

The following table sets forth the breakup of Company’s expenses as part of Revenue from operations:

	Amount in ₹ Crore		Amount in ₹ Crore	
	2020	% of Revenue from operations	2019	% of Revenue from operations
Net Sales	13,486.83	97.84	15,343.11	98.00
Other operating revenue	297.71	2.16	313.54	2.00
Revenue from operations	13,784.54	100.00	15,656.65	100.00
Other Income	203.98	1.48	311.21	1.99
Total Income	13,988.52		15,967.86	
Cost of materials consumed	1,673.09	12.14	2,258.10	14.42
Purchase of stock-in-trade	696.89	5.06	361.69	2.31
Changes in inventories of finished goods, work-in-progress and stock-in-trade	142.41	1.03	100.81	0.64
Employee benefits expense (Refer Note a below)	839.07	6.09	863.97	5.52
Power and fuel	2,572.38	18.66	3,131.34	20.00
Freight and Forwarding expense	3,431.81	24.90	4,050.06	25.87
Finance costs	57.04	0.41	86.22	0.55
Depreciation and amortisation expense	635.30	4.61	602.97	3.85
Other expenses (Refer Note b below)	2,076.74	15.07	2,481.23	15.85
Total expenses	12,124.73	87.96	13,936.39	89.01
Profit before exceptional item and tax	1,863.79	13.52	2,031.47	12.98
Exceptional item (Refer Note c below)	176.01	1.28	-	-
Profit before tax	1,687.78	12.24	2,031.47	12.98
Tax expenses (Refer Note d below)	272.84	1.98	672.56	4.30
Profit for the year	1,414.94	10.26	1,358.91	8.68
Other Comprehensive Income for the year, net of tax	(14.54)	(0.11)	(48.98)	(0.31)
Total Comprehensive Income for the year	1,400.40	10.16	1,309.93	8.37

Profit for the year is not comparable with the previous year due to following reasons:

- (a) Employee benefits expense for the current year includes ₹21 Crore (Previous year – Nil) on account of charge for Employee Separation Scheme.
- (b) Other expenses for the current year includes expected credit loss of ₹129 Crore (Previous year – Nil) on Incentives under Government schemes.
- (c) Exceptional item represents impairment of assets of ₹176 Crore at ‘Madukkarai Unit’.
- (d) Tax expenses reduced due to reversal of net deferred tax liabilities as on January 1, 2020 amounting to ₹190 Crore on account of adoption of lower income tax rate and impact of lower rate on taxes for the current year.

The construction industry was heavily impacted in India due to lockdown in early 2020. However, the Company has gradually recovered from the COVID-19 pandemic in subsequent months. Monthly cement sales volumes have swiftly rebounded in the third quarter.

Fast and rigorous execution of the “HEALTH, COST & CASH” action plan by the Company produced strong financial results in the second half of the year, compensating for a large part the pandemic related impact in the first half of the year.

The Company has delivered strong operational results in the year with a 3% increase in EBITDA and margin expansion of 270 basis points driven by Product Mix Optimisation and implementation of cost efficacy measures under project “Parvat”.

The analysis of major line items in the financial statements is given below:

1. REVENUE FROM OPERATIONS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Cement*	12,364.72	13,603.43	(1,238.71)	(9.11)
Clinker	166.69	266.65	(99.96)	(37.49)
Ready Mix Concrete (RMX)	952.07	1,469.13	(517.06)	(35.19)
Income from services rendered (RMX)	3.35	3.90	(0.55)	(14.10)
Other operating revenue	297.71	313.54	(15.83)	(5.05)
TOTAL	13,784.54	15,656.65	(1,872.11)	(11.96)

*Does not include inter-segment cement sale to Ready Mix Concrete

Revenue from operations has decreased due to following reasons:

- The Company’s cement sales volume is at 25.53 Million tonnes as compared to 28.89 Million tonnes during previous year. The revenue of the Company was impacted due to COVID-19 nationwide lockdown in early part of 2020.
- Average selling price of cement increased by 3% in 2020 over 2019. Improvement in realisation was driven by better product & segment mix and improved price actions.
- Continued thrust on promotion of the Company’s range of premium products, yielded an increase of about 3% in the sales volume of these products during the year.
- Due to COVID-19 pandemic, Company’s Ready Mix Concrete business sales volume de-grew by 36%. Sale of Ready Mixed Concrete has decreased from 35.32 Lakh cubic metres to 22.70 Lakh cubic metres.

Other operating revenue

Other operating revenue includes accrual of incentives from State Governments under incentive schemes, write-back of provision which is no longer required, scrap sales and other miscellaneous Income.

- Other operating revenue has decreased due to lower accrual of incentives under Government schemes on account of lower sales during nationwide lockdown period.

2. OTHER INCOME

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other income	203.98	311.21	(107.23)	(34.46)

Other income consists of income on investment of surplus funds, interest on Income Tax, gain on sale and fair valuation of financial assets, dividend from non-current investments and net gain on disposal of Property, Plant and Equipment.

Other income has reduced due to following reasons:

- Other income of the previous year included reversal of provision for interest on income tax aggregating ₹99 Crore due to disposal of certain appeals in favour of the Company.
- Other income of the previous year included net gain on disposal/retirement of Property, Plant and Equipment of ₹24 Crore due to sale of old and used assets.
- Reduction is partially offset by higher income of ₹14 Crore generated from investment of surplus funds in current year and gain of ₹4 Crore on sale of investment in Subsidiary Company.

3. COST OF MATERIALS CONSUMED

Amount in ₹ Crore				
	2020	2019	Change	Change%
Cost of materials consumed	1,673.09	2,258.10	(585.01)	(25.91)

Cost of materials consumed has decreased due to following reasons:

- Cement production has decreased by 15% from 27.87 million tonnes to 23.77 million tonnes. Cost of materials consumed of cement business has decreased from ₹535/t to ₹474/t of cement sold in 2020 (down by 11%) through continuous focus on manufacturing and procurement efficiencies.
- Ready Mix Concrete production has decreased by 36% from 35.24 Lakh cubic metres to 22.70 Lakh cubic metres in 2020 in line with the RMX sales volume de-growth.
- Consumption of purchase of clinker and limestone has decreased by ₹61 Crore in line with decrease in production.
- Higher usage of low-cost gypsum (phospho and activated) and reduction in the consumption of costlier imported gypsum through raw-mix optimisation resulted in overall reduction in landed cost of gypsum by 13% as compared to the previous year.
- The landed cost of slag is lower by 21% during the year compared to 2019 by improvement in procurement planning and better supply chain efficiencies.
- The landed cost of Flyash is reduced by 6% as compared to previous year on account of an increase in the consumption of lower cost wet Flyash and source-mix optimisation.

4. PURCHASE OF STOCK-IN-TRADE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Purchase of stock-in-trade	696.89	361.69	335.20	92.68

Purchase of stock-in-trade has increased primarily on account of significant ramp-up of volumes under Master Supply Agreement (MSA) with Ambuja Cements limited.

