Independent Auditor's Report

To The Members of Ambuja Cements Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of Ambuja Cements Limited ("the Parent/ Company") and its subsidiaries, (the Parent and its subsidiaries together referred to as "the Group") which includes the Group's share of profit in its associates and joint ventures, which comprise the Consolidated Balance Sheet as at 31st December 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements"), and which includes five joint operations of the Group accounted on proportionate basis.

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the joint operations, subsidiaries, associates and joint ventures referred to in the Other Matters section below, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS'), and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 December 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

1. We draw attention to Notes 49(b)(i) & 49(b)(ii) to the consolidated financial statements which describes the following matters:

   a. In terms of the order dated 31st August, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹ 2,311.50 crore for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Parent and ACC Limited (a subsidiary of the Parent). On appeal by the Parent and ACC Limited, National Company Law Appellate Tribunal (NCLAT), which replaced the Competition Appellate Tribunal (COMPAT) effective 26th May, 2017, in its order passed on 25th July, 2018 had upheld the CCI's Order. The appeals by the Parent and ACC Limited against the said judgement of NCLAT before the Hon'ble Supreme Court were admitted vide its order dated 5th October, 2018 with a direction that the interim order passed by the Tribunal would continue.

   b. In a separate matter, pursuant to a reference filed by the Government of Haryana, the CCI vide its order dated 19th January, 2017 had imposed penalty of ₹ 65.16 crore for alleged contravention of the provisions of the Competition Act by the Parent and ACC Limited. On appeal by the Parent and ACC Limited together with application for interim stay against payment of penalty, COMPAT had stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

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

Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sr. No.	Key Audit Matters	Auditor's Responses
1.	**Litigation, Claims and Contingent Liabilities:** (Refer Notes 3M and 49, read along with Emphasis of Matter in Independent Auditor's Report to the consolidated financial statements) The Group is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims. Based on the nature of regulatory and legal cases management applies significant judgement when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses. Given the different views, possible basis the interpretations, complexity and the magnitude of the potential exposures, and the judgement necessary to determine required disclosures, this is a key audit matter.	**Principal audit procedures performed:** • We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Group's controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities. • We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as 'probable', 'possible' and 'remote'; • Examined the Group's legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness. • We read the correspondence from Court authorities and considered legal opinion obtained by the Management from external law firms to evaluate the basis used for provisions recognised or the disclosures made in the consolidated financial statements. • We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management's conclusions. • For those matters where Management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Group's disclosures made in relation to contingent liabilities.
2.	**Income tax provision:** (Refer Notes 3S, 30, 31 and 49 to the consolidated financial statements) This matter has been identified as a Key Audit Matter due to the significant level of management judgement required in the estimation of provision for income taxes including any write back of provisions, due to the following factors: • Existence of multiple uncertain tax positions leading to multiple disputes / litigations • Provision for tax involves interpretation of rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.	**Principal audit procedures performed:** • Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Group's controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies. • Obtained details of completed tax assessments and demands as of December 31, 2020 from the management. • We discussed with appropriate senior management personnel, independently assessed management's estimate of the possible outcome of the disputed cases; and evaluated the Management's underlying key assumptions in estimating the tax 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 Group's disclosures made in relation to contingent liabilities.

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

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

Management's Responsibility for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

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

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

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

Other Matters

We did not audit the financial statements of seven subsidiaries (which includes four joint operations of a subsidiary) and a joint operation of the Parent, whose financial statements reflect total assets of ₹ 116.19 crores as at 31st December, 2020, total revenues of ₹ 19.88 crores and net cash inflows amounting to ₹ 1.94 crores for the year ended on that date, as considered in the consolidated financial statements. We did not audit the financial statements of one subsidiary included in the consolidated financial statements, whose financial statements reflect total assets of ₹ 1.97 crores as at the date of sale i.e. November 18, 2020, total revenue of ₹ 2.06 crores and net cash flows amounting to ₹ 0.01 crores upto the date of sale, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 14.44 crores for the year ended 31st December, 2020, as considered in the consolidated financial statements, in respect of two associates and two joint ventures, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and associates, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, joint ventures and associates is based solely on the reports of the other auditors.

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

Report on Other Legal and Regulatory Requirements

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 of the joint operations, subsidiaries, associates and joint ventures 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Cash Flow Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent as on 31st December, 2020 taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its joint operation companies, subsidiary companies, associate companies and joint venture companies incorporated in India, none of the directors of the Group companies, its associate companies and joint venture companies incorporated in India is disqualified as on 31st December, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent, subsidiary companies, associate companies and joint venture companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent 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 consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures - Refer Notes 49 and 50 to the consolidated financial statements;

      ii) The Group, its associates and joint ventures did not have any material foreseeable losses on long-term contracts including derivative contracts.

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

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

Saira Nainar
Partner
(Membership No. 040081)
(UDIN: 21040081AAAAAW9239)

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 consolidated 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")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31st December, 2020, we have audited the internal financial controls over financial reporting of Ambuja Cements Limited (hereinafter referred to as "the Parent / Company") and its subsidiary companies, its associate companies and joint ventures, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, the Parent, its subsidiary companies, its associate companies and its joint ventures, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st December, 2020, based on the criteria for internal financial control over financial reporting established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

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

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

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

Saira Nainar
Partner
(Membership No. 040081)
(UDIN: 21040081AAAAAW9239)

Place: Mumbai
Date: 18th February, 2021

Consolidated 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	**11,885.36**	12,605.99
b) Right-of-use-assets	5	**503.87**	-
c) Capital work-in-progress (Refer Note 4(h))		**2,421.85**	1,554.43
d) Goodwill	6	**7,876.11**	7,881.49
e) Other intangible assets	7	**220.63**	213.86
f) Investments in associates and joint ventures	9	**154.60**	145.87
g) Financial assets			
i) Investments	10	**12.70**	3.70
ii) Loans	12	**212.28**	208.63
iii) Other financial assets	13	**1,184.09**	841.68
h) Non-current tax assets (net) (Refer Note 32)		**1,100.29**	1,041.99
i) Deferred tax assets (net)		**2.91**	4.16
j) Other non-current assets	14	**1,341.18**	1,361.53
Total - Non-current assets		**26,915.87**	25,863.33
2 Current assets			
a) Inventories	15	**1,648.58**	2,096.50
b) Financial assets			
i) Trade receivables	16	**561.13**	1,068.56
ii) Cash and cash equivalents	17	**8,571.56**	9,011.88
iii) Bank balances other than cash and cash equivalents	18	**364.07**	342.67
iv) Loans	19	**62.06**	32.28
v) Other financial assets	20	**346.35**	496.62
c) Current tax assets (net)		**71.26**	-
d) Other current assets	21	**1,153.69**	1,235.25
		12,778.70	14,283.76
e) Non-current assets classified as held for sale	22	**26.13**	35.25
Total - Current assets		**12,804.83**	14,319.01
TOTAL - ASSETS		**39,720.70**	40,182.34
EQUITY AND LIABILITIES			
Equity			
a) Equity share capital	23	**397.13**	397.13
b) Other equity	26	**22,360.47**	23,680.86
Equity attributable to owners of the Company		**22,757.60**	24,077.99
c) Non controlling interest		**6,340.89**	5,736.76
Total Equity		**29,098.49**	29,814.75
Liabilities			
1 Non-current liabilities			
a) Financial liabilities			
i) Borrowings	27	**43.60**	35.28
ii) Other financial liabilities	28	**380.75**	0.62
b) Provisions	29	**271.41**	288.82
c) Deferred tax liabilities (net)	30	**626.00**	936.73
d) Other non-current liabilities	33	**40.05**	35.83
Total - Non-current liabilities		**1,361.81**	1,297.28
2 Current liabilities			
a) Financial liabilities			
i) Trade payables			
Total outstanding dues of micro enterprises and small enterprises	34	**8.76**	12.37
Total outstanding dues of creditors other than micro enterprises and small enterprises		**2,204.65**	2,320.51
ii) Other financial liabilities	35	**1,794.06**	1,719.63
b) Other current liabilities	36	**3,910.90**	3,658.72
c) Provisions	37	**21.14**	109.89
d) Current tax liabilities (net) (Refer Note 32)		**1,320.89**	1,249.19
Total - Current liabilities		**9,260.40**	9,070.31
Total Liabilities		**10,622.21**	10,367.59
TOTAL - EQUITY AND LIABILITIES		**39,720.70**	40,182.34

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 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

Consolidated 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	38	**24,516.17**	27,103.55
	b) Other income	39	**449.59**	580.74
	Total Income		**24,965.76**	27,684.29
2	**Expenses**			
	a) Cost of materials consumed	40	**2,532.87**	3,231.22
	b) Purchase of stock-in-trade	41	**334.92**	308.82
	c) Changes in inventories of finished goods, work-in progress and stock-in-trade	42	**256.45**	143.64
	d) Employee benefits expense	43	**1,540.40**	1,570.75
	e) Finance costs	44	**140.22**	169.87
	f) Depreciation and amortisation expense	45	**1,161.78**	1,152.52
	g) Power and fuel		**4,827.64**	5,722.19
	h) Freight and forwarding expense	46	**6,271.54**	7,127.97
	i) Other expenses	47	**3,768.92**	4,410.44
			20,834.74	23,837.42
	j) Self consumption of cement		**(22.14)**	(8.47)
	Total Expenses		**20,812.60**	23,828.95
3	**Profit before share of profit of joint ventures and associates, exceptional items and tax expense (1-2)**		**4,153.16**	3,855.34
4	Share of profit in joint ventures and associates		**14.44**	19.97
5	**Profit before exceptional items and tax expense (3+4)**		**4,167.60**	3,875.31
6	Exceptional items (Refer Note 4(j))		**176.01**	-
7	**Profit before tax (5-6)**		**3,991.59**	3,875.31
8	**Tax expense**	31		
	a) Current tax - charge		**1,200.42**	1,264.70
	b) Deferred tax - (credit)		**(315.67)**	(172.55)
			884.75	1,092.15
9	**Profit for the year (7-8)**		**3,106.84**	2,783.16
10	**Other comprehensive income**			
	Items not to be reclassified to profit or loss in subsequent periods			
	a) Remeasurement gains / (losses) on defined benefit plans		**(15.39)**	(82.78)
	b) Share of remeasurement gains / (losses) on defined benefit plans of joint ventures and associates		**(0.05)**	0.18
	Tax adjustment on above		**(6.18)**	28.92
	Total other comprehensive income		**(21.62)**	(53.68)
11	**Total comprehensive income for the year (9+10)**		**3,085.22**	2,729.48
12	**Profit for the year attributable to**			
	Owners of the Company		**2,365.44**	2,095.00
	Non-controlling interest		**741.40**	688.16
13	**Other comprehensive income attributable to**			
	Owners of the Company		**(14.34)**	(29.09)
	Non-controlling interest		**(7.28)**	(24.59)
14	**Total comprehensive income attributable to**			
	Owners of the Company		**2,351.10**	2,065.91
	Non-controlling interest		**734.12**	663.57
15	**Earnings per share of ₹ 2 each - in ₹**	48		
	Basic		**11.91**	10.55
	Diluted		**11.91**	10.55

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 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

Consolidated 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	23		
Opening Balance		**397.13**	397.13
Changes during the year		**-**	-
Closing balance		**397.13**	397.13

₹ in crore

Particulars	Reserves and surplus (Refer Note 26)									
	Capital reserve	Securities premium	General reserve	Capital redemption reserve	Subsidies	Capital contribution from parent	Retained earnings	Total other equity attributable to owners of the Company	Non controlling interest	Total
B) Other equity										
Balance as at 31st December 2018	130.71	12,471.16	5,814.49	9.93	5.02	-	3,542.04	21,973.35	5,231.19	27,204.54
Profit for the year	-	-	-	-	-	-	2,095.00	2,095.00	688.16	2,783.16
Other comprehensive income (net of tax expenses)	-	-	-	-	-	-	(29.09)	(29.09)	(24.59)	(53.68)
Total comprehensive income for the year	-	-	-	-	-	-	2,065.91	2,065.91	663.57	2,729.48
Share based payment (Refer Note 64)	-	-	-	-	-	0.85	-	0.85	0.31	1.16
Equity dividend paid for the year 2018 (Refer Note 25)	-	-	-	-	-	-	(297.85)	(297.85)	(131.32)	(429.17)
Dividend distribution tax on above (Refer Note 25)	-	-	-	-	-	-	(34.18)	(34.18)	-	(34.18)
Dividend distribution tax on equity dividend paid by subsidiary	-	-	-	-	-	-	(27.05)	(27.05)	(26.99)	(54.04)
Dividend distribution tax on equity dividend paid by joint venture	-	-	-	-	-	-	(0.17)	(0.17)	-	(0.17)
Balance as at 31st December 2019	130.71	12,471.16	5,814.49	9.93	5.02	0.85	5,248.70	23,680.86	5,736.76	29,417.62
Balance as at 31st December 2019	**130.71**	**12,471.16**	**5,814.49**	**9.93**	**5.02**	**0.85**	**5,248.70**	**23,680.86**	**5,736.76**	**29,417.62**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,365.44**	**2,365.44**	**741.40**	**3,106.84**
Other comprehensive income (net of tax expenses)	**-**	**-**	**-**	**-**	**-**	**-**	**(14.34)**	**(14.34)**	**(7.28)**	**(21.62)**
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**2,351.10**	**2,351.10**	**734.12**	**3,085.22**
Share based payment (Refer Note 64)	**-**	**-**	**-**	**-**	**-**	**2.33**	**-**	**2.33**	**1.33**	**3.66**
Equity dividend paid for the year 2019 (Refer Note 25)							**(297.85)**	**(297.85)**	**(131.32)**	**(429.17)**
Interim dividend paid for the year 2020 (Refer Note 25)	**-**	**-**	**-**	**-**	**-**	**-**	**(3,375.60)**	**(3,375.60)**	**-**	**(3,375.60)**
Tax on distributed income paid by joint venture	**-**	**-**	**-**	**-**	**-**	**-**	**(0.37)**	**(0.37)**	**-**	**(0.37)**
Balance as at 31st December 2020	**130.71**	**12,471.16**	**5,814.49**	**9.93**	**5.02**	**3.18**	**3,925.98**	**22,360.47**	**6,340.89**	**28,701.36**

The accompanying notes are integral part of the Consolidated Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 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

