3.21**	3.97
	LafargeHolcim Building Materials (China) Limited	**-**	0.04
	Holcim Technology Limited, Switzerland	**0.86**	1.99
		4.07	6.00

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
D)	**Outstanding balances with fellow subsidiary Companies**		
1	**Amount payable**		
	Holcim Technology Limited, Switzerland	**24.36**	30.66
	Holcim Services (South Asia) Limited	**5.13**	22.88
	Holcim (Romania) S.A., Romania	**-**	0.03
	Holcim Group Services Limited, Switzerland	**-**	0.10
	LafargeHolcim Energy Solutions S.A.S., France	**2.23**	30.96
		31.72	84.63

Notes to Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
2	**Amount receivable**		
	Holcim Services (South Asia) Limited	**2.42**	0.67
	Holcim Cement (Bangladesh) Limited, Bangladesh	**-**	0.01
		2.42	0.68

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
E)	**Transactions with holding company during the year**		
1	**Dividend paid**		
	Holderind Investments Limited, Mauritius	**2,318.34**	187.97

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
F)	**Transactions with joint ventures during the year**		
1	**Rendering of services**		
	Counto Microfine Products Private Limited	**3.53**	2.62
2	**Dividend Received**		
	Counto Microfine Products Private Limited	**2.50**	1.66
3	**Buy back of shares**		
	Counto Microfine Products Private Limited	**2.25**	-
4	**Purchase of Goods**		
	Counto Microfine Products Private Limited	**-**	0.01

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
G)	**Outstanding balances with joint ventures**		
1	**Amount receivable**		
	Counto Microfine Products Private Limited	**-**	0.75

₹ in crore

Particulars			For the year ended 31st December 2020	For the year ended 31st December 2019
H)	**Transactions with Key Management Personnel**			
	1	**Remuneration (Refer Note (a) below)**		
		Mr. Neeraj Akhoury	**6.17**	-
		Mr. Bimlendra Jha	**11.42**	6.49
		Mr. Ajay Kapur	**-**	7.19
		Mr. Suresh Joshi	**-**	0.93
		Ms. Sonal Shrivastava	**1.94**	1.30
		Ms. Rajani Kesari	**1.18**	-
		Mr. Rajiv Gandhi	**1.24**	0.98
			21.95	16.89
	2	**Break-up of remuneration**		
		Short term employment benefit	**21.20**	10.57
		Post employment benefits	**0.44**	3.73
		Other long term benefits	**0.16**	2.53
		Employee share based payments (Refer Note - 49)	**0.15**	0.06
			21.95	16.89
	3	**Commission, sitting fees and advisory fee**		

Notes to Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Mr. N.S. Sekhsaria	**0.56**	0.54
Mr. Martin Krieger (Refer Note (e) below)	**-**	-
Mr. Christof Hassig	**0.26**	0.22
Mr. Nasser Munjee	**0.47**	0.42
Mr. Rajendra P. Chitale	**0.57**	0.54
Mr. Shailesh Haribhakti	**0.47**	0.43
Dr. Omkar Goswami	**0.44**	0.41
Mr. Haigreve Khaitan	**-**	0.10
Mr. Jan Jenisch	**0.23**	0.22
Mr. Roland Kohler	**0.24**	0.22
Ms. Then Hwee Tan	**0.42**	0.35
Mr. Mahendra Kumar Sharma	**0.26**	0.17
Ms. Shikha Sharma	**0.44**	0.31
Mr. Ranjit Shahani	**0.26**	0.18
Mr. Praveen Kumar Molri	**0.25**	0.17
Mr. B.L. Taparia	**-**	0.17
Mr. Ramanathan Muthu	**0.01**	-
	4.88	4.45
Total	**26.83**	21.34

Notes:

a) Remuneration does not include:

I) Provision for contribution to gratuity fund, leave encashment and other defined benefits which are provided based on actuarial valuation on an overall Company basis.

ii) Performance incentive for respective years, pending finalisation. Current year includes performance incentive related to performance of previous year except for Mr. Bamenda Jha who has resigned during the year and his performance incentive has been paid.

b) Contribution to Abuja 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 2020, the Company has contributed ₹ 4.55 crore (previous year - ₹ 6.57 crore).

c) Contribution to Abuja 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 2020, the Company has contributed ₹ 29 crore (previous year - ₹ 5.80 crore).

d) 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).

e) Mr. Martin Krieger has waived his right to receive Directors' commission from the year 2018 and sitting fees with effect from the meeting held on 23rd October 2018.