5. CHANGES IN INVENTORIES

Amount in ₹ Crore				
	2020	2019	Change	Change%
Changes in inventories of finished goods, work-in-progress and stock-in-trade	142.41	100.81	41.60	41.27

- Inventory reduction remained one of the key targets of company to reach optimised working capital. As a result the value of inventory of finished and semi-finished goods has reduced by 34% as compared to the previous year.

6. EMPLOYEE BENEFITS EXPENSE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Employee benefit expense	839.07	863.97	(24.90)	(2.88)

Employee costs registered a decrease of 3% due to following offsetting reasons:

- Manpower productivity actions and efficiency measures across various functions helped reduce the employee costs during the year.

Decrease in cost is partially offset by:

- During the current year, the Company has incurred an amount of ₹21 Crore on account of Employee Separation Scheme to improve the manpower productivity.
- Increments in salaries.

7. POWER AND FUEL

Amount in ₹ Crore				
	2020	2019	Change	Change%
Power and Fuel	2,572.38	3,131.34	(558.96)	(17.85)

Power and fuel cost has decreased due to following reasons:

- Clinker production decreased by 17%. Power and Fuel cost of cement business has decreased from ₹1078/t to ₹1003/t (down 7%) of cement sold in 2020, mainly due to a drop in fuel prices.
- Landed cost of imported coal and petcoke has decreased in the range of 10% to 11%. Landed cost of domestic coal has also decreased by 14%.
- The Company is undertaking sustained measures to build a better fuel mix by maximising the use of cheaper fuel, judicious procurement of market coal through e-auctions and imports, higher consumption of alternative fuels, improvement in competencies and efficiencies at plants and maximising the use of renewable power sources. These initiatives are leading to the following manufacturing efficiencies:
 - The cost of generation at our thermal power plants (TPP) has gone down by 3%.
 - Electrical energy impacted by 1.1 kwh to 80.7 kwh/t of cement during the year as against 79.6 kwh/t cement in 2019.
 - The average cost of purchased power during the year is reduced by 2% as compared to previous year.
 - Power generated by the Waste Heat Recovery Plant of 7.5 MW at Galgal plant delivered the savings of ₹22 Crore (Previous year – ₹26 Crore).
 - Renewable sources of energy helped cut down power costs and also helped meet renewable energy obligations.

8. FREIGHT AND FORWARDING EXPENSE

Amount in ₹ Crore				
	2020	2019	Change	Change%
Freight and Forwarding expense				
Freight on Clinker transfer	489.83	495.82	(5.99)	(1.21)
Freight on Cement	2,312.68	2,736.92	(424.24)	(15.50)
Clearing and Forwarding expenses on cement	522.70	659.97	(137.27)	(20.80)
Ready Mixed Concrete	106.60	157.35	(50.75)	(32.26)
TOTAL	3,431.81	4,050.06	(618.25)	(15.27)

Freight on Cement has decreased due to following reasons:

- Cement despatches decreased by 15% as compared to previous year. Freight on cement has decreased from ₹947/t to ₹906/t of cement sold in 2020 (down by 4%).

Following continuous efforts helped achieve reduction in logistics cost including improving efficiencies:

- The Company implemented logistics cost and efficiency improvement initiatives such as better evacuation efficiency, warehouse footprint optimisation, focus on road despatches and renegotiation of contracts with the transporters.
 - Focus on increasing direct road despatches which was up by 20%, higher evacuation efficiency from low cost and high contribution plants.
 - Reduction in overall lead distance and significant ramp-up of Master Supply Agreement (MSA) volume.
 - Improvement in operational efficiencies through mode-mix optimisation.
- Decrease in cost is partially offset by higher diesel prices in H2 2020.

Clearing and Forwarding Expenses on cement has decreased due to following reasons:

- Clearing and Forwarding expenses on cement has decreased from ₹228/t to ₹205/t of cement sold in 2020 (down by 10%) through warehouse footprint optimisation and increase in direct despatches.

Freight cost on sale of Ready Mix Concrete has gone down due to decrease in volumes.

9. FINANCE COSTS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Interest				
- On Income tax	4.76	16.90	(12.14)	(71.83)
- On Defined benefit obligation	13.76	7.91	5.85	73.96
- Interest on deposits from dealers	17.14	33.45	(16.31)	(48.76)
- Interest on litigation matters	0.56	17.73	(17.17)	(96.84)
- Interest on Lease Liabilities	9.80	-	9.80	-
- Others	9.56	8.36	1.20	14.40
Unwinding of site restoration provision	1.46	1.87	(0.41)	(21.93)
TOTAL	57.04	86.22	(29.18)	(33.84)

Overall Finance cost has decreased due to following reasons:

- Interest on income tax was higher in 2019 due to interest provision on outstanding demand for earlier years paid in 2020.
- Interest on deposits from dealers has reduced mainly due to reduction in interest rate.
- During the previous year, the Company charged interest of ₹18 Crore relating to entry tax and royalty on limestone matters.
- Interest on Lease Liabilities on account of implementation of new Indian Accounting Standard (Ind AS) 116 Leases.

10. DEPRECIATION AND AMORTISATION EXPENSE

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Depreciation on Property, Plant and Equipment	604.03	599.22	4.81	0.80
Amortisation of intangible assets	3.90	3.75	0.15	4.00
Depreciation on Right of use assets	27.37	-	27.37	-
TOTAL	635.30	602.97	32.33	5.36

There is no significant change in Depreciation and Amortisation expense except for recognition of depreciation on Right of use assets on account of implementation of new Indian Accounting Standard (Ind AS) 116 Leases.

11. OTHER EXPENSES

Other expenditure represents the following expenditure:

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Consumption of stores and spare parts	224.77	325.82	(101.05)	(31.01)
Consumption of packing materials	386.26	458.13	(71.87)	(15.69)
Rent	75.59	130.61	(55.02)	(42.12)
Rates and taxes	76.94	139.32	(62.38)	(44.78)
Repairs	126.25	149.06	(22.81)	(15.30)
Insurance	25.51	20.34	5.17	25.43
Royalties on minerals	240.05	276.83	(36.78)	(13.29)
Advertisement	56.58	111.60	(55.02)	(49.30)
Technology and Know-how fees	132.79	152.33	(19.54)	(12.83)
Expected credit loss on Incentives under Government schemes	128.92	-	128.92	100.00
Impairment losses on trade receivables	37.34	21.51	15.83	73.59
Corporate Social Responsibility expense	32.33	25.07	7.26	28.96
Miscellaneous expenses	534.43	672.93	(138.51)	(20.58)
Self-Consumption of cement	(1.02)	(2.32)	1.30	(56.03)
TOTAL	2,076.74	2,481.23	(404.48)	(16.30)