Consolidated 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		**3,991.59**	3,875.31
Adjustments to reconcile profit before tax to net cash flows			
Depreciation and amortisation expense	45	**1,161.78**	1,152.52
Exceptional item (Refer Note 4(j))		**176.01**	-
Expected credit loss on non current financial assets		**128.92**	-
(Gain) / Loss on property, plant and equipment sold, discarded and written off (net)		**32.86**	(16.92)
Loss on buy back of shares of joint venture		**0.26**	-
Gain on sale of current financial assets measured at fair value through profit and loss	39	**(26.65)**	(49.48)
Gain on sale of investment in subsidiary Company		**(12.91)**	-
Net gain on fair valuation of liquid mutual fund measured at fair value through profit and loss	39	**(0.47)**	(3.17)
Finance costs	44	**140.22**	169.87
Interest income		**(401.42)**	(500.43)
Provision for slow and non moving spares		**25.39**	10.04
Impairment loss recognised under Expected Credit Loss (ECL) Model		**51.48**	27.59
Discounting income on interest free loan		**(3.25)**	-
Unrealised exchange (gain) / loss (net)		**8.29**	0.33
Fair value movement in derivative instruments		**1.30**	0.13
Interest on income tax written back (Refer Note 32)		**(5.77)**	(27.49)
Provisions no longer required written back	38	**(11.86)**	(13.33)
Compensation Expenses under Employees Stock Options Scheme		**3.66**	1.16
Inventories written off		**1.66**	11.50
Bad debts, sundry debit balances and claims written off / written back (net)		**1.07**	0.08
Unrealised share of profit in associates and joint ventures		**(14.44)**	(19.97)
Other non cash items		**(2.41)**	(0.32)
Operating profit before working capital changes		**5,245.31**	4,617.42
Changes in Working Capital			
Adjustments for Decrease / (Increase) in operating assets			
Decrease / (Increase) in Trade receivables, loans & advances and other assets	12-14, 16, 19-21	**244.50**	(251.94)
Decrease / (Increase) in Inventories	15	**420.49**	839.85
Adjustments for Increase / (Decrease) in operating liabilities			
Increase / (Decrease) in Trade payables, other liabilities and provisions	27-29, 33-37	**92.24**	63.24
		757.23	651.15
Cash generated from operations		**6,002.54**	5,268.57
Direct taxes paid (net of refunds) (Refer Note (1) below)		**(1,170.17)**	(529.87)
Net cash flow from operating activities (A)		**4,832.37**	4,738.70
B) Cash flows from investing activities			
Purchase of property, plant and equipment, intangibles etc. (including capital work in progress and capital advances)		**(1,733.65)**	(1,667.43)
Proceeds from sale of property, plant and equipment		**8.33**	60.39
Inter corporate deposits and loans given to joint ventures		**(0.02)**	-
Proceeds from sale of investment in Subsidiary Company		**20.00**	-
Proceeds from buyback of shares of joint venture		**2.24**	-
Payment received against loans given to joint venture		**-**	0.12
Gain on sale of current financial assets measured at fair value through profit and loss		**26.65**	49.48
Investments in bank deposits (having original maturity of more than 3 months and upto 12 months)		**(15,438.05)**	(6,784.73)
Redemption of bank deposits (having original maturity of more than 3 months and upto 12 months)		**15,423.65**	6,780.96
Investments in bank deposits (having original maturity of more than 12 months)		**(31.65)**	(33.18)
Redemption in bank deposits (having original maturity of more than 12 months)		**20.42**	5.87
Purchase of non current investment		**(9.00)**	-
Investment in certificate of deposits		**(750.00)**	(600.00)
Redemption of certificate of deposits		**750.00**	600.00
Dividend received from joint venture and associates		**2.79**	3.35
Interest received		**390.98**	392.29
Net cash used in investing activities (B)		**(1,317.31)**	(1,192.88)

Consolidated 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 borrowing		**(5.86)**	-
Interest paid		**(86.40)**	(113.04)
Repayment of lease liability		**(41.05)**	-
Interest portion of lease repayment	44	**(26.61)**	-
Net movement in earmarked balances with banks		**(8.84)**	1.06
Dividend paid on equity shares		**(3,664.61)**	(297.85)
Dividend paid to Non-controlling Interest		**(131.32)**	(131.32)
Dividend distribution tax paid		**-**	(88.22)
Net cash used in financing activities (C)		**(3,956.22)**	(629.37)
Net increase / (decrease) in cash and cash equivalents (A + B + C)		**(441.16)**	2,916.45
Cash and cash equivalents			
Cash and cash equivalents at the end of the year (Refer Note 17)		**8,571.56**	9,011.88
Cash and cash equivalents related to entity held for sale		**0.47**	0.85
Transfer on sale of investment in subsidiary		**0.01**	-
Adjustment for fair value gain on liquid mutual funds measured through profit and loss		**(0.47)**	(3.17)
		8,571.57	9,009.56
Cash and cash equivalents at the beginning of the year (Refer Note 17)		**9,011.88**	6,093.11
Cash and cash equivalents related to entity held for sale at the beginning of the year		**0.85**	-
		9,012.73	6,093.11
Net increase / (decrease) in cash and cash equivalents		**(441.16)**	2,916.45

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 27)	35.28	**8.47**	**-**	**3.10**	**(3.25)**	**43.60**
Current maturities of non-current borrowings (Refer Note 35)	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 Consolidated Financial Statements

In terms of our report attached

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

Saira Nainar
Partner
Membership Number: 040081

Mumbai, 18th February 2021

Rajani Kesari
Chief Financial Officer

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Company Secretary

For and on behalf of the Board of Directors

N.S. Sekhsaria
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DIN - 00015986

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

Notes to Consolidated Financial Statements

1. Corporate Information

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

The Company's principal activity is to manufacture and market cement and cement related products.

2. Basis of preparation and consolidation

A. Basis of preparation

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

These consolidated financial statements were approved for issue in accordance with the resolution of the Board of Directors on 18th February 2021.

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

I. Certain financial assets and liabilities are measured at fair value (refer note 3 (L) for accounting policy on financial instruments).

II. Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less cost to sell.

III. Employee defined benefit plans, recognised at the net total of the fair value of plan assets and the present value of the defined benefit obligation.

IV. Investments in associates and joint ventures which are accounted for using the equity method.

V. Employee share based payments measured at fair value.

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

The accounting policies are applied consistently to all the periods presented in the consolidated financial statements except change in accounting policy on Leases as disclosed in note 53.

Consolidated financial statements are presented in ₹ which is the functional currency of the group 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.

B. Basis of consolidation

I. The consolidated financial statements comprise those of Ambuja Cements Limited, entities controlled by the Company and its subsidiaries. The list of principal companies is presented in note 11.

II. A Company is considered a subsidiary when controlled by the Group. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

   a. Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee),

   b. Exposure, or rights, to variable returns from its involvement with the investee, and

   c. The ability to use its power over the investee to affect its returns.

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

III. Generally, there is a presumption that a majority of voting rights results in control. To support this presumption, when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

   a. The contractual arrangement with the other vote holders of the investee,

   b. Rights arising from other contractual arrangements,

   c. The Group's voting rights and potential voting rights,

   d. The size of the Group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders,

   e. Any additional facts and circumstances that indicate that the Group has, or does not have, the current ability to direct the relevant activities at the time when decisions need to be made, including voting patterns at previous shareholders' meetings.

IV. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Notes to Consolidated Financial Statements

V. In cases where the financial year of subsidiaries is different from that of the Company, the financial statements of the subsidiaries have been drawn up so as to be aligned with the financial year of the Company.

VI. Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If a member of the group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to that of the Group member's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

VII. Consolidation procedure

a. The consolidated financial statements of the Company and its subsidiaries have been prepared in accordance with the Ind AS 110 "Consolidated Financial Statements", on a line-by-line basis by adding together the book value of like items of assets, liabilities, income, expenses and cash flow.

b. Offset (eliminate) the carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary. Business combinations policy explains how any related goodwill is accounted.

c. Eliminate in full intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group (profits or losses resulting from intra-group transactions that are recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS 12 "Income Taxes" applies to temporary differences that arise from the elimination of profits and losses resulting from intra-group transactions.

VIII. Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Group.

IX. Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

X. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

a. Derecognises the assets (including goodwill) and liabilities of the subsidiary,

b. Derecognises the carrying amount of any non-controlling interest,

c. Derecognises the cumulative translation differences recorded in equity,

d. Recognises the fair value of the consideration received,

e. Recognises the fair value of any investment retained, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture,

f. Recognises any surplus or deficit in the consolidated statement of profit and loss,

g. Reclassifies the parent's share of components previously recognised in other comprehensive income (OCI) to the consolidated statement of profit and loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

3. Significant accounting policies

A. Property, plant and equipment

I. Property, plant and equipment are stated at their cost of acquisition / installation / construction net of accumulated depreciation, and impairment losses, if any, except freehold non-mining land which is carried at cost less impairment losses. Subsequent expenditures are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the consolidated statement of profit and loss during the reporting period in which they are incurred. The present value of the expected cost for the decommissioning of an asset after its use is included

Notes to Consolidated Financial Statements

in the cost of the respective asset if the recognition criteria for provisions are met.

II. Spares which meet the definition of property, plant and equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalised on such date with consequent impact in the consolidated statement of profit and loss.

III. Property, plant and equipment not ready for their intended use as on the balance sheet date are disclosed as "Capital work-in-progress". Such items are classified to the appropriate category of property, plant and equipment when completed and ready for their intended use. Advances given towards acquisition/ construction of property, plant and equipment outstanding at each balance sheet date are disclosed as Capital Advances under "Other non-current assets".

IV. An item of property, plant and equipment and any significant part thereof is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the consolidated statement of profit and loss in "other income / (expenses)" when the asset is derecognised.

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

B. Depreciation on property, plant and equipment

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

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

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

II. The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed during each financial year and adjusted prospectively, if appropriate.

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

IV. Depreciation on additions to property, plant and equipment is provided on a pro-rata basis from the date of acquisition, or installation, or construction, when the asset is ready for intended use.

V. Depreciation on an item of property, plant and equipment sold, discarded, demolished or scrapped, is provided upto the date on which the said asset is sold, discarded, demolished or scrapped.

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

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

VIII. Property, plant and equipment, constructed by the Group, but ownership of which vests with the Government / Local authorities:

a. Expenditure on Power lines is depreciated over the period as permitted in the Electricity Supply Act, 1948 / 2003 as applicable.

b. Expenditure on Marine structures is depreciated over the period of the agreement.

C. Intangible assets

I. Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

II. The useful lives of intangible assets are assessed as either finite or indefinite.

III. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed during each reporting period. Changes in the expected useful life or the expected

Notes to Consolidated Financial Statements

pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss unless such expenditure forms part of carrying value of another asset.

IV. Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis. Other than goodwill there are no other intangible assets with indefinite useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset, if any, are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit and loss when the asset is derecognised.

D. Amortisation of intangible assets

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

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

E. Impairment of non-financial assets

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

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. Business combination

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

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

Notes to Consolidated Financial Statements

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

II. Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 "Share-based Payments" at the acquisition date.

III. Assets (or disposal Groups) that are classified as held for sale in accordance with Ind AS 105 "Non-current Assets Held for Sale and Discontinued Operations" are measured in accordance with that standard.

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

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

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

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

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

Business combination of entities under common control

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

I. The assets and liabilities of the combining entities are reflected at their carrying amounts.

II. No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.

III. The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination, however, where the business combination had occurred after that date, the prior period information is restated only from that date.

IV. The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.

V. The identity of the reserves are preserved and the reserves of the transferor become the reserves of the transferee.

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

Notes to Consolidated Financial Statements

H. Goodwill

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

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

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

I. Investment in associates and joint ventures

I. Associates

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

II. Joint ventures

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

Equity method

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

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

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

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

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

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

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

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

Notes to Consolidated Financial Statements

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

J. Interest in joint operations

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

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

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

K. Fair value measurement

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

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

I. Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

II. Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

III. Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

L. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through the statement of profit and loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through the statement of profit and loss are recognised immediately in the consolidated statement of profit and loss.

I. Financial assets

a. The Group's financial assets comprise :

i. Current financial assets mainly consist of trade receivables, investments in liquid mutual funds, cash and bank balances, fixed deposits with banks and financial institutions, incentive receivable from Government and other current receivables.

ii. Non-current financial assets mainly consist of financial investments in equity, bond and fixed deposits, non-current receivables from related party and employees, incentives receivable from Government and non-current deposits.

b. Initial recognition and measurement of financial assets

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

c. 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.

Notes to Consolidated Financial Statements

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

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

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

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

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

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

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

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

Debt instrument at FVTPL

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

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

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

This category comprises investments in liquid mutual funds and derivatives.

Equity instruments

All equity investments in scope of Ind AS 109 "Financial Instruments" are measured at FVTPL with all changes in fair value recognised in the statement of profit and loss.

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

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

For all investments in equity instruments other than held for trading, at initial recognition, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis.

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

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

d. Derivative Financial Instruments

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

Notes to Consolidated Financial Statements

value is positive and as financial liabilities when the fair value is negative.

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

e. Derecognition of financial assets

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

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

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

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

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

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

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

f. Impairment of financial assets

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

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

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

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

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

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

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

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II. Financial liabilities and equity instruments

Classification as debt or equity

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

a. Equity instruments

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

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

b. Financial liabilities

i. The Group's financial liabilities comprise:

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

ii. Initial recognition and measurement

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

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

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

iii. Subsequent measurement of financial liabilities at amortised cost

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

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

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

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

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

v. Derecognition of financial liabilities

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

III. Offsetting of financial instruments

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

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M. Provisions and contingencies

I. Provisions

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

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

Mines reclamation expenses

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

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

II. Contingent liability

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

III. Contingent asset

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

N. Foreign exchange gains and losses

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

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

Group companies

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

O. Revenue recognition

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

I. Sale of goods

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

The customer obtains control of the goods when the significant risks and reward of products sold are transferred according to the specific delivery term that have been agreed with the customer.

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

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

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Contract balances

Trade Receivables

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

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

Contract Liabilities

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

II. Rendering of services

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

III. Interest income

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

IV. Dividends

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

P. Retirement and other employee benefits

I. Defined contribution plan

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

II. Defined benefit plan

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

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

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

a. The date of the plan amendment or curtailment, and

b. The date that the Group recognises related restructuring costs

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. The Group recognises the following changes in the net defined benefit obligation as an expense in the consolidated statement of profit and loss:

a. Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and

b. Net interest expense or income

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

III. Short term employee benefits

a. Short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised as an expense at the undiscounted amount in the consolidated statement of profit and loss of the year in which the related service is rendered.

b. Accumulated Compensated absences, which are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service, are treated as short term employee benefits. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

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IV. Other long-term employee benefits

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

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

V. Termination benefits

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

a. when the Group can no longer withdraw the offer of those benefits; and

b. when the Group recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

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

VI. Presentation and disclosure

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

Q. Non-current assets held for sale

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

For these purposes, sale transactions include exchanges of non-current assets for other non-current assets when the exchange has commercial substance. The criteria for held for sale classification is regarded as met only when the asset is available for immediate sale in its present condition, subject only to terms that are usual and customary for sales of such assets, its sale is highly probable; and it will genuinely be sold, not abandoned. The Group treats sale of the asset to be highly probable when:

I. The appropriate level of management is committed to a plan to sell the asset,

II. An active programme to locate a buyer and complete the plan has been initiated (if applicable),

III. The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value,

IV. The sale is expected to qualify for recognition as a completed sale within one year from the date of classification, and

V. Actions required to complete the plan indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

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

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

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

R. Borrowing Costs

Borrowing cost directly attributable to acquisition and construction of assets that necessarily take substantial period of time to get ready for their intended use or sale are capitalised as part of the cost of such assets up to the date when such assets are ready for intended use or sale. All other borrowing costs are expensed in the period in which they occur. Borrowing cost consists of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

S. Taxation

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

I. Current income tax

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

Notes to Consolidated Financial Statements

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

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

II. Deferred tax

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

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

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

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

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

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

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

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

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

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

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

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

T. Leases

I. Accounting policy effective 1st January 2020

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

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

a. the contract involves the use of identified asset;

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

Notes to Consolidated Financial Statements

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

Group as a lessee:

Right-of-use assets

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

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

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

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

Lease liabilities

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

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Group as a lessor:

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

Notes to Consolidated Financial Statements

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

U. Segment reporting

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

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

V. Cash and cash equivalents

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

W. Government grants and subsidies

I. Grants and subsidies from the Government are recognised when the Group will comply with all the conditions attached to them and there is a reasonable assurance that the grant / subsidy will be received and all attaching conditions will be complied with.

II. Where the government grants / subsidies relate to revenue, they are recognised as income on a systematic basis in the consolidated statement of profit and loss over the periods necessary to match them with the related costs, which they are intended to compensate. Government grants and subsidies receivable against an expense are deducted from such expense.

III. Where the grant or subsidy relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

IV. When the Group receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the consolidated statement of profit and loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual installments.

V. When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as a government grant. The loan or assistance is initially recognised and measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

X. Earnings per share

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

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

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

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

Z. Exceptional items

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

AA. Use of estimates and judgments

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

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

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is

Notes to Consolidated Financial Statements

revised if the revision affects only that period, or in the period of the revision and future period, if the revision affects current and future period. Revisions in estimates are reflected in the consolidated financial statements in the period in which changes are made and, if material, their effects are disclosed in the consolidated notes to the financial statements.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are summarised below :

I. Classification of legal matters and tax litigations

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

II. Defined benefit obligations

The cost of defined benefit gratuity plans, post-retirement medical benefit is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

III. Useful life of property, plant and equipment

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

IV. Leases Ind AS 116

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

BB. New Accounting Pronouncements

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

I. Adoption of Ind AS 116 Leases

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

Further, the application of Ind AS 116 did not have any significant impact on the consolidated financial statements and EPS for the year ended 31st December 2020. Information regarding the financial impacts of the initial application of Ind AS 116 is outlined in note 53.