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

₹ in crore

Particulars	Notes	Carrying value	Fair value	Carrying value	Fair value
		As at 31.12.2020		As at 31.12.2019	
Financial assets					
a) Measured at amortised cost					
Cash and cash equivalents	16	**2,642.60**	**2,642.60**	3,858.55	3,858.55
Bank balances other than cash and cash equivalents	17	**207.43**	**207.43**	187.20	187.20
Trade Receivables	15	**191.51**	**191.51**	513.22	513.22
Loans	11, 18	**80.78**	**80.78**	67.41	67.41
Other financial assets	12, 19	**616.74**	**616.74**	601.81	601.81
Total financial assets measured at amortised cost		**3,739.06**	**3,739.06**	5,228.19	5,228.19
b) Measured at fair value through the statement of profit and loss (FVTPL)					
Cash and cash equivalents - investments in liquid mutual funds	16	**74.31**	**74.31**	653.74	653.74
Investment in unquoted equity instruments	10	**4.50**	**4.50**	-	-
Total financial assets (a+b)		**3,817.87**	**3,817.87**	5,881.93	5,881.93
Financial liabilities					
a) Measured at amortised cost					
Trade payables		**880.90**	**880.90**	935.98	935.98
Lease Liabilities	27, 34	**324.52**	**324.52**	-	-
Other financial liabilities	27, 34	**736.86**	**736.86**	782.57	782.57
Interest free loan from State Government	26	**43.60**	**43.60**	35.28	35.28
Total financial liabilities at amortised cost		**1,985.88**	**1,985.88**	1,753.83	1,753.83
b) Measured at fair value through the statement of profit and loss (FVTPL)					
Foreign currency forward contract	34	**1.04**	**1.04**	0.09	0.09
Total financial liabilities (a+b)		**1,986.92**	**1,986.92**	1,753.92	1,753.92

B) Income Expenses Gains or Losses on Financial Instruments

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

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Financial assets measured at amortised cost		
Interest income	**202.01**	211.05
Impairment losses on trade receivables (including reversals of impairment losses)	**13.78**	6.08
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	**10.82**	27.84
Net gain on fair valuation of liquid mutual fund	**0.31**	2.74
Financial liabilities measured at amortised cost		
Net Exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	**9.94**	1.12
Interest expenses on deposits from dealers	**15.34**	25.25
Interest expense on lease liability	**16.81**	-
Financial liabilities measured at fair value through profit or loss		
Net Loss of on foreign currency forward contract	**1.02**	0.13
Net gain recognised in Statement of Profit and Loss	**183.81**	221.21

Notes to Financial Statements

Note 55 - Financial instruments

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.

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

₹ in crore

Particulars	Notes	As at 31.12.2020	As at 31.12.2019	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	**74.31**	653.74	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	**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	**1.04**	0.09	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.

Notes to Financial Statements

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.

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) interest rate risk b) currency risk and c) other price 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) 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

₹ in crore

Particulars	**As at 31.12.2020**	As at 31.12.2019
Interest bearing		
Security deposit from dealers (Refer Note 34)	**490.39**	506.41
Non-interest bearing		
Current maturities of non-current borrowings (Refer Note 34)	**-**	5.78
Borrowings - Interest free sales tax loan (Refer Note 26)	**43.60**	35.28
Total	**533.99**	547.47
Interest rate sensitivities for unhedged exposure (Refer Note (i) below)		
Security deposit from dealers		
Impact of increase in 100 bps would decrease profit by	**4.90**	5.06
Impact of decrease in 100 bps would increase profit by	**(4.90)**	(5.06)

Note:

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

Notes to Financial Statements

Note 56 - Financial risk management objectives and policies

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 assets and liabilities, are as follows

Particulars	As at 31.12.2020		As at 31.12.2019	
	₹ in crore	Foreign currency in crore	₹ in crore	Foreign currency in crore
Trade payable and other financial liabilities (Unhedged)				
CHF	**0.08**	**-**	3.27	0.04
EURO	**1.55**	**0.02**	3.24	0.04
GBP	**0.05**	**-**	0.22	-
JPY	**0.20**	**0.28**	0.27	0.41
SEK	**0.34**	**0.04**	0.01	-
SGD	**0.01**	**-**	-	-
USD	**148.28**	**2.04**	10.97	0.16
Total	**150.51**		17.98	
Foreign exchange derivatives				
USD (Hedged) - Forward contracts against imports and services (Refer Note (a) below)	**167.71**	**2.26**	36.21	0.50

Note:

a) 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).