- Consumption of Stores and spares parts has decreased as compared to previous year. The Company has optimised the overall maintenance cost.
- Consumption of packing material cost has decreased due to reduction in volumes and packing material prices. Average price of packing bags has decreased by 4% mainly due to reduction in prices of polypropylene granules.
- Rent expenses has reduced due to following reasons:
 - Adoption of Ind AS 116 “Leases” effective January 01, 2020 has resulted in reduction in lease expenses by ₹15 Crore.
 - Cement grinding charges paid to third party has decreased by ₹35 Crore in current year due to reduction in volume.
- Rates and taxes reduced mainly due to abolishing of toll tax in the State of Jammu and Kashmir with effect from January 01, 2020.
- Advertisement expenses were higher in previous year. During the previous year, ACC unveiled a new brand campaign “Karein Kuch Kamaal”.
- Technology and Know-how fees represent the amount paid to Holcim Technology Ltd for technical support received by the Company.
- In view of the re-assessment in the expected recovery period for incentives receivables from the government accrued under the respective State Industrial Policy, a charge of ₹129 Crore due to time value of money computed based on the expected credit loss method has been accounted for.
- Impairment loss on trade receivable has increased primarily on account of increase in expected credit loss in Ready Mix Concrete business which is mainly due to slowdown in view of COVID-19 pandemic.
- Miscellaneous expenses include commission paid to third party, information technology services, traveling expenses, other third party services, etc. Pursuing cost reduction and cost avoidance through various initiatives have resulted in overall reduction of miscellaneous expenses.

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12. EXCEPTIONAL ITEM

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Exceptional item	176.01	-	176.01	-

- Considering lower profitability due to higher input cost, the Company has suspended part of its operation at Madukkarai plant. The Company has carried out a review of the recoverable amount of the assets. The recoverable amount is assessed to be lower than its carrying amount and consequently an impairment loss of ₹176 Crore has been recognised and disclosed as an exceptional item.

13. TAX EXPENSES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Current tax	547.38	689.81	(142.43)	(20.65)
Deferred tax (credit)/charge	(274.54)	(17.25)	(257.29)	1,491.54
TOTAL	272.84	672.56	(399.72)	(59.43)

- Normalised income tax expenses decreased in line with a decrease in income mainly due to impairment of assets and one time charge towards time value of money of Government Incentives.
- During the year, the Company has adopted the lower income tax rate (25.17% including surcharge) and accordingly, the net deferred tax liability as on January 01, 2020 amounting to ₹190 Crore has been reversed.
- Tax expense for 2020 decreased due to adoption of lower income tax rate with effect from April 1, 2020.

14. PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK-IN-PROGRESS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Property, Plant and Equipment	6,482.91	6,957.28	(474.37)	(6.82)
Capital work-in-progress	545.30	435.34	109.96	25.26
Other Intangible assets	45.80	34.09	11.71	34.35
TOTAL	7,074.01	7,426.71	(352.70)	(4.75)

Property, Plant and Equipment has decreased due to following offsetting reasons:

- During the year, the Company has recognised impairment loss of ₹176 Crore (including Capital work-in-progress ₹18 Crore) relating to Madukkarai plant.
- The Company has reclassified ₹38 Crore relating to Finance Lease of assets from Property, Plant and Equipment to Right of Use Assets pursuant to adoption of Ind AS 116.
- Depreciation and amortisation on Property, Plant and Equipment for the year is ₹608 Crore.
- During the year, the Company has capitalised Property, Plant and Equipment of ₹338 Crore mainly consisting of routine maintenance and efficiency/productivity improvement capex.
- Capital work-in-progress includes capital expenditure for increasing the operating capacity, and efficiency improvement and maintenance capex. Capital work-in-progress as at December 31, 2020 includes ₹250 Crore for capacity expansion projects.
- The Company successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on January 2, 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

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15. RIGHT OF USE ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Right of use assets	129.89	-	129.89	-

- The Company has adopted Ind AS 116 effective January 01, 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 January 01, 2020, and discounted with the incremental borrowing rate as of that date.
- The Company's lease asset classes primarily consist of leases for grinding facility, godowns, flats, land, plant and equipment, office premises and other premises.

16. INVESTMENTS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Investments in subsidiaries, associates and joint ventures	212.43	226.45	(14.02)	(6.19)
Other Non-current investments	8.20	3.70	4.50	121.63
TOTAL	220.63	230.15	(9.52)	(4.14)

- During the year, the Company divested 100% stake in its wholly-owned subsidiary company National Limestone Company Private Limited under a Share Purchase Agreement dated November 18, 2020 for a consideration of ₹20 Crore and accounted for ₹4 Crore as profit on sales.
- During the year, the Company has subscribed 25,78,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹4.50 Crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh for which the Company's Tikaria plant would be one of the consumers.

17. FINANCIAL ASSETS – LOANS AND ADVANCES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Non-current loans	129.35	135.92	(6.57)	(4.83)
Current loans	59.80	31.43	28.37	90.26
TOTAL	189.15	167.35	21.80	13.03

- Loans and advances consist of deposits given for power supply and deposits for supply of raw materials and loan to employee. Loans and advances have increased mainly due to additional security deposit given for supply of raw materials.

18. OTHER ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other non-current assets	653.86	399.15	254.71	63.81
Other current assets	687.17	803.41	(116.24)	(14.47)
TOTAL	1,341.03	1,202.56	138.47	11.52

Other non-current assets have gone down due to following reason:

- Capital Advances has increased by ₹254 Crore mainly due to capital advance given for Ametha expansion project.

Other current assets have gone down due to following offsetting reasons:

- During the year, the Company has taken various steps to reduce the advance to suppliers for raw material. As a result the advances have gone down by ₹178 Crore.

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- Decrease in other current assets is partially offset by higher GST input tax credit receivables of ₹77 Crore. GST input credit was higher in view of capex projects and maintenance activity planned in the last quarter.

19. OTHER FINANCIAL ASSETS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other non-current Financial assets (Net)	645.65	609.86	35.79	5.87
Other current Financial assets	266.27	270.51	(4.24)	(1.57)
TOTAL	911.92	880.37	31.55	3.58

Other Financial Assets has increased primarily for following offsetting reasons:

- Accrual of GST Incentives of ₹160 Crore during the year under Government schemes for Sindri and Chanda plants.
- In view of the management re-assessing the expected recovery period for incentives receivables from the government accrued under the respective State Industrial Policy, a charge of ₹129 Crore taken due to time value of money computed based on the expected credit loss method.

20. INVENTORIES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Raw Materials	115.54	117.44	(1.90)	(1.62)
Work-in-progress	147.84	177.61	(29.77)	(16.76)
Finished Goods	111.74	230.96	(119.22)	(51.62)
Stock-in-trade	14.48	7.90	6.58	83.29
Stores and Spare Parts	248.94	310.85	(61.91)	(19.92)
Packing Materials	24.07	20.65	3.42	16.56
Fuels	237.86	275.54	(37.68)	(13.67)
TOTAL	900.47	1,140.95	(240.48)	(21.08)

- Average inventory turnover in sales days has decreased from 34 days in 2019 to 28 days in 2020 due to reduction in inventory. This shows how well the Company managed its inventory levels during the year. Inventory (days) is calculated as Average Inventory/Cost of Goods Sold (Cost of Sales + Depreciation) multiplied by 365.
- Inventory of Stores and Spare Parts has decreased due to strict control on procurement.