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 Group has used in tax computation or plan to use in their income tax filings. The Group has carried out an assessment using the most likely method prescribed for better predicting the resolution of uncertain tax positions.

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

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

CC. Recent Accounting Developments

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

Notes to Consolidated Financial Statements

Note 4 - Property, plant and equipment

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

₹ in crore

Particulars	Gross Carrying Value					Accumulated Depreciation						Net Carrying Value (Refer Note (e) below)	
	As at 31st December 2019	Additions	Held for Sale	Deductions / Transfers	As at 31st December 2020	As at 31st December 2019	Charge for the year (Refer Note (f) below)	Held for Sale	Impairment losses recognised in profit or loss	Deductions/ Transfers	As at 31st December 2020	As at 31st December 2020	As at 31st December 2019
Freehold non-mining land	512.60	50.74	-	0.10	563.24	0.06	0.02	-	-	-	0.08	563.16	512.54
Freehold mining land	1,112.41	25.45	-	0.04	1,137.82	54.74	31.14	-	-	-	85.88	1,051.94	1,057.67
Leasehold mining land	200.84	0.33	-	-	201.17	3.19	2.06	-	-	-	5.25	195.92	197.65
Leasehold non-mining land (Refer Note (k) below)	71.98	0.10	-	72.08	-	2.87	-	-	-	2.87	-	-	69.11
Buildings, roads and water works (Refer Note (a) below)	3,280.62	84.22	-	12.06	3,352.78	622.85	157.79	-	29.27	8.05	801.86	2,550.92	2,657.77
Plant and equipment (owned) (Refer Note (b) below)	11,207.37	424.61	-	90.16	11,541.82	3,611.32	815.72	-	116.75	54.58	4,489.21	7,052.61	7,596.05
Furniture and fixtures	54.62	5.78	-	0.86	59.54	27.66	5.63	-	0.27	0.57	32.99	26.55	26.96
Vehicles	207.61	25.99	-	5.14	228.46	80.91	27.22	-	10.14	3.32	114.95	113.51	126.70
Office equipment	137.85	9.99	-	1.94	145.90	94.92	19.36	-	0.53	1.85	112.96	32.94	42.93
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)	307.95	16.47	-	-	324.42	95.66	25.65	-	1.43	-	122.74	201.68	212.29
Ships	126.54	-	-	-	126.54	30.28	7.19	-	-	-	37.47	89.07	96.26
Total	17,244.76	643.68	-	182.38	17,706.06	4,638.77	1,094.78	-	158.39	71.24	5,820.70	11,885.36	12,605.99

Notes to Consolidated Financial Statements

Note 4 - Property, plant and equipment

₹ in crore

Particulars	Gross Carrying Value					Accumulated Depreciation					Net Carrying Value (Refer Note (e) below)	
	As at 31st December 2018	Additions	Held for Sale	Deductions / Transfers	As at 31st December 2019	As at 31st December 2018	Charge for the year (Refer Note (f) below)	Held for Sale	Deductions/ Transfers	As at 31st December 2019	As at 31st December 2019	As at 31st December 2018
Freehold non-mining land	512.08	4.71	4.19	-	512.60	0.04	0.02	-	-	0.06	512.54	512.04
Freehold mining land	1,081.97	47.17	16.73	-	1,112.41	31.58	23.16	-	-	54.74	1,057.67	1,050.39
Leasehold mining land	25.64	175.20			200.84	1.31	1.88	-	-	3.19	197.65	24.33
Leasehold non-mining land	71.98	-	-	-	71.98	1.97	0.90	-	-	2.87	69.11	70.01
Buildings, roads and water works (Refer Note (a) below)	3,153.81	135.84	0.53	8.50	3,280.62	469.26	161.42	0.05	7.78	622.85	2,657.77	2,684.55
Plant and equipment (owned) (Refer Note (b) below)	10,515.76	755.93	-	64.32	11,207.37	2,773.78	869.86	-	32.32	3,611.32	7,596.05	7,741.98
Furniture and fixtures	50.91	5.36	-	1.65	54.62	23.20	5.92	-	1.46	27.66	26.96	27.71
Vehicles	167.68	44.32	-	4.39	207.61	56.25	27.34	-	2.68	80.91	126.70	111.43
Office equipment	122.85	18.70	-	3.70	137.85	77.09	21.18	-	3.35	94.92	42.93	45.76
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)	302.04	5.91	-	-	307.95	70.77	24.89	-	-	95.66	212.29	231.27
Ships	126.80	-	-	0.26	126.54	22.91	7.42	-	0.05	30.28	96.26	103.89
Total	16,155.89	1,193.14	21.45	82.82	17,244.76	3,539.41	1,147.05	0.05	47.64	4,638.77	12,605.99	12,616.48

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 Group, the ownership of which vests with the government / local authorities and ₹ 16.87 crore (31st December 2019 - ₹ 15.11 crore) being accumulated depreciation thereon.

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

c) Cost incurred by the Group, 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 Group, the ownership of which vests with the 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 Group 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 Group except for 1 case (31st December 2019 - 1 case) of Right of use Assets (31st December 2019 leasehold land) amounting to net block of ₹ 2.04 crore (31st December 2019 - ₹ 2.10 crore), 14 cases (31st December 2019 - 14 cases) of freehold land amounting to net block of ₹ 2.67 crore (31st December 2019 - ₹ 2.67 crore) and 2 cases (31st December 2019 - 2 cases) of Buildings amounting to net block of ₹ 5.39 crore (31st December 2019 - ₹ 5.76 crore), respectively for which title deeds are in the name of subsidiary and erstwhile Companies, merged with the Group.

h) Capital work in progress as at 31st December 2020 is ₹ 2,421.85 crore (31st December 2019 - ₹ 1,554.43 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 51.

j) Considering lower profitability due to higher input cost, ACC Limited a subsidiary of the Company has suspended part of it's operations at Madukkarai plant. The Group has carried out a review of the recoverable amount of the tangible assets and capital work in progress used in cement manufacturing facility at Madukkarai. The recoverable amount from such tangible assets and capital work in progress at Madukkarai plant is assessed to be lower than it's carrying amount and consequently an impairment loss of ₹ 176.01 crore (including Capital work in progress ₹ 17.62 crore) has been recognised and disclosed as an exceptional item. The discount rate used in measuring recoverable value is 9.55 per cent per annum. The future cash flows are derived from the detailed budgets and forecast for the next three years. Steady growth rate of 4 per cent per annum is applied beyond the forecast period.

k) Upon implementation of Ind AS 116 - Leases from 1st January 2020, all leasehold non-mining land, identified under the earlier Ind AS 17 amounting ₹ 69.17 crore (net block) have been reclassified as Right of use assets. Also Refer Note 53 A(c).

Notes to Consolidated Financial Statements

Note 5 - Right-of-use-assets

(Refer Note 3 (T) and (BB) 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 (g), (k) and 53 A(c))	89.97	105.98	6.93	5.07	197.81	-	2.87	15.17	0.85	17.19	180.62	-
Building and installation	13.54	-	0.35	1.15	12.74	-	-	3.21	0.18	3.03	9.71	-
Plant and Equipment	56.45	-	1.27	18.37	39.35	-	-	12.80	2.51	10.29	29.06	-
Ships and tugs	315.64	-	-	-	315.64	-	-	31.44	-	31.44	284.20	-
Furniture, vehicle and tools	0.44	-	-	-	0.44	-	-	0.16	-	0.16	0.28	-
Total	**476.04**	**105.98**	**8.55**	**24.59**	**565.98**	**-**	**2.87**	**62.78**	**3.54**	**62.11**	**503.87**	**-**

Note:

a) Refer Note 53 on adoption of Ind AS 116 ''Leases''

Note 6 - Goodwill

(Refer Note 3 (H) for accounting policy on 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), (b) below and 63(a))	8,117.12	-	5.38	8,111.74	235.63	-	-	235.63	7,876.11	7,881.49
Total	**8,117.12**	**-**	**5.38**	**8,111.74**	**235.63**	**-**	**-**	**235.63**	**7,876.11**	**7,881.49**

₹ 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) & (b) below)	8,117.12	-	-	8,117.12	235.63	-	-	235.63	7,881.49	7,881.49
Total	8,117.12	-	-	8,117.12	235.63	-	-	235.63	7,881.49	7,881.49

Note:

a) Pertains to goodwill on consolidation ₹ 7,876.11 crore (31st December 2019 - ₹ 7,881.49 crore). (Refer Note 61)

b) The Group has adopted Ind AS w.e.f. 1st January 2017. In previous GAAP, the Group was amortising goodwill. Accumulated amortisation is related to previous GAAP.

Notes to Consolidated Financial Statements

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	231.51	14.59	-	246.10	19.05	8.84	0.22	27.67	218.43	212.46
Water drawing rights	0.33	-	-	0.33	0.11	0.02	-	0.13	0.20	0.22
Computer software	4.28	1.85	0.79	5.34	3.10	0.54	0.30	3.34	2.00	1.18
Total	**236.12**	**16.44**	**0.79**	**251.77**	**22.26**	**9.40**	**0.52**	**31.14**	**220.63**	**213.86**

₹ 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	149.70	81.81	-	231.51	13.27	5.78	-	19.05	212.46	136.43
Water drawing rights	0.33	-	-	0.33	0.09	0.02	-	0.11	0.22	0.24
Computer software	3.48	0.80	-	4.28	2.18	0.92	-	3.10	1.18	1.30
Total	153.51	82.61	-	236.12	15.54	6.72	-	22.26	213.86	137.97

Notes to Consolidated Financial Statements

Note 8 - Capitalisation of Expenditure

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

₹ 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	**77.33**	33.15
Add: Expenditure during construction for projects		
Employee benefits expenses (Refer Note (a) below)	**46.27**	25.73
Depreciation and amortisation expense (Refer Note 4 (f))	**5.18**	1.25
Other expenses (Refer Note (b) below)	**41.52**	18.20
	170.30	78.53
Less: Capitalised during the year	**5.25**	1.00
Balance at the end of the year included in capital work-in-progress	**165.05**	77.33

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 - Investment in associates and joint ventures

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

Particulars	Face value (in ₹)	As at 31.12.2020		As at 31.12.2019	
		No of shares	₹ in crore	No of shares	₹ in crore
A) Investments in associates					
Unquoted					
In fully paid equity shares					
Alcon Cement Company Private Limited	10	**408,001**	**18.66**	408,001	18.66
Asian Concretes and Cements Private Limited	10	**8,100,000**	**92.92**	8,100,000	84.32
Total (A)			**111.58**		102.98
B) Investments in joint ventures					
Unquoted					
In fully paid equity shares					
Aakaash Manufacturing Company Private Limited	10	**4,401**	**12.57**	4,401	11.93
Counto Microfine Products Private Limited (During the year 675,677 shares were bought back)	10	**7,644,045**	**30.45**	8,319,722	30.96
Total (B)			**43.02**		42.89
Total (A + B)			**154.60**		145.87

Notes to Consolidated Financial Statements

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					
Unquoted					
Government and trust securities					
National Savings Certificate ₹ 36,500 (31st December 2019 - ₹ 36,500), deposited with government department as security. (Refer Note (b) below)			-		-
Public sector bonds					
5.13% taxable redeemable bonds Himachal Pradesh Infrastructure Development Bonds	1,000,000	**37**	**3.70**	37	3.70
Total (A)			**3.70**		3.70
B) Investments carried at fair value through profit and loss					
Unquoted					
In fully paid equity shares (Refer Note (c) below)					
Kanoria Sugar & General Mfg. Company Limited	10	**4**	**-**	4	-
Gujarat Composites Limited	10	**60**	**-**	60	-
Rohtas Industries Limited	10	**220**	**-**	220	-
The Jaipur Udyog Limited	10	**120**	**-**	120	-
Digvijay Finlease Limited	10	**90**	**-**	90	-
The Travancore Cement Company Limited	10	**100**	**-**	100	-
Ashoka Cement Limited	10	**50**	**-**	50	-
The Sone Valley Portland Cement Company Limited	5	**100**	**-**	100	-
Gujarat Goldcoin Ceramics Limited	10	**1,000,000**	**-**	1,000,000	-
Amplus Green Power Private Limited (Refer Note (c) below)	10	**5,157,184**	**9.00**	-	-
Total (B)			**9.00**		-
Total (A + B)			**12.70**		3.70
Total (9+10)			**167.30**		149.57
Aggregate value of unquoted investments			**167.30**		149.57

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 and its subsidiary, ACC Limited (ACC) has subscribed 2,578,592 equity shares each in Amplus Green Power Private Limited (AGPPL) representing 11.25% holding for a total consideration of ₹ 9.00 crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company's Dadri's plant and ACC's Tikaria would be one of the consumer.

Notes to Consolidated Financial Statements

Note 11 - Group information

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

Sr.	Name of the Company	Principal activities	Country of Incorporation	Proportion of ownership interest (effective holding)	
				As at 31.12.2020	As at 31.12.2019
1	**Direct 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	Cement and cement related products	Nepal	**91.63%**	91.63%
	Dirk India Private Limited	Cement and cement related products	India	**100.00%**	100.00%
	ACC Limited	Cement and cement related products	India	**50.05%**	50.05%
	OneIndia BSC Private Limited (Refer Note (b) below)	Shared Services	India	**75.03%**	75.03%
2	**Indirect Subsidiaries**				
	Bulk Cement Corporation (India) Limited (BCCI)	Cement and cement related products	India	**47.37%**	47.37%
	ACC Mineral Resources Limited	Cement and cement related products	India	**50.05%**	50.05%
	Lucky Minmat Limited	Cement and cement related products	India	**50.05%**	50.05%
	National Limestone Company Private Limited (Refer Note 63(a))	Cement and cement related products	India	**NA**	50.05%
	Singhania Minerals Private Limited	Cement and cement related products	India	**50.05%**	50.05%
3	**Associates of Subsidiary**				
	Alcon Cement Company Private Limited	Cement and cement related products	India	**20.02%**	20.02%
	Asian Concretes and Cements Private Limited	Cement and cement related products	India	**22.52%**	22.52%
4	**Joint Venture**				
	Counto Microfine Products Private Limited	Cement and cement related products	India	**50.00%**	50.00%
5	**Joint Venture of Subsidiary**				
	Aakaash Manufacturing Company Private Limited	Ready mixed concrete products	India	**20.02%**	20.02%
6	**Joint Operation**				
	Wardha Vaalley Coal Field Private Limited	Cement and cement related products	India	**27.27%**	27.27%
7	**Joint Operations of Subsidiary**				
	MP AMRL (Semaria) Coal Company Limited	Cement and cement related products	India	**24.52%**	24.52%
	MP AMRL (Bicharpur) Coal Company Limited	Cement and cement related products	India	**24.52%**	24.52%
	MP AMRL (Marki Barka) Coal Company Limited	Cement and cement related products	India	**24.52%**	24.52%
	MP AMRL (Morga) Coal Company Limited	Cement and cement related products	India	**24.52%**	24.52%

Notes:

a) The financial statements of the above companies are drawn upto the same reporting date as that of the Group.

b) The Group's investment in equity shares of OneIndia BSC Private Limited (BSC), engaged in business shared services, is ₹ 5.00 crore (31st December 2019 ₹ 5.00 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 Group 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.

Notes to Consolidated Financial Statements

Note 12 - Non-current loans

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Security deposit	**199.83**	194.06
Loans to employees	**8.53**	10.67
Loans and advances	**3.92**	3.90
	212.28	208.63
Unsecured loans which have significant increase in credit risk		
Loans and advances	**28.03**	27.97
Less: allowances for doubtful loans / deposits	**28.03**	27.97
	-	-
Total	**212.28**	208.63

Notes:

a) Loans are non-derivative financial assets which generate a fixed or variable interest income for the Group. The carrying value may be affected by changes in the credit risk of the counterparties.