₹ in crore

Particulars	As at 31.12.2020		As at 31.12.2019	
	1% strengthening of ₹	1% weakening of ₹	1% strengthening of ₹	1% weakening of ₹
Trade payable and other financial liabilities (Unhedged)				
CHF	**-**	**-**	0.03	(0.03)
EURO	**0.01**	**(0.01)**	0.03	(0.03)
GBP	**-**	**-**	-	-
JPY	**-**	**-**	-	-
SEK	**-**	**-**	-	-
SGD	**-**	**-**	-	-
USD	**1.48**	**(1.48)**	0.11	(0.11)
Increase / (Decrease) in profit	**1.49**	**(1.49)**	0.17	(0.17)

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.

c) Other price risk

Other price risk includes commodity price risk. The Company primarily imports coal, petcoke and gypsum. It is exposed to commodity price risk arising out of movement in prices of such commodities. Such risks are monitored by tracking of the prices and are managed by entering into fixed price contracts, where considered necessary. Additionally, processes and policies related to such risks are reviewed and controlled by senior management.

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.

Notes to Financial Statements

Note 56 - Financial risk management objectives and policies

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Trade receivables (Refer Note 15)	**23.68**	9.90
Financial assets other than trade receivables		
Loans to related party - Subsidiary (Refer Note 11)	**37.94**	37.94
Loans to Joint Operation (Refer Note 11)	**1.04**	0.98
Interest receivable from related party (Refer Note 12)	**9.22**	10.60
Other receivable (Refer Note 19)	**12.14**	5.70
	60.34	55.22
Total	**84.02**	65.12

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.

Ageing of trade receivables :

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Up to 6 months	**183.26**	495.47
More than 6 months	**31.93**	27.65
Total	**215.19**	523.12
Impaired	**(23.68)**	(9.90)
Total	**191.51**	513.22

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 venture) and investments in liquid mutual funds as on 31st December 2020 are ₹ 4.50 crore and ₹ 74.31 crore (31st December 2019 - ₹ Nil and ₹ 653.74 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.

Notes to Financial Statements

Note 56 - Financial risk management objectives and policies

Movement in expected credit loss allowance of trade receivables

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balance at the beginning of the year	**9.90**	3.82
Add: provided during the year	**15.23**	7.67
Less : reversal of provisions	**1.45**	1.59
Balance at the end of the year	**23.68**	9.90

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balance at the beginning of the year	**55.22**	49.43
Add: provided during the year	**6.50**	5.79
Less : reversal of provisions	**1.38**	-
Balance at the end of the year	**60.34**	55.22

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 large investments 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 and investments at the reporting date based on undiscounted contractual payments.

₹ in crore

Particulars	Carrying amount	Contractual maturities			
		Less than 1 year	1 - 5 Years	More than 5 year	Total
As at 31st December 2020					
Borrowings	**43.60**	**-**	**49.75**	**8.47**	**58.22**
Lease Liabilities	**324.52**	**42.56**	**184.74**	**184.32**	**411.62**
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**	**1,661.23**	**234.62**	**192.79**	**2,088.64**
As at 31st December 2019					
Borrowings	41.06	5.86	28.22	21.54	55.62
Trade payables	935.98	935.98	-	-	935.98
Other financial liabilities (Refer Note (a) below)	776.88	776.26	0.62	-	776.88
Total	1,753.92	1,718.10	28.84	21.54	1,768.48

Note:

a) Other financial liabilities includes deposits received from customers amounting to ₹ 490.39 crore (31st December 2019 - ₹ 506.41 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).

₹ in crore

	Revenues from customers		Non-current assets (Refer Note (a) below)	
	For the year ended 31st December 2020	For the year ended 31st December 2019	**As at 31st December 2020**	As at 31st December 2019
a) Within India	**11,174.97**	11,352.76	**8,644.09**	7,917.78
b) Outside India (Refer Note (b) below)	**-**	-	**-**	-
Total	**11,174.97**	11,352.76	**8,644.09**	7,917.78

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 2020 and 31st December 2019, there is no single customer contributes 10% or more to the Company's revenue.

Note 58 - Proposed Amalgamation of a Subsidiary

During the previous year, 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. During the year, National Company Law Tribunal, Ahmedabad issued an order stating that the required consent was not taken from the shareholders and creditors. The Company has further filed an appeal with the National Company Law Appellate Tribunal (NCLAT). No effect of the proposed amalgamation has been given in the financial statements due to pending of the hearings.

Note 59 - Risk due to outbreak of COVID-19 pandemic

The Company has considered the possible effects that may statement 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 financial statements may differ from that estimated as at the date of approval of the same.

Notes to Financial Statements

Note 60 - 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 61 - The CCI has initiated an investigation against cement companies in India including the Company regarding alleged anti-competitive behavior and conducted search and seizure operations in December 2020 against few companies. The Company is in the process of providing information sought. The Company is of the firm view that it has acted and continues to act in compliance with competition laws. The Company believes that this does not have any impact on the financial statement.

Note 62 - Figures below ₹ 50,000 have not been disclosed.

Note 63 - Figures for the previous year have been regrouped / reclassified wherever necessary to conform to current year's classification.

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, 18th February 2021