21. TRADE RECEIVABLES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Trade receivables – Cement	234.25	308.42	(74.17)	(24.05)
Trade receivables – Ready Mixed Concrete	217.28	320.01	(102.73)	(32.10)
TOTAL	451.53	628.43	(176.90)	(28.15)

- Trade receivable has decreased significantly due to better collection and strict credit norms.
- The average trade receivables in sales days outstanding for cement sales as on December 31, 2020 is 8 as compared to 12 as on December 31, 2019. This shows consistency in managing its credit with the customers and this also reflects on the stable financial position of most of its customers. Debtor Turnover (days) is calculated as Average Debtors/Total Consolidated Sales multiplied by 365.

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22. CASH AND CASH EQUIVALENTS AND OTHER BANK BALANCES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Cash and Cash Equivalents	5,734.92	4,383.18	1,351.74	30.84
Other bank balances	156.17	154.92	1.25	0.80
TOTAL	5,891.09	4,538.10	1,352.99	29.81

Cash and cash equivalents consists of cash on hand, cash at banks, demand deposits from banks and short-term, highly liquid instruments. As part of Company's cash management policy to meet short-term cash commitments, it parks its surplus funds in short-term highly liquid instruments that are held for a period of three months or less from the date of acquisition.

- During the year, the Company has generated additional cash and cash equivalents amounting to ₹1,352 Crore, up by 31% versus 2019. The improvement is driven by "HEALTH, COST & CASH" action plan, improved collection and renegotiation of payment terms with suppliers.

23. PROVISIONS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Non-current provisions	213.57	234.13	(20.56)	(8.78)
Current provisions	15.87	23.39	(7.52)	(32.15)
TOTAL	229.44	257.52	(28.08)	(10.90)

- Provision includes employee benefits and site restoration. Non-current provisions decreased mainly due to discontinuation of additional Gratuity plan with effect from April 30, 2020 for all the eligible employees of management category and consequent disbursement to these employees.

24. TRADE PAYABLES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Trade Payables	1,416.30	1,470.97	(54.67)	(3.72)

- Average trade payable in sales days has marginally decreased from 40 days in 2019 to 39 days in 2020.

25. OTHER CURRENT LIABILITIES

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Other current financial liabilities				
Interest accrued	13.89	26.50	(12.61)	(47.58)
Unpaid dividend & Deposit	28.49	30.92	(2.43)	(7.87)
Security deposits and retention money	801.26	710.54	90.72	12.77
Liability for capital expenditure	34.87	52.17	(17.30)	(33.16)
Lease liabilities	18.50	-	18.50	-
Provision for employees	128.55	113.83	14.73	12.94
Foreign currency forward contract	0.28	-	0.28	-
Other current liabilities				
Advance from customers	148.18	156.80	(8.62)	(5.50)
Statutory dues payable	575.14	551.42	23.72	4.30
Rebates to customers	521.56	497.00	24.56	4.94
Other payables	748.22	708.58	39.64	5.59
TOTAL	3,018.94	2,847.76	171.18	6.01

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Other current financial liabilities

- Provision for interest accrued on deposit from dealers has decreased mainly due to reduction in interest rate.
- Security deposits increased mainly due to increase in Security deposit from dealers in line with company's credit policy which was modified to be better equipped during Covid 19 pandemic period. Retention money has also increased due to additional performance related amount for expansion projects.
- Liability for capital expenditure has reduced as substantial work at Sindri expansion has been completed.
- The Company has adopted Ind AS 116 on Leases effective January 01, 2020, current maturities of lease liabilities is shown under "other current financial liabilities".
- Provision for employees as at December 31, 2021 includes ₹21 Crore (*Previous year – Nil*) on account of charge for Employee Separation Scheme.

26. CASH FLOWS

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow from operating activities	2,215.57	2,248.35	(32.78)	(1.46)

Net cash from operating activities has marginally decreased as compared to previous year due to following reasons:

- The Company has delivered strong operational results in a Pandemic-Hit Year. The cash operating profit before working capital changes has increased by ₹106 Crore.
- Working capital has decreased by ₹387 Crore as compared to decrease of ₹266 Crore in previous year. The Company continues to maintain strict control on Inventories and trade receivables.
- Increase in cash flow is offset by increase in direct tax paid – (Net of refunds) by ₹260 Crore:
 - During the previous year, the Company received interest on income tax of ₹266 Crore.
 - Tax paid in 2020 has reduced as lower tax rate adopted for FY 2020-21, however reduction is offset by payment of outstanding demand for earlier year.

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow from investing activities	(536.59)	(328.32)	(208.27)	63.44

Net cash used for investing activities has increased mainly due to spend on capex on expansion projects.

	Amount in ₹ Crore			
	2020	2019	Change	Change%
Net cash flow used for financing activities	(327.36)	(374.16)	46.80	(12.51)

- Net cash used for financing activities has decreased as Dividend Distribution Tax is abolished with effect from April 1, 2020. Cash flow for previous year included payment of Dividend Distribution Tax of ₹54 Crore.
- Interest payment is lower by ₹17 Crore as compared to previous year.
- Upon adoption of Ind AS 116 in current year, related cash flows are classified as financing activities. Accordingly Payment of Lease Liabilities of ₹25 are disclosed under financing activities.

RATIO ANALYSIS

1. Operating EBITDA margin

	2020		2019	
	18.40		15.70	
Operating EBITDA margin*				

* Before considering charge of ₹129 Crore towards time value of money of Government Incentives in 2020.

- 3% increase in EBITDA in a pandemic-hit year with margin expansion of 270 basis points. Margin expansion driven by Product Mix Optimisation and implementation of cost efficacy measures under project "Parvat".

Analysis of Standalone Financial

2. Return on Average Capital Employed

	2020		2019	
	16.48		18.43	
Return on Average Capital Employed				

Return on average capital employed decreased by 195 basis points mainly due to following reasons:

- Earnings before interest on long-term borrowings and tax (EBIT) decreased by 2% against 10% growth in average Capital Employed.

3. Return on Net worth

	2020		2019	
	11.18		11.79	
Return on Net worth				

Return on Net worth has decreased marginally by 61 basis points mainly due to 4% growth in Profit after tax against 10% growth in net worth. This shows the Company's strength in generating profits on the shareholders' equity even in the pandemic hit year.

4. Current Ratio

	2020		2019	
	1.00		1.04	
Current ratio				

Decrease in current ratio is mainly on account of decrease in inventory and trade receivables. This reflects on the strong liquidity of the Company.