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

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

Note 13 - Other non-current financial assets

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Incentives receivable under Government schemes (Refer Note 56 (B))	**1,088.53**	775.64
Bank deposits with more than 12 months maturity (Refer Note (a) below)	**82.13**	54.60
Margin money deposit with more than 12 months maturity (Refer Note (b) below)	**8.25**	7.62
Others (includes interest accrued on fixed deposits)	**5.18**	3.82
Total	**1,184.09**	841.68

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 ₹ 40.04 crore (31st December 2019 - ₹ 30.19 crore) given as security to regulatory authorities.

b) Margin money deposit is against bank guarantees given to government authorities.

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

Notes to Consolidated Financial Statements

Note 14 - Other non-current assets

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Capital advances	**604.99**	442.23
Advances other than capital advances		
Deposit against government dues / liabilities	**458.27**	457.64
Prepayments under leases	**0.33**	34.24
Advances recoverable other than in cash	**48.35**	43.11
Other claims receivable from Governments	**229.24**	384.31
	1,341.18	1,361.53
Unsecured, considered doubtful		
Capital advances	**5.83**	6.59
Advances recoverable other than in cash	**0.89**	6.74
Incentives receivable under government incentive schemes and other receivables	**36.05**	36.05
Deposit against government dues / liabilities	**3.33**	3.33
	46.10	52.71
Less: allowances for doubtful receivables	**46.10**	52.71
	-	-
Total	**1,341.18**	1,361.53

Notes:

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

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

Note 15 - Inventories

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Raw materials (including in transit - ₹ 2.80 crore; 31st December 2019 - ₹ 9.51 crore)	**176.82**	172.87
Work-in-progress	**351.76**	452.05
Finished goods	**183.29**	335.72
Captive coal	**19.87**	31.26
Stock in trade (in respect of goods acquired for trading) - ₹ 4.37 crore; 31st December 2019 - ₹ 0.49 crore	**16.66**	9.36
Stores & spares (including in transit - ₹ 16.91 crore; 31st December 2019 - ₹ 21.06 crore)	**453.68**	536.86
Coal and fuel (including in transit - ₹ 10.94 crore; 31st December 2019 - ₹ 35.77 crore)	**395.86**	521.41
Packing materials	**50.64**	36.97
Total	**1,648.58**	2,096.50

Notes:

a) The Group follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non moving Stores and Spares in the current year is amounting to ₹ 25.34 crore (31st December 2019 - ₹ 10.04 crore).

b) No inventories have been pledged as security for liabilities.

Notes to Consolidated Financial Statements

Note 16 - Trade receivables

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Secured, considered good	**91.67**	220.72
Unsecured, considered good	**469.46**	848.25
Unsecured which have significant increase in credit risk	**91.40**	51.03
	652.53	1,120.00
Less: Allowance for doubtful trade receivables	**91.40**	51.44
Total	**561.13**	1,068.56

Notes:

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

b) Refer Note 54 for receivables from related parties.

c) Refer Note 56 (B) for information about credit risk of trade receivables.

Note 17 - Cash and cash equivalents

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balances with banks		
In current accounts	**173.12**	60.80
Deposit with original maturity upto 3 months	**7,258.49**	5,760.08
Cheques on hand (Refer Note (a) below)	**-**	36.71
Cash on hand	**-**	0.05
Deposit with other than banks with original maturity of upto 3 months	**450.00**	500.00
Post office saving accounts	**0.01**	0.01
Investments in liquid mutual funds measured at FVTPL	**689.94**	1,411.25
Investments in Certificates of deposit with original maturity of less than 3 months	**-**	1,242.98
Total	**8,571.56**	9,011.88

Notes:

a) Cheques on hand are cleared subsequent to the year end.

Note 18 - Bank balances other than cash and cash equivalents

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Earmarked balances with banks (Refer Note (a) below)	**60.78**	54.64
Margin money deposit (Refer Note (b) below)	**-**	2.44
Fixed deposit with banks (original maturity more than 3 months and upto 12 months) (Refer Note (c) below)	**303.29**	285.59
Total	**364.07**	342.67

Notes:

a) These balances represent unpaid dividend liabilities of the Group and unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile Ambuja Cements Rajasthan Limited (ACRL), are available for use only towards settlement of corresponding unpaid liabilities.

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

c) Including fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) ₹ 257.05 crore including interest there on (31st December 2019 - ₹ 244.84 crore), (Refer Note 49(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 Consolidated Financial Statements

Note 19 - Current loans

(Refer Note 3 (L) (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	**53.21**	23.48
Others (includes loans to employees)	**8.85**	8.80
Total	**62.06**	32.28

Notes:

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

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

Note 20 - Other current financial assets

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Unsecured, considered good		
Incentives receivable under government incentive schemes	**289.16**	407.95
Interest accrued on fixed deposit, certificate of deposits and others	**5.43**	18.94
Interest accrued on investment	**8.29**	10.16
Deposits with banks with original maturity of more than 12 months (Refer Note (a) below)	**1.08**	18.00
Other receivables	**42.39**	41.57
	346.35	496.62
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	**346.35**	496.62

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 crore) given as security to regulatory authorities.

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

Note 21 - 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	**399.39**	595.05
Balances with statutory / government authorities	**633.82**	536.29
Prepaid expenses	**82.97**	54.84
Prepayments under leases	**-**	1.31
Others	**37.51**	47.76
	1,153.69	1,235.25
Unsecured, which have significant increase in credit risk		
Other receivables	**17.88**	17.88
Less: Allowance for doubtful receivables	**17.88**	17.88
	-	-
Total	**1,153.69**	1,235.25

Notes:

a) No advances are due by directors or other officers of the Group or any of them either severally or jointly with any other person. Further, no advances are due by 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.

Notes to Consolidated Financial Statements

Note 22 - Non-current assets classified as held for sale

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Subsidiary assets held for sale (Refer Note (a) below)	**23.22**	24.78
Plant and equipment (Refer Note (b) and (c) below)	**1.76**	5.36
Building (Refer Note (b) and (c) below)	**1.15**	5.11
Total	**26.13**	35.25

Notes:

a) The Group 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, all of it's assets have been classified as held for sale.

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

c) During the year, the Group has reclassified certain Building of ₹ 3.96 crore and plant and equipment of ₹ 3.01 crore.

Note 23 - Equity share capital

(Refer Note 3 (L) (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.

Notes to Consolidated Financial Statements

Note 23 - Equity share capital

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

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%

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 no. of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date
Pursuant to the Scheme of amalgamation of Holcim (India) Private Limited (HIPL) with the Company in August, 2016, 584,417,928 equity shares were allotted as fully paid up to the equity shareholders of HIPL, without payment being received in cash.

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

Note 24 - Capital management

a) The Group's objectives when managing capital are to maximise shareholders value through an efficient allocation of capital towards expansion of business, optimisation of working capital requirements and deployment of balance surplus funds on the back of an effective portfolio management of funds within a well defined risk management framework.

b) The management of the Group reviews the capital structure of the Group on regular basis to optimise cost of capital. As part of this review, the Board considers the cost of capital and the risks associated with the movement in the working capital.

c) The Group generally meets its capital requirement through internal accruals. The borrowings as appearing in the Note 27 represents Interest Free Loan from State Government. The Group 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 27 and 35)	**43.60**	41.06
Less: Cash and cash equivalents (Refer Note 17)	**8,571.56**	9,011.88
Net debt	**(8,527.96)**	(8,970.82)
Total equity	**29,098.49**	29,814.75
Net Debt to Equity	**Nil**	Nil

Notes to Consolidated Financial Statements

Note 25 - 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.

Note 26 - 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 account	**12,471.16**	12,471.16
c)	General reserve	**5,814.49**	5,814.49
d)	Capital redemption reserve	**9.93**	9.93
e)	Subsidies	**5.02**	5.02
f)	Capital contribution from parent	**3.18**	0.85
g)	Retained earnings	**3,925.98**	5,248.70
	Total	**22,360.47**	23,680.86

Nature and purpose of each reserve:

a) Capital reserve

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

b) Securities premium

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

Notes to Consolidated Financial Statements

Note 26 - Other equity

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

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

e) **Subsidies**
These are capital subsidies received from the Government and other authorities.

f) **Capital contribution from parent**
Capital contribution from parent represents the fair value of the employee performance share plan. These shares are granted by parent company "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 Group has earned till date, less transfers to General Reserve, dividends or other distributions paid to shareholders. Retained earnings includes re-measurement loss / (gain) on defined benefit plans (net of taxes) that will not be reclassified to Profit and Loss. Retained earnings is a free reserve available to the Group.

Note 27 - Non-current borrowings

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

₹ 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.

Note 28 - Other non-current financial liabilities

(Refer Note 3 (L) (II) (b) for accounting policy on financial liabilities and 3 (T) for accounting 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 Note 53)	**380.62**	-
Total	**380.75**	0.62

Notes to Consolidated Financial Statements

Note 29 - Non-current provisions

(Refer Note 3 (M) (I) and 3 (P) 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 52)	**177.96**	217.21
Long service award and other benefit plans	**5.77**	4.49
Others		
Provision for mines reclamation expenses (Refer Note (a) below)	**87.68**	67.12
Total	**271.41**	288.82

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	**67.12**	54.42
Add: Provision / (reversal) during the year (net)	**17.91**	11.68
	85.03	66.10
Add: Unwinding of discount	**2.84**	2.96
Less: Utilisation during the year	**0.19**	1.94
Closing Balance	**87.68**	67.12

Note 30 - Deferred tax liabilities (net)

(Refer Note 3 (S) (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	**1,022.69**	1,360.95
Undistributed profits of subsidiaries, joint venture and associates	**55.88**	70.33
	1,078.57	1,431.28
Deferred tax assets, on account of		
Provision for employee benefits	**61.09**	113.73
Provision for slow and non-moving spares	**20.23**	18.61
Expenditure debited in consolidated statement of profit and loss but allowed for tax purposes in the following years	**132.13**	153.00
Others	**239.12**	209.21
	452.57	494.55
Deferred tax liabilities (net)	**626.00**	936.73

Notes to Consolidated Financial Statements

Note 30 - Deferred tax liabilities (net)

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

₹ in crore

Particulars	As at 31st December 2019	Charge / (Credit) to consolidated statement of profit and loss	Charge / (Credit) to Other Comprehensive Income	MAT credit utilised	As at 31st December 2020
Deferred tax liabilities, on account of					
Depreciation and amortisation	**1,360.95**	**(338.26)**	**-**	**-**	**1,022.69**
Undistributed profits of subsidiaries, joint venture and associates	**70.33**	**(14.45)**	**-**	**-**	**55.88**
	1,431.28	**(352.71)**	**-**	**-**	**1,078.57**
Deferred tax assets, on account of					
Provision for employee benefits	**113.73**	**(46.46)**	**(6.18)**	**-**	**61.09**
Provision for slow and non moving spares	**18.61**	**1.62**	**-**	**-**	**20.23**
Expenditure debited in consolidated statement of profit and loss but allowed for tax purposes in the following years	**153.00**	**(20.87)**	**-**	**-**	**132.13**
Others	**209.21**	**29.91**	**-**	**-**	**239.12**
	494.55	**(35.80)**	**(6.18)**	**-**	**452.57**
Deferred tax liabilities / (assets) (net)	**936.73**	**(316.91)**	**6.18**	**-**	**626.00**
Deferred tax assets (net)	**4.16**	**(1.25)**	**-**	**-**	**2.91**

₹ in crore

Particulars	As at 31st December 2018	Charge / (Credit) to consolidated statement of profit and loss	Charge / (Credit) to Other Comprehensive Income	MAT credit utilised	As at 31st December 2019
Deferred tax liabilities, on account of					
Depreciation and amortisation	1,522.12	(161.17)	-	-	1,360.95
Undistributed profits of subsidiaries, joint venture and associates	66.94	3.39	-	-	70.33
	1,589.06	(157.78)	-	-	1,431.28
Deferred tax assets, on account of					
Provision for employee benefits	112.16	(27.35)	28.92	-	113.73
Provision for slow and non moving spares	20.79	(2.18)	-	-	18.61
Expenditure debited in consolidated statement of profit and loss but allowed for tax purposes in the following years	159.68	(6.68)	-	-	153.00
MAT credit entitlement (Refer Note (b) below)	22.67	-	-	(22.67)	-
Others	158.48	50.73	-	-	209.21
	473.78	14.52	28.92	(22.67)	494.55
Deferred tax liabilities / (assets) (net)	1,115.28	(172.30)	(28.92)	22.67	936.73
Deferred tax assets (net)	3.86	0.25	-	0.05	4.16

Notes:

a) The Group has not recognised deferred tax liability on undistributed earnings in subsidiaries to the extent of ₹ 11,408.00 crore (31st December 2019 - ₹ 10,202.55 crore) considering its ability to control the timing of the reversal of temporary differences associated with such undistributed earnings and it is probable that such differences will not reverse in the foreseeable future.

b) In the previous year, MAT credit utilised is net of MAT credit entitlement of ₹ 34.72 crore increased on account of tax adjustments for earlier years.

c) The Group has long term capital losses and business losses including unabsorbed depreciation of ₹ 36.10 crore (31st December 2019 - ₹ 39.13 crore) for which no deferred tax assets have been recognised. A part of these losses will expire between financial years 2020-21 to 2027-28.

Notes to Consolidated Financial Statements

Note 31 - Reconciliation of tax expenses and effective tax rate

Particulars	For the year ended 31st December 2020		For the year ended 31st December 2019	
	₹ in crore	In %	₹ in crore	In %
Profit before share of profit of associates and joint ventures and tax expenses	**3,977.15**		3,855.34	
Tax expenses at statutory income tax rate (Refer note (a) below)	**1,048.77**	**26.37%**	1,220.92	31.67%
Effect of tax exempt income	**-**	**-**	(0.59)	-0.02%
Effect of non deductible expenses	**31.55**	**0.79%**	50.27	1.30%
Effect of allowances / tax holidays for tax purpose	**(15.75)**	**-0.40%**	(64.77)	-1.68%
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	**(189.61)**	**-4.76%**	(108.03)	-2.79%
Effect of change in tax rate on Deferred Tax	**(2.87)**	**-0.07%**	(5.40)	-0.14%
Effect of undistributed profits of subsidiary and joint venture	**(19.69)**	**-0.50%**	1.49	0.04%
Others	**32.35**	**0.82%**	(1.74)	-0.05%
Tax Expenses at the Effective Income Tax Rate	**884.75**	**22.25%**	1,092.15	28.33%
Tax expense reported in consolidated statement of profit or loss	**884.75**	**22.25%**	1,092.15	28.33%

Notes:

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

b) The Government of India has inserted section 115BAA in the Income Tax Act, 1961, which provides domestic companies an option to pay Corporate Tax at reduced rate effective 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 previous year ended 31st December 2019.

ACC Limited, a subsidiary of the Company has adopted the reduced rate and accordingly, opening net deferred tax liability as on 1st January 2020 amounting to ₹ 179.57 crore has been reversed (net of reversal of deferred tax assets of ₹ 10.04 crore in Other Comprehensive Income) during the year ended 31st December 2020.

Note 32 - 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 Group has recognised interest income on income tax refund and reversal of provision for interest on income tax, aggregating ₹ 85.57 crore (previous year ₹ 409.24 crore) during the year ended 31st December 2020. However, considering the uncertainty of its ultimate realisation, the Group has also made a provision of ₹ 61.84 crore (previous year ₹ 258.18 crore), resulting in recognition of net income of ₹ 23.73 crore (previous year ₹ 150.98 crore) in other income during the year ended 31st December 2020.

Note 33 - 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

Notes to Consolidated Financial Statements

Note 34 - 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 Group regarding the status of the suppliers (Refer Note (a) below).			
a)	The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year.		
	Principal	**8.71**	12.36
	Interest	**0.05**	0.01
		8.76	12.37
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.

Note 35 - Other current financial liabilities

(Refer Note 3 (L) (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 deposit and retention money	**1,292.30**	1,217.98
Liability for capital expenditure	**204.34**	243.33
Unpaid dividends (Refer Note (a) below)	**58.28**	51.87
Unclaimed sale proceeds of the odd lot shares belonging to the shareholders of erstwhile and ACRL	**2.50**	2.50
Current portion of lease liability (Refer Note 53)	**46.38**	-
Current maturities of borrowings	**-**	5.78
Others (includes interest on security deposits)	**188.94**	198.08
Financial Liabilities at fair value		
Foreign currency forward contract	**1.32**	0.09
Total	**1,794.06**	1,719.63

Note:

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

Notes to Consolidated Financial Statements

Note 36 - 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	**279.14**	235.95
Other liability		
Statutory dues	**1,110.93**	1,065.15
Rebates to customers	**919.43**	913.21
Other payables (includes interest on income tax)	**1,601.40**	1,444.41
Total	**3,910.90**	3,658.72

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 37 - Current provisions

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Provision for gratuity and staff benefit schemes (Refer Note 52)	**8.86**	10.67
Long service award and other benefit plans	**0.90**	0.86
Provision for compensated absences (Refer Note (a) below)	**11.38**	98.36
Total	**21.14**	109.89

Note:

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

Note 38 - Revenue from operations

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

₹ 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	**23,557.86**	25,972.11
Sale of Traded products	**526.44**	560.77
Income from services rendered	**9.56**	5.74
	24,093.86	26,538.62
Other operating revenues		
Provisions no longer required written back	**11.86**	13.33
Sale of scrap	**74.05**	73.64
Incentives and subsidies (Refer Note (f) below)	**210.23**	382.47
Miscellaneous income (Refer Note (f) below) (includes insurance claims and others)	**126.17**	95.49
Total	**24,516.17**	27,103.55

Notes to Consolidated Financial Statements

Note 38 - Revenue from operations

Notes:

a) Reconciliation of revenue as per contract price and as recognised in consolidated 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	**27,222.16**	29,955.21
Less: Discounts and incentives	**3,128.30**	3,416.59
Revenue as per consolidated statement of profit and loss	**24,093.86**	26,538.62

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

c) The Group does not provide performance warranty for products, therefore there is no liability towards performance warranty.

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

e) Disaggregation of revenue:
Refer Note 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 consolidated statement of profit and loss		
Incentives and subsidies (Refer Note (g) below)	**210.23**	382.47
Discounting income on interest free loan from State Government included in miscellaneous income	**3.25**	-
Total	**213.48**	382.47

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

Note 39 - Other income

(Refer Note 3 (O) (II) and (III) 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	**372.09**	365.88
Income tax refund (Refer Note 32)	**18.41**	123.58
Defined benefit obligation (net) (Refer Note 52)	**-**	0.15
Others	**11.06**	10.96
	401.56	500.57
Other non operating income:		
Gain on sale of current financial assets measured at FVTPL	**26.65**	49.48
Net gain on fair valuation of liquid mutual fund measured at FVTPL (Refer Note (a) below)	**0.47**	3.17
Interest on income tax write back (Refer Note 32)	**5.77**	27.50
Gain on sale of investment in Subsidiary Company	**12.91**	-
Others	**2.23**	0.02
Total	**449.59**	580.74

Note:

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

Notes to Consolidated Financial Statements

Note 40 - 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	**172.87**	258.74
Add: Purchases during the year	**2,536.82**	3,145.35
	2,709.69	3,404.09
Less: Inventories at the end of the year	**176.82**	172.87
Cost of materials consumed (Refer Note (a) below)	**2,532.87**	3,231.22
Notes:		
a) **Break-up of cost of materials consumed**		
Fly ash	**756.86**	883.22
Gypsum	**462.74**	583.42
Slag	**288.05**	357.16
Others (Refer Note (b) below)	**1,025.22**	1,407.42
Total	**2,532.87**	3,231.22

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

Note 41 - Purchases of stock-in-trade

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Cement	**289.73**	273.03
Ready mix concrete	**3.52**	1.45
Allied products	**41.67**	34.34
Total	**334.92**	308.82

Note 42 - 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	**351.76**	452.05
Finished goods	**183.29**	335.72
Stock-in-trade	**16.66**	9.36
Captive coal	**19.87**	31.26
	571.58	828.39
Inventories at the beginning of the year		
Work-in-progress	**452.05**	561.25
Finished goods	**335.72**	402.46
Stock-in-trade	**9.36**	1.00
Captive coal	**31.26**	7.32
	828.39	972.03
Less: Transfer on sale of Subsidiary Company	**0.36**	-
	828.03	972.03
(Increase) / decrease in inventories	**256.45**	143.64

Notes to Consolidated Financial Statements

Note 43 - Employee benefit expense

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Salaries and wages (Refer Note (a) below)	**1,348.77**	1,373.45
Contribution to provident and other funds	**114.55**	98.45
Employee stock option expenses (Refer Note 64)	**3.66**	1.16
Staff welfare expenses	**73.42**	97.69
Total	**1,540.40**	1,570.75

Note:

a) ACC Limited, a subsidiary has salaries and wages expense for the year ended 31st December 2020 include ₹ 20.52 crore (previous year - ₹ Nil) on account of charge for Employee Separation Scheme.

Note 44 - 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 - ₹ 81.00 crore) (Refer Note 32)	**22.86**	37.96
Defined benefit obligation (net) (Refer Note 52)	**14.49**	7.99
Security deposit	**32.48**	58.70
Others	**37.75**	60.87
Unwinding of financial liabilities	**3.19**	1.39
Unwinding of interest on lease liability (Refer Note (a) below)	**26.61**	-
Unwinding of mines reclamation provision (Refer Note 29)	**2.84**	2.96
Total	**140.22**	169.87

Note:

a) On adoption of Ind AS 116 Leases, the Group has recognised Right of use assets and created lease obligation representing present value of future minimum lease payments. The unwinding of such obligation is recognised as interest expense.

Note 45 - 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)	**1,094.78**	1,147.05
Less: Pre-operative charge during the year (Refer Note 8)	**5.18**	1.25
	1,089.60	1,145.80
Depreciation on Right to use assets (Refer Note 5)	**62.78**	-
Amortisation of intangible assets (Refer Note 7)	**9.40**	6.72
Total	**1,161.78**	1,152.52

Note 46 - Freight and forwarding expense

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
On finished products	**5,082.52**	5,940.10
On internal material transfer	**1,189.02**	1,187.87
Total	**6,271.54**	7,127.97

Notes to Consolidated Financial Statements

Note 47 - Other expenses

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Royalty on minerals	**471.15**	533.70
Consumption of stores and spare parts	**450.71**	642.39
Consumption of packing materials	**731.45**	842.41
Repairs	**279.98**	374.49
Rent (Refer Note 53)	**136.62**	188.68
Rates and taxes	**169.83**	218.56
Insurance	**51.68**	44.14
Technology and know-how fees	**240.65**	264.97
Advertisement	**120.51**	197.05
Corporate Social Responsibility	**52.31**	60.98
Exchange loss (net)	**11.68**	0.18
Expected credit loss on Incentives under Government schemes (Refer Note - 56 (B))	**128.92**	-
Impairment losses on financial assets (including reversals of impairment losses)	**37.34**	21.51
Miscellaneous expenses (Refer Note (a) below)	**886.09**	1,021.38
Total	**3,768.92**	4,410.44

Note:

a) **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 ₹ 32.33 crore (previous year ₹ 25.07 crore) towards corporate social responsibility expenses of ACC Limited, a subsidiary Company.

Note 48 - Earnings per share (EPS)

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

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

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

c) Calculation of the basic and diluted EPS:

	Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
i)	Profit attributable to equity shareholders of the Company for basic and diluted EPS (₹ in crore)	**2,365.44**	2,095.00
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	**11.91**	10.55
	Diluted	**11.91**	10.55

Notes to Consolidated Financial Statements

Note 49 - Contingent liabilities (to the extent not provided for)

(Refer Note 3 (M) (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 group not acknowledged as debts related to various matters (Refer Note (a) below)		
Labour	**11.15**	10.36
Land	**50.68**	49.67
Demand from Competition Commission of India (Refer Note (b) below)	**3,517.59**	3,254.85
Sales tax (Refer Note (c) below)	**303.45**	305.00
Excise customs and service tax (Refer Note (d) below)	**376.80**	383.81
Stamp duty (Refer Note (e) below)	**305.88**	305.88
Income tax (Refer Note (g) below)	**1,093.23**	1,063.07
Royalty on Limestone (Refer Note 62)	**7.93**	28.79
Claims for mining lease rent (Refer Note (f) below)	**212.22**	212.22
Others	**189.94**	185.97
Total	**6,068.87**	5,799.62

Notes:

a) i) In respect of above matters, future cash outflows are determinable only on receipt of judgements / decisions pending at various forums / authorities.

ii) The Group does not expect any reimbursements in respect of the above contingent liabilities.

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

b) Demand from Competition Commission of India

i) In 2012, the Competition Commission of India (CCI) had imposed a penalty of ₹ 1,163.91 crore on the Company and ₹ 1,147.59 crore on its subsidiary ACC Limited, aggregating to ₹ 2,311.50 crore, concerning alleged contravention of the provisions of the Competition Act, 2002. On appeal by the Company and ACC Limited, the Competition Appellate Tribunal (COMPAT), initially stayed the penalty and by its final order dated 11th December 2015, set aside the order of the CCI, remanding the matter back to the CCI for fresh adjudication and for passing a fresh order.

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

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

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

Based on the advice of external legal counsels, the Company and ACC Limited believe they have good grounds on merit for a successful appeal in both the aforesaid matters. Accordingly, no provision is considered necessary and the matter has been disclosed as contingent liability along with interest of ₹ 1,140.93 crore (31st December 2019 - ₹ 878.19 crore).

Notes to Consolidated Financial Statements

Note 49 - 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 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 and Financial Reconstruction (BIFR) during the relevant period. On Company's petition, the Hon'ble Supreme Court has granted an interim stay on the balance interest. Based on the advice of external legal counsel, the Company believes that, it has good grounds for a successful appeal. Accordingly, no provision is considered necessary.

d) **Excise, customs and service tax includes:**
A matter wherein service tax department issued show cause notices for denial of cenvat credit with regard to service tax paid on outward transportation for sale to customers on Freight On Road (F.O.R.) basis. The Group availed the credit based on legal provision and various judicial precedence. On the same matter of another cement company, the Hon'ble Supreme Court has allowed service tax credit, however, in another case of the same company, the Hon'ble Supreme Court has decided against the assessee. Considering conflicting decision and Central Board of Excise and Customs (CBIC) circular, based on legal opinion, the Group has treated the same as "possible". Accordingly, ₹ 287.44 crore (31st December 2019 - ₹ 287.40 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) **Claim for Mining Lease includes:**
ACC Limited, a subsidiary of the Company, has received demand notice dated 10th May 2013 from the Government of Tamil Nadu, and an Order dated 22nd August 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 01.04.1997 to 31.03.2014 and 01.04.2014 to 31.03.2019, amounting to ₹ 73.46 crore and ₹ 138.76 crore respectively for use of the Government land for mining, which land the Group occupies on the basis of the mining leases. Despite the Company paying royalty at the prescribed rate for the Minerals extracted from the leased land and paying surface rent regularly as per Rules, the Authorities have issued the demand letters calling upon the company to pay compensation for use of Government land. Group has challenged the demands by way of Revision under the Mineral Concession Rules and in writ petitions before the Hon'ble High Court of Tamil Nadu at Chennai, and in a petition has obtained an order restraining the state from taking coercive steps.

Pending the same the High Court of Tamil Nadu in the group writ petitions of other cement manufacturers viz Dalmia Cements, Madras Cements & others has passed a judgment dated 20th November 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Group has filed a writ appeal against the Judgment dated 20th November 2019 passed in Dalmia Cements, Madras Cements & others. The Group is of the view and has been advised legally, that the merits are strongly in its favour.

g) **Income tax includes:**
The Company and its subsidiary, ACC Limited, (ACC) were entitled to incentives from Government at its plant located in the states of Himachal Pradesh and Uttarakhand in respect of Income tax assessment years 2006-07 to 2015-16. Both the Companies contended that the said incentives are in the nature of capital receipts and hence not liable to income tax. The Income tax department had initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A). Both the Companies had received one favourable order each from the assessing officer and one appellate order from the CIT-A, against which the department filed an appeal in the Income Tax Tribunal (ITAT). Considering unfavourable orders by the Income tax department the Group up to 31st December 2017 had classified the risk for these matters as probable and provided for the same.

Notes to Consolidated Financial Statements

Note 49 - Contingent liabilities (to the extent not provided for)

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

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

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

Pending final legal closure of this matter, income tax amount of ₹ 872.64 crore (31st December 2019 - ₹ 872.64 crore) along with interest payable of ₹ 214.99 crore (31st December 2019 - ₹ 184.82 crore) has been disclosed under contingent liabilities.

Note 50 - Material demands and disputes relating to assets and liabilities reported by subsidiary as "remote"

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

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

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

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

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

Notes to Consolidated Financial Statements

Note 50 - Material demands and disputes relating to assets and liabilities reported by subsidiary as "remote"

The Government of Jharkhand had filed an Special Leave petition (SLP) in the Hon'ble Supreme Court against the order of the division bench, which was admitted. In its interim order, the Supreme Court had, while not staying the Division Bench Order, had only stayed disbursement of 40% of the amount due. Consequently, as of date, ACC received only ₹ 64 crore out of total ₹ 235 crore in part disbursement from the Government of Jharkhand. ACC is pursuing the matter of disbursement of further amounts outstanding. The Group is of the view and has been advised legally, that the merits are strongly in its favour and it expects that the SLP shall be rejected upholding the order of the Division bench of the Jharkhand Hon'ble High Court by the Apex Court.

d) ACC Limited, a subsidiary of the Company (ACC), had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co. Ltd., in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. ACC had purchased another captive power plant ('Wadi TG 3', set up by Tata Power Co. Ltd. in the year 2002-03) in 2004-05. Both these power plants were eligible for tax holiday under the provisions of Section 80-IA of the Income-tax Act, 1961. The Income tax department has disputed the ACC's claim of deduction under Section 80-IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹ 56.66 crore (net of provision) (31st December 2019 - ₹ 56.66 crore), ACC is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹ 115.62 crore (31st December 2019 - ₹ 115.62 crore), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the ACC. ACC believes that the merits of the claims are strong and will be allowed.

e) ACC Limited, a subsidiary of the Company (ACC), is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The scheme inter alia, includes refund of royalty paid by ACC on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed ACC's claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to ACC, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. ACC maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed the amount of eligible investment. ACC has accrued an amount of ₹ 133 crore (31st December 2019 - ₹ 133 crore) on this account. ACC has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted and pending before the High Court for hearing on merit. ACC is of the view and has been advised legally, that the merits are strongly in its favour.

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

On 2nd January 2015, the Central Government promulgated the Mines and Minerals (Development and Regulation) Amendment Ordinance, 2015 [subsequently enacted as Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 in March 2015] amending mining laws with retrospective effect, and decided that all leases granted prior to ordinance will deemed to have been automatically renewed until prescribed period therein. ACC then filed a writ petition with High Court of Jharkhand, challenging the aforesaid memos from the State Government for directing the State government to renew both the leases upto march 2030 as per the Ordinance. On 31 October 2015 the High Court passed an interim order in terms of Section 8A(5) of the Ordinance for quarry II extending the lease upto March 2030 permitting the ACC to commence mining operations after depositing ₹ 48 crore, being assessed value of materials dispatched between April 2014 to Sep 2014 (being the alleged period of illegality) subject to the outcome of the petition filed by ACC.

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

Note 51 - 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)	**1,918.15**	1,303.07
Total	**1,918.15**	1,303.07

Note:

a) For commitments relating to lease arrangements, Refer Note 53.