5. Price Earning Ratio

	2020		2019	
	21.56		20.03	
Price Earning Ratio				

Price Earning Ratio has increased mainly due increase in Company's share price by 12% as against to 4% growth in Basic Earnings per share.

6. Dividend per share, earning per share and Dividend Payout Ratio*

	2020		2019	
	14		14	
	75.35		72.36	
	19		19	
Dividend per share (₹)				
Basic Earnings per Share (₹)				
Dividend payout ratio (%)				

*Dividend Payout Ratio for 2019 is calculated without considering dividend distribution tax.

- Basic Earnings per share stood at ₹75.35 for the year ended 2020 registering an increase by 4% as compared to previous year. In a pandemic hit year, performance has improved driven by Product Mix Optimisation and Cost Efficiency Initiatives.

7. Fixed Asset Turnover Ratio

	2020		2019	
	1.90		2.1	
Fixed Asset Turnover Ratio				

- Asset turnover ratio has impacted primarily on account of decrease in net sales due to COVID-19 pandemic.

To The Members of ACC Limited

REPORT ON THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

Opinion

We have audited the accompanying standalone financial statements of ACC Limited (“the Company”), which comprise the Balance Sheet as at December 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 (“the Act”) in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, (“Ind AS”) and other accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2020, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Emphasis of Matter

We draw attention to Notes 40(A)(a) and 40(A)(b) of the standalone financial statements which describe the following matters:

- a) In terms of order dated August 31, 2016, the Competition Commission of India (CCI) had imposed a penalty of ₹1,147.59 Crore for alleged contravention of the provisions of the Competition Act, 2002 (the Competition Act) by the Company. On the Company’s appeal, National Company Law Appellate Tribunal (NCLAT), (which replaced the Competition Appellate Tribunal (COMPAT) effective May 26, 2017), in its order passed on July 25, 2018 had upheld the CCI’s Order. The Company’s appeal against the said judgement of NCLAT before the Hon’ble Supreme Court was admitted vide its order dated October 5, 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 by its order dated January 19, 2017, had imposed a penalty of ₹35.32 Crore on the Company for alleged contravention of the provisions of the Competition Act. On Company’s filing an appeal together with application for interim stay against payment of penalty, COMPAT had stayed the penalty pending hearing of the application. This matter is listed before the NCLAT for hearing.

Based on the Company’s assessment on the outcome of these appeals supported by the advice of external legal counsel, the Company is of the view that no provision is necessary in respect of these matters in these standalone financial statements. Our opinion is not modified in respect of these matters.

Key Audit Matters

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

Sl. No.	Key Audit Matters	Auditor’s Responses
1.	<p>Litigation, Claims and Contingent Liabilities:</p> <p>(Refer Notes 24 and 40(A), to be read along with Emphasis of Matter in Independent Auditor’s Report of the standalone financial statements)</p> <p>The Company is exposed to a variety of different laws, regulations and interpretations thereof which encompasses indirect taxation and legal matters. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other Governmental proceedings, constructive obligations as well as investigations by authorities and commercial claims.</p> <p>Based on the nature of regulatory and legal cases management applies significant judgement when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change substantially over time as new facts emerge as each legal case or matters progresses.</p> <p>Given the different views possible, basis the interpretations, complexity and the magnitude of the potential exposures, and the judgement necessary to determine required disclosures, this is a key audit matter.</p>	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none">• We understood the processes, evaluated the design and implementation of controls and tested the operating effectiveness of the Company’s controls over the recording and re-assessment of uncertain legal positions, claims and contingent liabilities.• We held discussions with senior management including the person responsible for legal and compliance to obtain an understanding of the factors considered by management in classification of the matter as ‘probable’, ‘possible’ and ‘remote’.• Examined the Company’s legal expenses on sample basis and read the minutes of the board meetings and the legal compliance committee in order to ensure completeness.• We read the correspondence from Court authorities and considered legal opinion obtained by the management from external law firms to evaluate the basis used for provisions recognised or the disclosures made in the standalone financial statements.• We also obtained direct legal confirmations for significant matters from the law firms handling such matters to corroborate management’s conclusions.• For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company’s disclosures made in relation to contingent liabilities.
2.	<p>Income tax provision:</p> <p>(Refer Notes 22 and 40(A) of the standalone financial statements)</p> <p>This matter has been identified as a Key Audit Matter due to the significant level of management judgement required in the estimation of provision for income taxes including any write-back of provisions, due to the following factors:</p> <ul style="list-style-type: none">• Existence of multiple uncertain tax positions leading to multiple disputes/litigations.• Provision for tax involves interpretation of various rules and law. It also involves consideration of on-going disputes and disclosures of related contingencies.	<p>Principal audit procedures performed:</p> <ul style="list-style-type: none">• Our audit procedures to test uncertain tax positions included understanding processes, evaluation of design and implementation of controls and testing of operating effectiveness of the Company’s controls over provision for taxation, assessment of uncertain tax positions and disclosure of contingencies.• Obtained details of completed tax assessments and demands as of December 31, 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 provisions.• We considered legal precedence and other rulings in evaluating management’s position on these uncertain tax positions, the provisions made, and/or write-back of the provisions.• We also involved our direct tax specialist in evaluating management’s assessment for the uncertain tax positions.• For those matters where management concluded that no provision should be recorded, we also considered the adequacy and completeness of the Company’s disclosures made in relation to contingent liabilities.

INFORMATION OTHER THAN THE FINANCIAL STATEMENTS AND AUDITOR’S REPORT THEREON

- The Company’s Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis, Board’s Report including Annexures to Board’s Report, Report on Corporate Governance, Business Responsibility Report and Shareholder’s Information, but does not include the consolidated financial statements, standalone financial statements, and our auditor’s report thereon.
- Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.
- In connection with our audit of the standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.
- If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

MANAGEMENT’S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company’s Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the

going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

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

AUDITOR’S RESPONSIBILITY FOR THE AUDIT OF THE STANDALONE FINANCIAL STATEMENTS

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

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management’s use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor’s report to the related

disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor’s report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our

knowledge and belief were necessary for the purposes of our audit.

- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flow and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
- d) In our opinion, the aforesaid Standalone Financial Statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on December 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure A”. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company’s internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor’s Report in accordance with the requirements of Section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.
- h) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

- i.

The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements (Refer Note 40 in the standalone financial statements).
- ii.

The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii.

There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.
2.

As required by the Companies (Auditor’s Report) Order, 2016 (“the Order”) issued by the Central Government

in terms of Section 143(11) of the Act, we give in “Annexure B” a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

(Referred to in paragraph 1(f) under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

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

We have audited the internal financial controls over financial reporting of ACC Limited (“the Company”) as of December 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR’S RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical

requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

Annexure “A” to the Independent Auditor’s Report

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial

controls over financial reporting were operating effectively as at December 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

Annexure “B” to the Independent Auditor’s Report

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a programme of verification of fixed assets to cover all the items in a phased manner i.e. at least once every three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the programme, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us,

no material discrepancies were noticed on such verification.