Notes to Consolidated Financial Statements

Note 52 - Employee benefits

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

a) Defined contribution plans

Amount recognised and included in note 43 “contribution to provident and other funds” (including contribution to provident fund trust referred in note (g) below) of the consolidated statement of profit and loss ₹ 44.97 crore (previous year - ₹ 45.48 crore).

b) Defined benefit plans - as per actuarial valuation

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

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

ii) Other non funded plans includes post employment healthcare to certain employees and additional gratuity. The Company has discontinued this plan in the previous year, whereas its subsidiary, ACC Limited has discontinued in the current year.

iii) Every employee who has joined ACC Limited, a subsidiary before 1st December 2005 and separates from service of the Group on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non Funded. This plan is discontinued with effect from 30th April 2020 for all the eligible employees of management category and benefits accrued is disbursed to the employees.

c) Investment strategy

The Group’s investment strategy in respect of its funded plans is implemented within the framework of the applicable statutory requirements. The Group has developed policy guidelines for the allocation of assets to different classes with the objective of controlling risk and maintaining the right balance between risk and long-term returns in order to limit the cost to the Group of the benefits provided. To achieve this, investments are well diversified, such that the failure of any single investment would not have a material impact on the overall level of assets. The plan typically exposes the Group to actuarial risks such as investment risk, interest rate risk, demographic risk, salary inflation risk and longevity risk.

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

ii) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. All other aspects remaining same, if bond yields fall, the defined benefit obligation will tend to increase.

iii) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, medical cost inflation, discount rate and vesting criteria

iv) Salary Inflation risk: All other aspects remaining same, higher than expected increases in salary will increase the defined benefit obligation.

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

d) Summary of the components of net benefit / expense recognised in the consolidated statement of profit and loss and the funded status and amounts recognised in the consolidated balance sheet for the respective plans:

₹ in crore

	Particulars	2020		2019	
		Funded	Non funded	Funded	Non funded
I	**Expense recognised in the consolidated statement of profit and loss**				
1	Current service Cost	**25.51**	**9.47**	23.77	10.24
2	Interest cost	**21.93**	**7.45**	9.90	9.11
3	Interest (income) on plan assets	**(19.77)**	**-**	(10.20)	-
4	Loss on curtailment	**-**	**1.48**	-	-
5	Past service cost	**-**	**(9.31)**	-	(12.34)
6	Amount recognized in the consolidated statement of profit and loss	**27.67**	**9.09**	23.47	7.01

Notes to Consolidated Financial Statements

Note 52 - Employee benefits

₹ in crore

Particulars			2020		2019	
			Funded	Non funded	Funded	Non funded
II	Re-measurements recognised in consolidated other comprehensive income (OCI)					
	1	Demographic changes	(0.29)	-	(0.02)	-
	2	Change in financial assumptions	18.17	4.71	11.04	6.67
	3	Experience changes	3.43	(6.54)	8.53	1.20
	4	Return on plan assets (excluding interest income)	(6.78)	-	(8.17)	-
	5	Amount recognised in OCI	14.53	(1.83)	11.38	7.87
III	Net asset / (liability) recognised in the consolidated balance sheet					
	1	Present value of defined benefit obligation	379.27	104.72	341.02	126.32
	2	Fair value of plan assets	370.12	-	302.45	-
	3	Funded status[surplus/(deficit)]	(9.15)	(104.72)	(38.57)	(126.32)
	4	Net asset/(liability)	(9.15)	(104.72)	(38.57)	(126.32)
IV	Change in defined benefit obligation during the year					
	1	Present value of defined benefit obligation at the beginning of the year	341.02	126.52	322.40	127.41
	2	Current service cost	25.51	9.47	23.77	9.85
	3	Interest service cost	21.93	8.05	22.82	9.12
	4	Past service cost	-	1.48	-	-
	5	Actuarial (gains)/losses recognised in consolidated other comprehensive income:	-	(9.31)	-	-
		- Demographic changes	(0.29)	-	(0.02)	(0.01)
		- Change in financial assumptions	18.17	4.71	11.04	6.70
		- Experience Changes	3.43	(6.54)	8.53	1.54
	6	Benefit payments	(30.50)	(29.66)	(47.51)	(15.62)
	7	Curtailment	-	-	-	(12.47)
	8	Net transfer in on account of business combinations / others	-	-	-	-
	9	Present value of defined benefit obligation at the end of the year	379.27	104.72	341.02	126.52
V	Change in fair value of assets during the year					
	1	Plan assets at the beginning of the year	302.45	-	308.53	-
	2	Interest income	19.77	-	23.12	-
	3	Contribution by employer	54.00	-	6.60	-
	4	Actual benefit paid	(12.88)	-	(43.98)	-
	5	Return on plan assets (excluding interest income)	6.78	-	8.17	-
	6	Plan assets at the end of the year	370.12	-	302.45	-
VI	Weighted average duration of defined benefit obligation		10 years	10 - 10.20 years	10 years	10 - 10.20 years
VII	Maturity profile of defined benefit obligation					
	1	Within the next 12 months	45.29	7.56	37.25	10.41
	2	Between 1 and 5 years	159.48	38.15	149.43	47.57
	3	Between 5 and 10 years	161.82	40.33	152.20	52.63
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	354.85	95.31	319.20	116.22
	2	For decrease in discount rate by 100 basis points	407.37	112.48	365.22	135.96
	3	For increase in salary rate by 100 basis points	406.50	111.44	365.02	125.88
	4	For decrease in salary rate by 100 basis points	354.87	95.48	319.05	107.76
	5	For increase in medical inflation rate by 100 basis points	-	-	-	9.48
	6	For decrease in medical inflation rate by 100 basis points	-	-	-	8.85

Notes to Consolidated Financial Statements

Note 52 - Employee benefits

₹ in crore

Particulars	2020		2019	
	Funded	Non funded	Funded	Non funded
IX The major categories of plan assets as a percentage of total plan				
Qualifying insurance policy with Life Insurance Corporation of India (LIC) and HDFC Life Insurance (Refer Note (iv) below)	**100%**	**NA**	100%	NA

X Expected cash flows

₹ in crore

Particulars	2020		2019	
	Funded	Non funded	Funded	Non funded
1) Expected employer contribution in the next year	**17.69**	**0.00**	13.71	0.00
2) Expected benefit payments				
Year 1	**45.29**	**7.49**	37.25	10.39
Year 2	**43.38**	**9.03**	38.42	10.83
Year 3	**39.03**	**9.50**	39.59	11.69
Year 4	**39.13**	**9.02**	35.08	12.91
Year 5	**37.95**	**10.40**	36.34	11.92
6 to 10 years	**161.81**	**39.90**	152.20	52.18
Total Expected benefit payments	**366.59**	**85.34**	338.88	109.92

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	**10.00**	10.27
Disability rate	**5% mortality rates**	5% mortality rates
Retirement age	**58 - 60 years**	58 - 60 years
Mortality pre-retirement	**Indian Assured Lives Mortality (IALM) (2012-14) Ultimate**	Indian Assured Lives Mortality (IALM) (2012-14) Ultimate
Mortality post-retirement	**Not Applicable**	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) In the absence of detailed information regarding plan assets which is funded with LIC and HDFC Life Insurance, the composition of each major category of plan assets, the percentage or amount for each category to the fair value of plan assets has not been disclosed.

Notes to Consolidated Financial Statements

Note 52 - Employee benefits

e) Amount recognised as expense in respect of compensated absences is ₹ 29.73 crore (previous year - ₹ 28.51 crore).

f) The Group 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 Group

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

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

The Group has obtained the actuarial valuation of interest rate obligation in respect of Provident Fund and shortfall of ₹ 73.11 crore (previous year - ₹ 62.96 crore) (including investment risk fall as mentioned below) on re-measurement of the defined benefit plan is recognised in Other Comprehensive Income (OCI).

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

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 Consolidated Statement of Profit and Loss**		
	1	Current service cost	**32.03**	32.56
	2	Interest Cost	**16.99**	8.66
	3	Interest Income	**(12.70)**	(8.51)
	4	Total expenses	**36.32**	32.71
II		**Amount recognised in Consolidated Balance Sheet**		
	1	Present value of Defined Benefit Obligation	**(997.16)**	(974.61)
	2	Fair value of plan assets	**924.05**	911.65
	3	Funded status {Surplus/(Deficit)}	**(73.11)**	(62.96)
	4	Net asset/(liability) as at end of the year ((Refer Note (ii) given below)	**(73.11)**	(62.96)
III		**Present Value of Defined Benefit Obligation**		
	1	Present value of Defined Benefit Obligation at beginning of the year	**974.61**	869.55
	2	Current service cost	**32.03**	32.56
	3	Interest cost	**84.11**	71.32
	4	Benefits paid and transfer out	**(179.29)**	(100.39)
	5	Employee Contributions	**82.16**	73.81
	6	Transfer in / (Out) Net	**13.75**	10.54
	7	Actuarial (gains) / losses	**(10.21)**	17.22
	8	Present value of Defined Benefit Obligation at the end of the year	**997.16**	974.61
IV		**Fair Value of Plan Assets**		
	1	Plan assets at the beginning of the year	**911.65**	868.92
	2	Return on plan assets including interest income	**79.82**	71.17
	3	Contributions by Employer	**28.86**	32.21
	4	Contributions by Employee	**82.16**	73.81
	5	Transfer in / (Out) Net	**13.75**	10.54
	6	Asset Gain /(Loss)	**(12.90)**	(44.61)
	7	Actual benefits paid	**(179.29)**	(100.39)
	8	Plan assets at the end of the year	**924.05**	911.65

Notes to Consolidated Financial Statements

Note 52 - Employee benefits

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
V Amounts recognised in Other Comprehensive Income at period end		
Actuarial (Gain) / Loss on Liability	**(10.21)**	17.23
Actuarial (Gain) / Loss on Plan assets	**12.90**	44.59
Total Acturial (Gain) / Loss included in OCI	**2.69**	61.82
VI Weighted Average duration of Defined Benefit Obligation	**10 years**	10 years
VII The major categories of plan assets as a percentage of total plan		
1 Special deposits scheme	**2%**	1%
2 Government Securities	**58%**	32%
3 Debentures and Bonds	**11%**	64%
4 Cash and Cash equivalent	**19%**	-
5 Mutual Fund	**10%**	3%
	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 31.12.2020	As at 31.12.2019
1 Discount rate (1% movement)	**992.27**	971.78
2 Discount rate (1% decrease)	**1,002.97**	976.56
3 Interest rate guarantee (1% movement)	**1,060.69**	1,023.96
4 Interest rate guarantee (1% decrease)	**964.54**	952.19

Notes:

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

ii) In respect of Provident Fund, only liability is recognised in Consolidated Balance Sheet. Surplus is not recognised in Consolidated Balance Sheet.

iii) The Group expects to contribute ₹ 30.00 crore (previous year - ₹ 33.00 crore) to the trust managed Provident Fund in next year.

Note 53 - Leases

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

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

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

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

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

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

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

iv) The Group has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.

Notes to Consolidated Financial Statements

Note 53 - Leases

v) For lease arrangement in respect of ships, the Group has not separated non-lease components from lease components and instead account for each lease component, and any associated non-lease component as a single lease component.

a) Reconciliation of undiscounted operating lease commitments as of 31st December 2019 to the recognised lease liability as of 1st January 2020.

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

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 lease	89.97
Building and installation	13.54
Plant and Equipment	56.45
Ships and tugs	315.64
Furniture, vehicle and tools	0.44
Total	**476.04**

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

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

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 Group's Portfolio of leases. Weighted Average Repayment Maturity (WARM) is calculated for each lease and discount rate is used based on the term of derived for repayment. Below is the range of Incremental Borrowing rate used to calculate the present value of the lease.

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

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

Notes to Consolidated Financial Statements

Note 53 - Leases

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

a) **Group as lessee**

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

b) The 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)	**35.95**
	73.52
Increase in expenses	
Depreciation and amortisation expense	**61.87**
Finance costs	**26.61**
Foreign exchange (gain)/loss (included in other expenses)	**6.93**
	95.41

c) The Group 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 ₹ 67.66 crore. and the financing cashflows have decreased by ₹ 67.66 crore as repayment of lease liability and interest portion of lease payment.

Commitments for leases not yet commenced as at 31st December 2020 is ₹ 37.80 crore towards leasehold lands for a lease term of 30 years.

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	**476.04**
Additions during the year	8.55
Finance cost accrued during the period	26.61
Lease Modification	(7.64)
Payment of lease liabilities	(67.66)
Unrealised loss	6.93
Termination of lease contracts	(15.83)
Balance at December 31, 2020	**427.00**
Current	46.38
Non-current	380.62
Total	**427.00**

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	**107.01**
Expense in respect of variable lease payments	**28.40**
Total	**135.41**

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

Notes to Consolidated Financial Statements

Note 53 - Leases

C) Operating Lease Disclosures under earlier Ind AS 17

Operating lease commitments — Group as lessee

a) The Group has entered into various long term lease agreements for land. The Group 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 ₹ 191.25 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	75.19
Later than one year and not later than five years	182.71
Later than five years	161.36
Total	419.26

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

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 (US) Inc	Fellow Subsidiary
5	LafargeHolcim Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited)	Fellow Subsidiary
6	PT Holcim Indonesia Tbk., Indonesia	Fellow Subsidiary
7	LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
8	Holcim Cement (Bangladesh) Limited, Bangladesh	Fellow Subsidiary
9	Holcim (Romania) S.A., Romania	Fellow Subsidiary
10	LafargeHolcim Energy Solutions S.A.S., France	Fellow Subsidiary
11	Lafarge Zambia PLC, Zambia	Fellow Subsidiary
12	LafargeHolcim Building Materials (China) Limited	Fellow Subsidiary
13	Lafarge Holcim Global Hub Services Private Limited	Fellow Subsidiary
14	Lafarge SA, France	Fellow Subsidiary
15	Lafarge Africa PLC, Nigeria	Fellow Subsidiary
16	Lafarge Umiam Mining Private Limited	Fellow Subsidiary
17	Holcim (Australia) Pty Ltd	Fellow Subsidiary

Notes to Consolidated Financial Statements

Note 54 - Related party disclosure

Sr	Name	Nature of Relationship
18	Holcim Philippines, Inc., Philippines	Fellow Subsidiary
19	Lafarge International Services Singapore Pte Ltd	Fellow Subsidiary
20	Asian Fine Cement Private Limited	Subsidiary of Asian Concretes and Cements Private Limited
21	Counto Microfine Products Private Limited	Joint Venture
22	Aakaash Manufacturing Company Private Limited	Associate of Subsidiary
23	Alcon Cement Company Private Limited	Associate of Subsidiary
24	Asian Concretes and Cements Private Limited	Associate of Subsidiary
25	Ambuja Cements Limited Staff Provident Fund Trust	Trust (Post-employment benefit plan)
26	Ambuja Cements Limited Employees Gratuity Fund Trust	Trust (Post-employment benefit plan)
27	The Provident Fund of ACC Limited	Trust (Post-employment benefit plan)
28	ACC Limited Employees Group Gratuity Scheme	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 Consolidated 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 fellow subsidiaries during the year**		
1	**Purchase of goods**		
	LafargeHolcim Energy Solutions S.A.S., France	**435.58**	520.09
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	**1.89**	1.40
	Holcim Technology Limited, Switzerland	**241.02**	267.11
	Holcim Services (South Asia) Limited	**102.51**	115.61
	Lafarge SA, France	**0.66**	2.79
	Lafarge Holcim Global Hub Services Private Limited	**20.77**	-
		366.85	386.91
5	**Rendering of services**		
	Holcim Group Services Limited, Switzerland	**-**	0.05
	Holcim Technology Limited, Switzerland	**0.63**	-
	Lafarge Zambia PLC, Zambia	**-**	0.02
	Holcim Services (South Asia) Limited	**12.10**	11.60
	Lafarge Holcim Global Hub Services Private Limited	**6.17**	0.83
	Lafarge SA, France	**0.79**	1.72
		19.69	14.22
6	**Other recoveries**		
	Holcim Technology Limited, Switzerland	**1.93**	0.44
	LafargeHolcim Energy Solutions S.A.S., France	**1.09**	0.93
	LafargeHolcim Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited)	**-**	1.92
	Holcim (Australia) Pty Ltd	**0.08**	-
	Lafarge Africa PLC, Nigeria	**0.01**	0.16
	LafargeHolcim Bangladesh Ltd, Bangladesh	**-**	0.02
	Holcim Philippines, Inc., Philippines	**0.14**	-
	Lafarge Umiam Mining Private Limited	**0.17**	-
	Lafarge Holcim Global Hub Services Private Limited	**0.19**	-
		3.61	3.47
7	**Other payments**		
	LafargeHolcim Energy Solutions S.A.S., France	**3.48**	3.97
	Holcim Technology Limited, Switzerland	**0.86**	1.99
	LafargeHolcim Building Materials (China) Limited	**-**	0.04
	Lafarge International Services Singapore Pte Ltd	**1.47**	-
	Holcim Group Services Limited, Switzerland	**0.03**	-
		5.84	6.00
8	**Expense recognised in respect of doubtful debts**		
	Holcim Technology Limited, Switzerland	**1.45**	-
	LafargeHolcim Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited)	**0.13**	-
	PT Holcim Indonesia Tbk., Indonesia	**0.15**	-
		1.73	-

Notes to Consolidated Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
B)	**Outstanding balances with fellow subsidiaries**		
1	**Amount receivable at the year end**		
	Holcim Cement (Bangladesh) Limited, Bangladesh	**-**	0.01
	PT Holcim Indonesia Tbk., Indonesia	**-**	0.15
	Holcim Technology Limited, Switzerland	**0.21**	3.37
	LafargeHolcim Trading Pte Limited, Singapore (Formerly known as Holcim Trading Pte Limited)	**-**	0.13
	LafargeHolcim Bangladesh Ltd, Bangladesh	**0.02**	0.03
	Lafarge SA, France	**0.03**	2.22
	Lafarge Holcim Global Hub Services Private Limited	**8.36**	0.08
	Holcim Services (South Asia) Limited	**7.26**	6.60
		15.88	12.59
2	**Amount payable at the year end**		
	Holcim Technology Limited, Switzerland	**54.27**	65.20
	Holcim Services (South Asia) Limited	**11.18**	33.43
	Holcim (Romania) S.A., Romania	**-**	0.03
	Holcim Group Services Limited, Switzerland	**0.85**	0.95
	LafargeHolcim Energy Solutions S.A.S., France	**4.16**	36.10
	Lafarge SA, France	**0.17**	-
	Lafarge Holcim Global Hub Services Private Limited	**2.03**	-
	Lafarge International Services Singapore Pte Ltd	**1.47**	-
		74.13	135.71

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
C)	**Transactions with holding company**		
1	**Dividend paid**		
	Holderind Investments Limited, Mauritius	**2,330.12**	199.75
2	**Other Recoveries**		
	LafargeHolcim Limited, Switzerland	**-**	0.03

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
D)	**Outstanding balances with holding company**		
1	**Amount receivable at the year end**		
	LafargeHolcim Limited, Switzerland	**-**	0.03

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
E)	**Transactions with associates**		
1	**Purchase of goods**		
	Alcon Cement Company Private Limited	**47.77**	68.46
	Asian Concretes and Cements Private Limited	**4.87**	11.19
		52.64	79.65
2	**Sale of goods**		
	Alcon Cement Company Private Limited	**14.18**	20.78
	Asian Fine Cement Private Limited	**1.50**	-
		15.68	20.78
3	**Receiving of services**		
	Asian Concretes and Cements Private Limited	**62.10**	107.60

Notes to Consolidated Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
4 Other recoveries		
Alcon Cement Company Private Limited	**11.24**	13.47
5 Other payments		
Alcon Cement Company Private Limited	**0.14**	1.67
Asian Concretes and Cements Private Limited	**2.24**	0.55
	2.38	2.22
6 Dividend received		
Alcon Cement Company Private Limited	**0.29**	0.37

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
F) Outstanding balances with associate company		
1 Amount receivable at the year end		
Alcon Cement Company Private Limited	**6.39**	6.81
2 Amount payable at the year end		
Alcon Cement Company Private Limited	**6.09**	3.11
Asian Concretes and Cements Private Limited	**6.16**	14.69
Asian Fine Cement Private Limited	**0.50**	-
	12.75	17.80

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
G) Transactions with joint ventures		
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
Aakaash Manufacturing Company Private Limited	**-**	1.32
	2.50	2.98
3 Purchase of Goods		
Counto Microfine Products Private Limited	**0.21**	1.11
Aakaash Manufacturing Company Private Limited	**86.59**	100.86
	86.80	101.97
4 Sale of goods		
Counto Microfine Products Private Limited	**0.03**	0.11
Aakaash Manufacturing Company Private Limited	**8.00**	12.52
	8.03	12.63
5 Other recoveries		
Aakaash Manufacturing Company Private Limited	**-**	2.82
	-	2.82
6 Other Payments		
Aakaash Manufacturing Company Private Limited	**1.22**	-
7 Buy back of shares		
Counto Microfine Products Private Limited	**2.25**	-

Notes to Consolidated Financial Statements

Note 54 - Related party disclosure

₹ in crore

Particulars		As at 31.12.2020	As at 31.12.2019
H)	**Outstanding balances with joint ventures**		
1	**Amount receivable at the year end**		
	Counto Microfine Products Private Limited	**-**	0.81
	Aakaash Manufacturing Company Private Limited	**1.59**	0.96
		1.59	1.77
2	**Amount payable at the year end**		
	Counto Microfine Products Private Limited	**0.04**	0.20
	Aakaash Manufacturing Company Private Limited	**20.64**	14.06
		20.68	14.26

I) Transactions with Key Management Personnel

₹ in crore

Particulars		For the year ended 31st December 2020	For the year ended 31st December 2019
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 64)	**0.15**	0.06
		21.95	16.89
3	**Commission, sitting fees, advisory fees and other reimbursement**		
	Mr. N.S. Sekhsaria	**0.56**	0.54
	Mr. Martin Kriegner (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 on retirement and other defined benefits which are made based on actuarial valuation on an overall Group basis are not included.

Notes to Consolidated Financial Statements

Note 54 - Related party disclosure

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

b) Contribution to Ambuja Cements Limited Staff Provident Fund Trust and The Provident fund of ACC Limited: The Group is required to contribute a specified percentage of the employee compensation for eligible employees towards provident fund. During the year, the Group contributed ₹ 4.55 crore (previous year - ₹ 6.57 crore) to "Ambuja Cements Limited Staff Provident Fund" and ₹ 24.31 crore (previous year - ₹ 25.64 crore) to "The Provident fund of ACC Limited".

c) Contribution to Ambuja Cements Limited Employees Gratuity Fund Trust and ACC limited Employees Group Gratuity scheme : The Group maintains gratuity trust for the purpose of administering the gratuity payment to its employees. During the year, the Group has contributed ₹ 29 crore (previous year - ₹ 5.80 crore) towards "Ambuja Cements Limited Employees Gratuity Fund Trust" and ₹ 25 crore (previous year - ₹ 0.80 crore) "ACC limited Employees Group Gratuity scheme".

d) The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. The Group has not recorded any loss allowances for trade receivables from related parties (previous year - ₹ Nil).

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

Note 55 - Financial instruments

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

A) Classification of financial assets and liabilities

₹ 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					
Trade Receivables	16	**561.13**	**561.13**	1,068.56	1,068.56
Loans	12, 19	**274.34**	**274.34**	240.91	240.91
Investments in bonds	10	**3.70**	**3.70**	3.70	3.70
Cash and cash equivalents - certificates of deposits	17	**-**	**-**	1,242.98	1,242.98
Cash and cash equivalents - others	17	**7,881.62**	**7,881.62**	6,357.65	6,357.65
Bank balances other than cash and cash equivalents	18	**364.07**	**364.07**	342.67	342.67
Other financial assets	13, 20	**1,530.44**	**1,530.44**	1,338.30	1,338.30
Total financial assets at amortised cost		**10,615.30**	**10,615.30**	10,594.77	10,594.77
b) Measured at fair value through the statement of profit and loss (FVTPL)					
Cash and cash equivalents - investment in liquid mutual funds	17	**689.94**	**689.94**	1,411.25	1,411.25
Investment in unquoted equity instruments	10	**9.00**	**9.00**	-	-
Total financial assets at fair value through the statement of profit and loss (FVTPL)		**698.94**	**698.94**	1,411.25	1,411.25
Total financial assets (a+b)		**11,314.24**	**11,314.24**	12,006.02	12,006.02
Financial liabilities					
a) Measured at amortised cost					
Trade payables	34	**2,213.41**	**2,213.41**	2,332.88	2,332.88
Other financial liabilities	28, 35	**2,173.49**	**2,173.49**	1,720.16	1,720.16
Interest free loan from State Government	27	**43.60**	**43.60**	35.28	35.28
Total financial liabilities at amortised cost		**4,430.50**	**4,430.50**	4,088.32	4,088.32
b) Measured at fair value through the statement of profit and loss (FVTPL)					
Foreign currency forward contract	35	**1.32**	**1.32**	0.09	0.09
Total financial liabilities (a+b)		**4,431.82**	**4,431.82**	4,088.41	4,088.41

Notes to Consolidated Financial Statements

Note 55 - Financial instruments

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

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

₹ 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	**383.15**	376.84
Impairment losses on trade receivables (including reversals of impairment losses)	**51.14**	27.64
Expected credit loss on Incentive under Government Schemes	**128.92**	-
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	**26.65**	49.48
Net gain on fair valuation of liquid mutual fund	**0.47**	3.17
Financial liabilities measured at amortised cost		
Net Exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	**11.68**	0.18
Interest expenses on deposits from dealers	**32.48**	58.70
Interest expense on lease liability	**26.61**	-
Financial liabilities measured at fair value through profit or loss		
Net Loss of on foreign currency forward contract	**1.61**	(0.81)
Net gain recognised in Consolidated Statement of Profit and Loss	**517.95**	399.06

C) Fair value measurements

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

a) Level 1

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

b) Level 2

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

c) Level 3

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

Notes to Consolidated Financial Statements

Note 55 - Financial instruments

D) For assets and liabilities which are measured at fair value, the classification of fair value calculations by category is summarized 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	17	**689.94**	1,411.25	1	Investment in liquid and short term mutual funds, which are classified as FVTPL are measured using net assets value at the reporting date multiplied by the quantity held.
Investment in unquoted equity instruments (other than joint ventures and associates)	10	**9.00**	-	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	35	**1.32**	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 dislclosures are required)

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

Note 56 - Financial risk management objectives and policies

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

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

The Group's management is supported by a risk management committee that advises on financial risks and the appropriate financial risk governance framework for the Group. The risk management committee provides assurance to the Group's management that the Group's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Group's policies and risk objectives. The Board of Directors reviews policies for managing each of these risks, which are summarized 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 risks comprises three types of risk a) interest rate risk b) currency risk and c) other price risk. Financial instruments are affected by market risk comprise deposits, investments, trade payables.

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

Notes to Consolidated Financial Statements

Note 56 - Financial risk management objectives and policies

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

Assumption made in calculating the sensitivity analysis

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

a) Interest rate risk

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

Interest risk exposure

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Interest bearing		
Security deposit from dealers (Refer Note 35)	**1,197.02**	1,148.00
Non-interest bearing		
Current maturities of non-current borrowings (Refer Note 35)	**-**	5.78
Borrowings - Interest free sales tax loan (Refer Note 27)	**43.60**	35.28
Total	**1,240.62**	1,189.06
Interest rate sensitivities for unhedged exposure (Refer Note (a) below)		
Security deposit from dealers		
Impact of increase in 100 bps would decrease profit by	**11.97**	11.48
Impact of decrease in 100 bps would increase profit by	**(11.97)**	(11.48)

Note:

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

b) Foreign currency risk

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

The 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	**0.19**	**0.00**	3.30	0.04
EURO	**7.88**	**0.09**	5.37	0.07
GBP	**0.06**	**0.00**	0.23	-
JPY	**0.20**	**0.28**	0.29	0.44
SEK	**0.34**	**0.04**	0.82	0.11
SGD	**0.01**	**-**	-	-
USD	**153.12**	**2.11**	15.03	0.22
Total	**161.80**		25.04	
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.

Notes to Consolidated Financial Statements

Note 56 - Financial risk management objectives and policies

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

Particulars	As at 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	-	-	0.04	(0.04)
EURO	0.08	(0.08)	0.05	(0.05)
GBP	-	-	-	-
JPY	-	-	0.42	(0.42)
SEK	-	-	0.02	(0.02)
SGD	-	-	-	-
USD	1.53	(1.53)	0.17	(0.17)
Increase / (Decrease) in profit	1.61	(1.61)	0.70	(0.70)

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

c) **Other price risk**

Other price risk includes commodity price risk. The Group primarily imports coal, pet coke 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 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 Group is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments. The Group has no significant concentration of credit risk with any counterparty.

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

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Trade receivables (Refer Note 16)	91.40	51.44
Financial assets other than trade receivables		
Receivables which have significant increase in credit risk (Refer Note 12 and 20)	39.13	32.69
Long-term loans to joint operation (Refer Note 12)	1.04	0.98
	40.17	33.67
Total	131.57	85.11

Financial assets other than trade receivables

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

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

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

Total non-current investments (other than susidaries and joint venture) and investments in liquid mutual funds as on 31st December 2020 are ₹ 12.70 crore and ₹ 689.94 crore (31st December 2019 - ₹ 3.70 crore and ₹ 1,411.25 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.

Notes to Consolidated Financial Statements

Note 56 - Financial risk management objectives and policies

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

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

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

Trade receivable

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

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

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

The ageing analysis of trade receivables:

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Up to 6 months	**538.49**	1,020.61
More than 6 months	**114.04**	99.39
Total	**652.53**	1,120.00
Impaired	**(91.40)**	(51.44)
Total	**561.13**	1,068.56

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

Movement in expected credit loss allowance of trade receivable

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balance at the beginning of the year	**51.44**	28.83
Add: provided during the year	**54.89**	30.47
Less: amounts utilised	**11.18**	5.03
Less: reversal of provisions	**3.75**	2.83
Balance at the end of the year	**91.40**	51.44

Movement in expected credit loss allowance of financial assets

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Balance at the beginning of the year	**33.67**	23.48
Add: provided during the year	**6.50**	10.19
Balance at the end of the year	**40.17**	33.67

C) Liquidity risk

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

Notes to Consolidated Financial Statements

Note 56 - Financial risk management objectives and policies

on the basis of expected cash flows. The Group 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 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 Liability	**427.00**	**68.66**	**260.92**	**213.47**	**543.05**
Trade payables	**2,213.41**	**2,213.41**	**-**	**-**	**2,213.41**
Other financial liabilities (Refer Note (a) below)	**1,747.81**	**1,747.68**	**0.13**		**1,747.81**
Total	**4,431.82**	**4,029.75**	**310.80**	**221.94**	**4,562.49**
As at 31st December 2019					
Borrowings	41.06	5.86	28.22	21.54	55.62
Trade payables	2,332.88	2,332.88	-	-	2,332.88
Other financial liabilities (Refer Note (a) below)	1,714.47	1,713.85	0.62	-	1,714.47
Total	4,088.41	4,052.59	28.84	21.54	4,102.97

Note:

a) Other financial liabilities includes deposits received from customers amounting to ₹ 1,197.02 crore (previous year - ₹ 1,148.00 crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Group does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above mentioned maturity analysis, the Group has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

Note 57 - Segment reporting

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

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

B) Geographical Information

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

₹ 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	**24,089.10**	26,536.90	**25,349.29**	24,659.29
b) Outside India (Refer Note (b) below)	**4.76**	1.72	**-**	-
Total	**24,093.86**	26,538.62	**25,349.29**	24,659.29

Notes:

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

b) Sales outside India are in functional currency.