- (c) In our opinion and according to the information and explanations given to us and on the basis of our examination of the registered sale deed/ transfer deed/conveyance deed/other documents evidencing title of the Company, we report that, the title deeds of all the immovable properties of land and buildings which are freehold, other than self-constructed buildings, included in the property, plant and equipment are held in the name of the Company as at the Balance Sheet date, except for the following which are not held in the name of the Company as given below:

₹ Crore			
Particulars of the land and building	Gross Carrying Value as at December 31, 2020	Net Carrying Value as at December 31, 2020	Remarks
Freehold Land	1.37	1.37	Title deeds are in name of the entities which got merged with the Company.
Buildings	7.82	5.39	
Freehold Land	0.35	0.35	Original title deeds are not available. Copies are available.
Buildings	0.39	0.34	

In respect of immovable properties of land that have been taken on lease and disclosed as right of use assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement as at Balance Sheet date, except for the following which are not held in the name of the Company as given below:

₹ Crore			
Particulars of the land	Gross Carrying Value as at December 31, 2020	Net Carrying Value as at December 31, 2020	Remarks
Leasehold Land	2.34	2.04	Title deeds are in name of the entities which got merged with the Company.
Leasehold Land	1.19	1.03	Original title deeds are not available. Copies are available.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees to directors or companies in which directors are interested which are covered under Section 185. In our opinion and according to the information and explanations given to us the Company has complied with the provisions of Section 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the

Annexure “B” to the Independent Auditor’s Report

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

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

(a) The Company has been generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues applicable to it to the appropriate authorities. Sales Tax, Service Tax, Excise Duty and Value

Added Tax are not applicable during the year. The Company has generally been regular in depositing the undisputed statutory dues relating to Goods and Service Tax, considering the relief provided to taxpayers by the Government vide Notification No. 31/2020 dated April 3, 2020.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees’ State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Services Tax, Cess and other material statutory dues in arrears as at December 31, 2020 for a period of more than six months from the date they became payable.

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

Name of Statute	Nature of Dues	Forum where Dispute is Pending	₹ Crore	
			Period to which the Amount Relates	Amount Unpaid
Income Tax Act, 1961	Income Tax and Interest	Commissioner	2012-2013	155.76
			2013-2014	3.14
			2015-2016	65.18
			2017-2018	92.70
Sales Tax/Value Added Tax	Sales Tax, VAT, Penalty and Interest	High Court	1984-2018	147.70
		Appellate Authorities & Tribunal	1984-2018	186.99
Central Excise Act, 1944	Excise Duty, Penalty and Interest	Commissioner	1990-2018	22.87
		Supreme Court	1994-2000	2.34
		High Court	2001-2013	51.33
		Appellate Authorities & Tribunal	1994-2018	128.11
Finance Act, 1994	Service Tax, Penalty and Interest	Commissioner	2001-2018	1.58
		Appellate Authorities & Tribunal	2001-2018	172.74
Custom Act, 1962	Customs Duty, Penalty and Interest	Commissioner	2005-2018	37.83
		Appellate Authorities & Tribunal	2012-2013	0.47
Goods and Services Tax Act, 2017	Goods and Services Tax	High Court	2014-2018	9.40

Annexure “B” to the Independent Auditor’s Report

(viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related

parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with them and hence provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm’s Registration No. 117366W/W-100018)

Saira Nainar
Partner
(Membership No. 040081)
UDIN: 21040081AAAAAP2541

Place: Mumbai
Date: February 11, 2021

Balance Sheet

as at December 31, 2020

		₹ Crore	
Particulars	Note No.	As at December 31, 2020	As at December 31, 2019
A ASSETS			
1. Non-current assets			
a) Property, Plant and Equipment	2	6,482.91	6,957.28
b) Capital work-in-progress		545.30	435.34
c) Other Intangible assets	3	45.80	34.09
d) Right of use assets	4	129.89	-
e) Investments in subsidiaries, associates and joint ventures	5	212.43	226.45
f) Financial Assets			
(i) Investments	6	8.20	3.70
(ii) Loans	7	129.35	135.92
(iii) Other financial assets	8	645.65	609.86
g) Non-current Tax Assets (Net)		942.04	857.01
h) Other non-current assets	9	653.86	399.15
Total Non-current assets		9,795.43	9,658.80
2. Current assets			
a) Inventories	10	900.47	1,140.95
b) Financial assets			
(i) Trade receivables	11	451.53	628.43
(ii) Cash and cash equivalents	12	5,734.92	4,383.18
(iii) Bank balances other than cash and cash equivalents	13	156.17	154.92
(iv) Loans	14	59.80	31.43
(v) Other financial assets	15	266.27	270.51
c) Current Tax Assets (Net)		71.26	-
d) Other current assets	16	687.17	803.41
		8,327.59	7,412.83
e) Non-current assets classified as held for sale	17	2.91	10.47
Total Current assets		8,330.50	7,423.30
TOTAL – ASSETS		18,125.93	17,082.10
B. EQUITY AND LIABILITIES			
Equity			
a) Equity Share Capital	18	187.99	187.99
b) Other Equity	19	12,473.45	11,333.29
Total Equity		12,661.44	11,521.28
Liabilities			
Non-current liabilities			
a) Financial Liabilities			
Lease Liabilities	20	83.98	-
b) Provisions	21	213.57	234.13
c) Deferred tax liabilities (Net)	22	376.20	642.21
Total – Non-current liabilities		673.75	876.34
Current liabilities			
a) Financial Liabilities			
(i) Trade payables			
Total outstanding dues of micro and small enterprises	44	6.29	11.27
Total outstanding dues of creditors other than micro and small enterprises		1,410.01	1,459.70
(ii) Other financial liabilities	23	1,025.84	933.96
b) Other current liabilities	24	1,993.10	1,913.80
c) Provisions	25	15.87	23.39
d) Current tax liabilities (Net)		339.63	342.36
Total – Current liabilities		4,790.74	4,684.48
Total – Liabilities		5,464.49	5,560.82
TOTAL – EQUITY AND LIABILITIES		18,125.93	17,082.10
Significant accounting policies	1		
See accompanying notes to the 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 No. 040081

For and on behalf of the Board of Directors of ACC Limited,
N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

RAJIV CHOUBEY
Company Secretary
ACS: 13063

MARTIN KRIEGNER
Director
DIN: 00077715
DAMODARANNAIR SUNDARAM
Director
DIN: 00016304
NEERAJ AKHOURY
Director
DIN: 07419090

Mumbai, February 11, 2021

Statement of Profit and Loss

for the year ended December 31, 2020

		₹ Crore	
Particulars	Note No.	For the year ended December 31, 2020	For the year ended December 31, 2019
INCOME			
1. Revenue from operations	26	13,784.54	15,656.65
2. Other Income	27	203.98	311.21
3. TOTAL INCOME (1+2)		13,988.52	15,967.86
4. EXPENSES			
a) Cost of materials consumed	28	1,673.09	2,258.10
b) Purchase of Stock-in-trade	29	696.89	361.69
c) Changes in inventories of finished goods, work-in-progress and Stock-in-trade	30	142.41	100.81
d) Employee benefits expense	31	839.07	863.97
e) Power and fuel		2,572.38	3,131.34
f) Freight and Forwarding expense	32	3,431.81	4,050.06
g) Finance costs	33	57.04	86.22
h) Depreciation and amortisation expense	34	635.30	602.97
i) Other expenses	35	2,077.76	2,483.55
		12,125.75	13,938.71
Captive consumption of cement		(1.02)	(2.32)
TOTAL EXPENSES		12,124.73	13,936.39
5. Profit before exceptional item and tax (3-4)		1,863.79	2,031.47
6. Exceptional item {Refer Note – 2(3)}		176.01	-
7. Profit before tax (5-6)		1,687.78	2,031.47
8. Tax expense	22		
a) Current tax		547.38	689.81
b) Deferred tax (credit)/charge		(274.54)	(17.25)
		272.84	672.56
9. Profit for the year (7-8)		1,414.94	1,358.91
10. Other Comprehensive Income (OCI)			
(i) Items that will not be reclassified to profit and loss:			
Re-measurement gain/(loss) on defined benefit plans	37	(6.01)	(75.28)
(ii) Income tax relating to items that will not be reclassified to profit and loss	22	(8.53)	26.30
Other Comprehensive Income for the year, net of tax		(14.54)	(48.98)
11. Total Comprehensive Income for the year (9+10)		1,400.40	1,309.93
12. Earnings per equity share of ₹10 each:	36		
Basic ₹		75.35	72.36
Diluted ₹		75.17	72.19
Significant accounting policies	1		
See accompanying notes to the 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 No. 040081

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

N. S. SEKHSARIA
Chairman
DIN: 00276351

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

YATIN MALHOTRA
Chief Financial Officer

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Director
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DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

NEERAJ AKHOURY
Director
DIN: 07419090

Mumbai, February 11, 2021

Statement of Changes in Equity

for the year ended December 31, 2020

A. EQUITY SHARE CAPITAL

	Note No.	₹ Crore
As at January 1, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2019	18	187.99
Issue of equity shares		-
As at December 31, 2020	18	187.99

B. OTHER EQUITY
For the year ended December 31, 2020

	Reserves and surplus (Refer Note – 19)					₹ Crore
	Capital reserve	Securities premium	General reserve	Capital contribution from parent	Retained earnings	Total other equity
As at January 1, 2020	67.81	845.03	2,723.30	0.63	7,696.52	11,333.29
Profit for the year	-	-	-	-	1,414.94	1,414.94
Other Comprehensive Income for the year, net of tax	-	-	-	-	(14.54)	(14.54)
Total comprehensive income for the year	-	-	-	2.66	-	2.66
Employee Share based payments (Refer Note – 53)	-	-	-	-	(262.90)	(262.90)
Interim dividend paid for 2019 (Refer Note – 52)	-	-	-	-	-	-
As at December 31, 2020	67.81	845.03	2,723.30	3.29	8,834.02	12,473.45

Statement of Changes in Equity

for the year ended December 31, 2020

For the year ended December 31, 2019

	Reserves and surplus (Refer Note – 19)					₹ Crore
	Capital reserve	Securities premium	General reserve	Capital contribution from parent	Retained earnings	Total other equity
As at January 1, 2019	67.81	845.03	2,723.30	-	6,703.53	10,339.67
Profit for the year	-	-	-	-	1,358.91	1,358.91
Other Comprehensive Income for the year, net of tax	-	-	-	-	(48.98)	(48.98)
Total comprehensive income for the year	-	-	-	0.63	-	0.63
Employee Share based payments (Refer Note – 53)	-	-	-	-	(262.90)	(262.90)
Final dividend paid for 2018 (Refer Note – 52)	-	-	-	-	(54.04)	(54.04)
Dividend distribution tax on dividend (Refer Note – 52)	-	-	-	-	-	-
As at December 31, 2019	67.81	845.03	2,723.30	0.63	7,696.52	11,333.29

See accompanying notes to the 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 No. 040081

Mumbai, February 11, 2021

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

N. S. SEKHSARIA
Chairman
DIN: 00276351

MARTIN KRIEGER
Director
DIN: 00077715

SRIDHAR BALAKRISHNAN
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YATIN MALHOTRA
Chief Financial Officer

NEERAJ AKHOURY
Director
DIN: 07419090

RAJIV CHOUBEY
Company Secretary
ACS: 13063

Statement of Cash Flow

for the year ended December 31, 2020

		₹ Crore	
Particulars	Note no.	For the year ended December 31, 2020	For the year ended December 31, 2019
A. CASH FLOW FROM OPERATING ACTIVITIES			
Profit before Tax		1,687.78	2,031.47
Adjustments to reconcile profit before tax to net cash flows:			
Depreciation and amortisation expense	34	635.30	602.97
Exceptional item	2	176.01	-
Expected credit loss on Incentives under Government schemes	35	128.92	-
Loss/(Profit) on sale/write-off of Property, Plant and Equipment (net)	35 & 27	10.96	(24.45)
Gain on termination of leases	27	(2.38)	-
Gain on sale of current financial assets measured at FVTPL	27	(14.82)	(19.53)
Gain on sale of investment in Subsidiary Company	27	(3.94)	-
Dividend income	27	(0.29)	(1.69)
Interest income	27	(182.43)	(265.07)
Finance costs	33	57.04	86.22
Impairment losses on trade receivables (net)	35	37.34	21.51
Reversal for doubtful advances (net)		-	(0.11)
Provision for slow and non-moving Stores & Spare (net)	10	7.96	6.38
Provision no longer required written back	26	(5.80)	(9.48)
Net gain on fair valuation of current financial assets measured at FVTPL	27	(0.12)	(0.47)
Employee share based payments	31	2.66	0.63
Fair Value movement in Derivative Instruments		0.28	-
Unrealised exchange loss (net)		0.34	0.12
Operating profit before working capital changes		2,534.81	2,428.50
Changes in Working Capital:			
Adjustments for Decrease/(Increase) in operating assets:			
Decrease in Inventories	10	232.52	531.23
Decrease in Trade receivable	11	139.56	218.32
(Increase)/Decrease in loans & advances	7 & 14	(23.40)	73.60
Increase in other assets	8, 9, 15 -17	(44.55)	(260.54)
Adjustments for Increase/(Decrease) in operating liabilities:			
Decrease in Trade payables		(49.21)	(442.40)
(Decrease)/Increase in Provisions	21 & 25	(49.31)	5.63
Increase in Other liabilities	23-24	181.55	140.21
Cash generated from operations		2,921.97	2,694.55
Direct tax paid including interest on Income tax – (Net of refunds)		(706.40)	(446.20)
Net Cash flow from operating activities		2,215.57	2,248.35
B. CASH FLOW FROM INVESTING ACTIVITIES			
Loans to subsidiary companies	42	(0.21)	(0.56)
Purchase of Property, Plant and Equipments (Including Capital work-in-progress and Capital Advances)			
Capex for increases in operating capacity		(409.30)	(108.70)
Capex for efficiency improvement and maintaining operating capacity		(336.54)	(431.74)
Proceeds from sale of Property, Plant and Equipment		0.68	46.99
Proceeds from sale of investment in Subsidiary Company		20.00	-
Investment in Equity shares		(4.50)	-
Net proceeds from sale of mutual funds		14.82	19.53
Investment in bank and margin money deposits (having original maturity for more than 12 months)	8	(3.81)	(32.27)