C) Information about major customers

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

Notes to Consolidated Financial Statements

Note 58 - Financial information in respect of joint ventures and associates that are not individually material

a) Interest in joint ventures

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

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

Name of the joint ventures	As at 31st December 2020 %	As at 31st December 2019 %
Direct joint venture		
Counto Microfine Products Private Limited	**50.00%**	50.00%
Joint venture of a subsidiary		
Aakaash Manufacturing Company Private Limited	**40.00%**	40.00%

Aggregate information of joint ventures that are not individually material

₹ in crore

Particulars	As at 31st December 2020	As at 31st December 2019
The Group's share of profit / (loss) from continuing operations	**5.53**	7.00
The Group's share of other comprehensive income	**(0.03)**	(0.06)
The Group's share of total comprehensive income	**5.50**	6.94
The carrying amount of the investment	**43.02**	42.89

b) Interest in associates

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

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

Name of the associates	As at 31st December 2020 %	As at 31st December 2019 %
Associates of subsidiary		
Alcon Cement Company Private Limited	**40.00%**	40.00%
Asian Concretes and Cements Private Limited	**45.00%**	45.00%

Aggregate information of associates that are not individually material

₹ in crore

Particulars	As at 31st December 2020	As at 31st December 2019
The Group's share of profit / (loss) from continuing operations	**8.91**	12.97
The Group's share of other comprehensive income	**(0.02)**	(0.06)
The Group's share of total comprehensive income	**8.89**	12.91
The carrying amount of the investment	**111.58**	102.98

Note 59 - Financial information in respect of material partly-owned subsidiary

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

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

₹ in crore

Name of the Company	Principal place of business	As at 31.12.2020	As at 31.12.2019
ACC Limited	India	**49.95%**	49.95%

Notes to Consolidated Financial Statements

Note 59 - Financial information in respect of material partly-owned subsidiary

b) Summarised financial information of ACC Limited

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
i) Non-controlling interest in ACC Limited		
Total comprehensive income allocated to non-controlling interest	**734.52**	663.05
Accumulated balances of non-controlling interest	**6,336.90**	5,732.35
ii) Summarised Balance Sheet of ACC Limited		
Non-current assets	**9,751.60**	9,601.41
Current assets	**8,448.63**	7,534.57
	18,200.23	17,135.98
Non-current liabilities	**693.60**	890.82
Current liabilities	**4,804.26**	4,698.23
Non-controlling interest of ACC Limited	**3.24**	3.16
	5,501.10	5,592.21
Equity attributable to owners of the parent	**12,699.13**	11,543.77
iii) Dividends paid to non-controlling interest	**131.32**	131.32

iv) Summarised Statement of Profit and Loss of ACC Limited

₹ in crore

Particulars	For the year ended 31st December 2020	For the year ended 31st December 2019
Income	**14,002.72**	15,975.98
Expenses		
Cost of materials consumed	**1,673.21**	2,256.39
Purchase of stock-in-trade	**696.89**	361.69
Changes in inventories of finished goods, work-in progress and stock-in-trade	**142.41**	100.82
Employee benefits expense	**841.21**	866.11
Finance costs	**57.08**	86.27
Depreciation and amortisation expense	**638.84**	606.44
Power and fuel	**2,574.65**	3,134.01
Freight and forwarding expense	**3,416.09**	4,032.09
Other expenses	**2,086.41**	2,493.66
Total expenses	**12,126.79**	13,937.48
Profit before share of profit of associates and joint ventures, exceptional items and tax expenses	**1,875.93**	2,038.50
Share of profit of associates	**8.93**	14.02
Profit before exceptional items and tax expenses	**1,884.86**	2,052.52
Exceptional items	**176.01**	-
Profit before tax	**1,708.85**	2,052.52
Tax expense	**278.59**	674.98
Profit for the year	**1,430.26**	1,377.54
Other Comprehensive Income	**(14.58)**	(49.23)
Total comprehensive income	**1,415.68**	1,328.31
Profit attributable to owners of the company	**1,430.18**	1,377.41
Profit attributable to non-controlling interest	**0.08**	0.13
Total comprehensive income attributable to owners of the company	**1,415.60**	1,328.18
Total comprehensive income attributable to non-controlling interest	**0.08**	0.13
v) Summarised Cash Flow Statement of ACC Limited		
Cash flow from Operating activities	**2,219.19**	2,254.71
Cash used in Investing activities	**(535.15)**	(321.66)
Cash used in Financing activities	**(327.36)**	(374.16)
Net increase in cash and cash equivalents	**1,356.68**	1,558.89

Notes to Consolidated Financial Statements

Note 60 - Additional information as required by Paragraph 2 of the General Instructions for the preparation of consolidated financial statements under Division II of Schedule III to the Companies Act, 2013.

Name of the entity	Year	Share in net assets, (total assets minus total liabilities)		Share in profit and loss		Share in other comprehensive income		Share in total comprehensive income	
		₹ in crore	As % of consolidated net assets	₹ in crore	As % of consolidated profit or loss	₹ in crore	As % of consolidated other comprehensive income	₹ in crore	As % of consolidated total comprehensive income
Parent									
Ambuja Cements Limited	**2020**	**20,315.86**	**69.82%**	**1,790.10**	**57.62%**	**(6.97)**	**32.24%**	**1,783.13**	**57.80%**
	2019	22,205.18	74.48%	1,528.54	54.92%	(4.39)	8.18%	1,524.15	55.84%
Subsidiaries - Indian									
ACC Limited (Standalone)	**2020**	**12,661.44**	**43.51%**	**1,414.94**	**45.54%**	**(14.54)**	**67.25%**	**1,400.40**	**45.39%**
	2019	11,521.28	38.64%	1,358.91	48.83%	(48.98)	91.24%	1,309.93	47.99%
M.G.T. Cements Private Limited	**2020**	**(0.01)**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**	**-**	**0.00%**
	2019	(0.01)	0.00%	(0.01)	0.00%	-	0.00%	(0.01)	0.00%
Chemical Limes Mundwa Private Limited	**2020**	**0.01**	**0.00%**	**(0.20)**	**-0.01%**	**-**	**0.00%**	**(0.20)**	**-0.01%**
	2019	0.19	0.00%	(0.29)	-0.01%	-	0.00%	(0.29)	-0.01%
Dirk India Private Limited	**2020**	**(33.68)**	**-0.12%**	**(1.03)**	**-0.03%**	**(0.06)**	**0.28%**	**(1.09)**	**-0.04%**
	2019	(32.59)	-0.11%	(0.52)	-0.02%	0.10	-0.19%	(0.42)	-0.02%
OneIndia BSC Private Limited (Refer Note 11 (b))	**2020**	**13.08**	**0.04%**	**(1.29)**	**-0.04%**	**-**	**0.00%**	**(1.29)**	**-0.04%**
	2019	14.37	0.05%	2.58	0.09%	(0.29)	0.54%	2.29	0.08%
Subsidiaries - Foreign									
Dang Cement Industries Private Limited	**2020**	**-**	**0.00%**	**(0.92)**	**-0.03%**	**-**	**0.00%**	**(0.92)**	**-0.03%**
	2019	-	0.00%	(0.61)	-0.02%	-	0.00%	(0.61)	-0.02%
Subsidiaries of Subsidiary - Indian									
Bulk Cement Corporation (India) Limited	**2020**	**59.32**	**0.20%**	**1.58**	**0.05%**	**-**	**0.00%**	**1.58**	**0.05%**
	2019	57.74	0.19%	2.42	0.09%	-	0.00%	2.42	0.09%
ACC Mineral Resources Limited	**2020**	**84.55**	**0.29%**	**2.89**	**0.09%**	**-**	**0.00%**	**2.89**	**0.09%**
	2019	81.66	0.27%	6.94	0.25%	-	0.00%	6.94	0.25%
Lucky Minmat Limited	**2020**	**(2.49)**	**-0.01%**	**(0.50)**	**-0.02%**	**-**	**0.00%**	**(0.50)**	**-0.02%**
	2019	(1.99)	-0.01%	(0.48)	-0.02%	-	0.00%	(0.48)	-0.02%
National Limestone Company Private Limited (Refer Note 63 (a))	**2020**	**-**	**0.00%**	**1.64**	**0.05%**	**-**	**0.00%**	**1.64**	**0.05%**
	2019	0.06	0.00%	(0.39)	-0.01%	-	0.00%	(0.39)	-0.01%
Singhania Minerals Private Limited	**2020**	**(0.96)**	**0.00%**	**(0.61)**	**-0.02%**	**-**	**0.00%**	**(0.61)**	**-0.02%**
	2019	(0.35)	0.00%	0.05	0.00%	-	0.00%	0.05	0.00%
Non-controlling interest in all subsidiaries	**2020**	**6,340.89**	**21.79%**	**741.40**	**23.86%**	**(7.28)**	**33.67%**	**734.12**	**23.79%**
	2019	5,736.76	19.24%	688.16	24.73%	(24.59)	45.81%	663.57	24.31%
Joint ventures - Indian (accounted for using equity method)									
Counto Microfine Products Private Limited	**2020**	**30.45**	**0.10%**	**4.87**	**0.16%**	**(0.01)**	**0.05%**	**4.86**	**0.16%**
	2019	30.96	0.10%	7.24	0.26%	(0.01)	0.02%	7.23	0.26%
Aakaash Manufacturing Company Private Limited	**2020**	**12.57**	**0.04%**	**0.67**	**0.02%**	**(0.02)**	**0.09%**	**0.65**	**0.02%**
	2019	7.44	0.02%	(0.24)	-0.01%	(0.05)	0.09%	(0.29)	-0.01%
Associates of subsidiary - Indian (accounted for using equity method)									
Alcon Cement Company Private Limited	**2020**	**18.66**	**0.06%**	**0.31**	**0.01%**	**(0.02)**	**0.09%**	**0.29**	**0.01%**
	2019	5.73	0.02%	0.98	0.04%	(0.06)	0.11%	0.92	0.03%
Asian Concretes and Cements Private Limited	**2020**	**92.92**	**0.32%**	**8.60**	**0.28%**	**-**	**0.00%**	**8.60**	**0.28%**
	2019	80.52	0.27%	11.99	0.43%	-	0.00%	11.99	0.44%
Adjustments on consolidation	**2020**	**(10,494.12)**	**-36.06%**	**(855.61)**	**-27.54%**	**7.28**	**-33.67%**	**(848.33)**	**-27.50%**
	2019	(9,892.20)	-33.18%	(822.11)	-29.54%	24.59	-45.81%	(797.52)	-29.22%
Total equity	**2020**	**29,098.49**	**100.00%**	**3,106.84**	**100.00%**	**(21.62)**	**100.00%**	**3,085.22**	**100.00%**
	2019	29,814.75	100.00%	2,783.16	100.00%	(53.68)	100.00%	2,729.48	100.00%

Note:

The above figures are before eliminating intra group transactions and intra group balances.

Notes to Consolidated Financial Statements

Note 61 - Goodwill on Consolidation

₹ in crore

Particulars	As at 31.12.2020	As at 31.12.2019
Carrying amount as at beginning of the year	**7,881.49**	7,881.49
Impairment during the year (Refer Note 63 (a))	**5.38**	-
Net carrying value as at end of the year	**7,876.11**	7,881.49
Goodwill has been generated on account of the following acquisition over the years:		
ACC Limited (including its subsidiaries) (Refer Note (a) below)	**7,852.92**	7,858.30
Dirk India Private Limited	**19.29**	19.29
MGT Cements Private Limited	**2.72**	2.72
Chemical Limes Mundwa Private Limited	**1.18**	1.18
Total	**7,876.11**	7,881.49

Notes:

a) In respect of goodwill arising on acquisition of ACC Ltd (including its subsidiaries), for the purpose of impairment testing, the recoverable amount is determined based on fair value less cost of disposal as per the requirement of Ind AS 36. The fair value is computed based on market share price of equity share of ACC Limited, quoted on the stock exchange.

b) Based on the Group's assessment there is no impairment of goodwill.

Note 62 - Coal Block

ACC Mineral Resources Limited (AMRL), through its joint operations had secured development and mining rights for four coal blocks allotted to Madhya Pradesh State Mining Corporation Ltd. These allocations stand cancelled pursuant to the judgment of Supreme Court dated 25th August 2014 read with its order dated 24th September 2014. The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder vide vesting order dated 23rd March 2015. In respect of Bicharpur coal block, AMRL had filed a writ petition with the Delhi High Court against the compensation fixed by Ministry of Coal up to 31st March 2014. The Hon'ble Delhi High Court issued its judgment on 9th March 2017 wherein the court has said that "whatever has transpired after 31st March 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account." Accordingly a fresh claim has been filed with Ministry of Coal for reimbursement of expenses incurred up to the date of vesting order. In respect of other three blocks, auctioning dates are yet to be announced.

Note 63 - Notes related to Material subsidiary, ACC Limited

a) ACC Limited, a subsidiary of the Company, divested 200,000 Equity Shares representing 100% stake in National Limestone Company Private Limited (NLCPL) under a Share Purchase Agreement dated 18th November 2020. The Group has received the entire consideration amount of ₹ 20 crore and the necessary instructions have been lodged with the depository to transfer the shares to the acquirer in accordance with the provisions of the Companies Act, 2013 and Security and Exchange Board of India Regulations. Further the Company's nominee directors stepped down from NLCPL Board allowing reconstitution of the Board by the acquirers. With the completion of the sale formalities and ceding of control, NLCPL has ceased to be the ACC Limited's subsidiary. The Group has, therefore, accounted for ₹ 12.91 crore as profit arising from divestment accordingly.

b) ACC Limited, a subsidiary of the Company successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on 2nd January 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

c) ACC Limited, a subsidiary of the Company, has arrangements with an associate company whereby it sells clinker and purchases cement manufactured out of such clinker. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale (excluding GST) of such clinker of ₹ 11.08 crore (31st December 2019 ₹ 16.24 crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of cement so converted. This transaction has been identified in the nature of lease. (Refer Note 53)

Notes to Consolidated Financial Statements

d) ACC Limited, a subsidiary of the Company, has arrangement with a Joint venture company whereby it purchases Ready Mixed Concrete and sells that to external customers. While the transactions are considered as individual sale / purchase transactions for determination of taxable turnover and tax under GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Group's local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale (excluding GST) of such Ready Mix Concrete to customer of ₹ 73.18 crore (31st December 2019 ₹ 85.34 crore) has not been recognised as a part of the turnover but has been adjusted against cost of purchase of Ready Mix Concrete.

Note 64 - 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, 13,800 (Previous year - 15,000) performance share at fair value of ₹ 3,352 per share (previous year - ₹ 3,405 per share) were granted and ₹ 3.66 crore (previous year – ₹ 1.16 crore) is charged to the Consolidated Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding credit to the capital contribution from parent under other equity.

c) Information related to the Performance Share Plan granted is presented below (in number)

₹ in crore

Particulars	**For the year ended 31st December 2020**	For the year ended 31st December 2019
Opening Balance as at 1st January	**15,000**	-
Granted during the year	**13,800**	15,000
Alloted during the year	**-**	-
Forfeited during the year	**(2,400)**	-
Closing balance as at 31st December	**26,400**	15,000

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

Note 65 - Risk due to outbreak of COVID-19 pandemic

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

Notes to Consolidated Financial Statements

Note 66 - Code on social Security, 2020

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

Note 67 - The CCI has initiated an investigation against cement companies in India including the Company and its subsidiary, ACC Limited regarding alleged anti-competitive behavior and conducted search and seizure operations in December 2020 against few companies. The Company and its subsidiary, ACC Limited, are in the process of providing information sought. The Company and its subsidiary, ACC Limited, are of the firm view that they have acted and continue to act in compliance with competition laws. Both the companies believe that this does not have any impact on the consolidated financial statement.

Note 68 - Figures below ₹ 50,000 have not been disclosed.

Note 69 - 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 Consolidated Financial Statements

For and on behalf of the Board of Directors

Rajani Kesari
Chief Financial Officer

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

Rajendra P. Chitale
Chairman - Audit Committee
DIN - 00015986

Rajiv Gandhi
Company Secretary

Martin Kriegner
Director
DIN - 00077715

Neeraj Akhoury
Managing Director &
Chief Executive Officer
DIN - 07419090

Mumbai, 18th February 2021