Statement of Cash Flow

for the year ended December 31, 2020

Particulars	Note no.	₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
Redemption of bank and margin money deposits (having original maturity for more than 12 months)	8	1.40	-
Investment in bank and margin money deposits (having original maturity for more than 3 months)		(7,238.00)	(2,476.87)
Redemption of bank and margin money deposits (having original maturity for more than 3 months)		7,234.32	2,481.73
Investment in certificate of deposits		(750.00)	(600.00)
Redemption of certificate of deposits		750.00	600.00
Dividend received from Associate/Joint venture	27	0.29	1.69
Interest received		184.26	171.88
Net cash used in investing activities		(536.59)	(328.32)
C. CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(39.87)	(57.22)
Payment of Lease Liabilities		(24.59)	-
Dividend paid	52	(262.90)	(262.90)
Dividend Distribution Tax paid	52	-	(54.04)
Net cash used in financing activities		(327.36)	(374.16)
Net increase in cash and cash equivalents		1,351.62	1,545.87
Add: Cash and cash equivalents at the beginning of the year	12	4,383.18	2,836.84
Add: Adjustment for gain on fair valuation of current financial assets measured at FVTPL	27	0.12	0.47
Cash and cash equivalents at the end of the year	12	5,734.92	4,383.18

See accompanying notes to the financial statements

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Ind AS – 7 on Cash Flow Statements.
2. Refer Note 43 for Cash flows arising from the reportable segments.

In terms of our report attached

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

FOR DELOITTE HASKINS & SELLS LLP

Chartered Accountants
ICAI Firm Registration No. 117366W/W-100018

N. S. SEKHSARIA

Chairman
DIN: 00276351

MARTIN KRIEGNER

Director
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Chief Financial Officer

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Director
DIN: 07419090

RAJIV CHOUBEY

Company Secretary
ACS: 13063

Mumbai, February 11, 2021

COMPANY OVERVIEW AND SIGNIFICANT ACCOUNTING POLICIES:

Corporate Information

ACC Limited (“the Company”), is a public Company domiciled in India and was incorporated on August 1, 1936 under the provisions of the Companies Act, 1913 applicable in India. Its shares are listed on The National Stock Exchange of India (NSE) and The Bombay Stock Exchange Ltd (BSE) of India. The registered office of the Company is located at Cement House, 121, Maharshi Karve Road, Mumbai – 400 020, India.

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

1. SIGNIFICANT ACCOUNTING POLICIES:

(I) Statement of Compliance

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

These financial statements were approved for issue in accordance with the resolution of the Board of Directors on February 11, 2021

(II) Basis of Preparation

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

- a) Certain financial assets and liabilities are measured at fair value (Refer Note 1(X) for accounting policy on Financial Instruments);
- b) Non-current assets classified as held for sale are measured at lower of their carrying amount and fair value less cost to sell;
- c) Employees Defined benefit plans are recognised at the net total of the fair value of plan assets, and the present value of the defined benefit obligation as per actuarial valuation; and
- d) Employee share based payments measured at fair value.

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

The accounting policies have been applied consistently over all the periods presented in these financial statements except change in accounting policy on Leases as disclosed in Note No. (XXVIII).

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

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

- i. Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. Level 2 – inputs other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 – inputs that are unobservable for the asset or liability.

(III) Functional and Presentation Currency

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

Rounding of amounts

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

(IV) Classification of Current/Non-current Assets and Liabilities

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

Assets:

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

- a) it is expected to be realised in, or is intended for sale or consumption in, the Company’s normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is expected to be realised within twelve months after the reporting date; or
- d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

Liabilities:

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

- a) it is expected to be settled in the Company’s normal operating cycle;
- b) it is held primarily for the purpose of being traded;
- c) it is due to be settled within twelve months after the reporting date; or
- d) the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

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

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

(V) Property, Plant and Equipment

Recognition and measurement

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

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

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

- b) Subsequent expenditures are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.
- c) When a major inspection is performed, its cost is recognised in the carrying amount of the Property, Plant and Equipment as a replacement if the recognition criteria are satisfied. All other repairs and maintenance are charged to the Statement of Profit and Loss during the reporting period in which they are incurred.
- d) Spares which meet the definition of Property, Plant and Equipment are capitalised as on the date of acquisition. The corresponding old spares are decapitalised on such date with consequent impact in the Statement of Profit and Loss.

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

disclosed as Capital Advances under “Other non-current assets”.

- f) An item of Property, Plant and Equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss under “Other Income/Other Expenses” when the asset is derecognised.
- g) The Company has applied Ind AS 116 with effect from January 01, 2020 and all leases are disclosed under Right of use assets.

Depreciation and amortisation

- a) Cost of mineral reserves embedded in the cost of freehold mining land is depreciated in the proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non-mining land is not depreciated.
- b) Depreciation on Property, Plant and Equipment, other than plant and equipment assets related to Captive Power Plant (CPP assets), is provided using the straight-line method and on CPP assets using the written down value method based on their respective estimated useful lives.

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

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

The estimated useful lives are as follows:

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

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

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

- c) Depreciation on additions to Property, Plant and Equipment is provided on a pro-rata basis from the date of acquisition or installation, and in the case of a new project, from the date of commencement of commercial production.
- d) Depreciation on an item of Property, Plant and Equipment sold, discarded, demolished or scrapped, is provided up to the date on which such item of Property, Plant and Equipment is sold, discarded, demolished or scrapped.
- e) Capitalised spares are depreciated over their own estimated useful life or the estimated useful life of the parent asset whichever is lower.
- f) The Company reviews the residual value, useful lives and depreciation method annually and, if expectations differ from previous estimates, the change is accounted for as a change in accounting estimate on a prospective basis.
- g) 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.

(VI) Intangible Assets

Recognition and Measurement:

- a) Mining rights and computer software acquired are measured on initial recognition at cost. Cost comprises the purchase price (net of tax/duty credits availed wherever applicable) and any directly attributable cost of bringing the assets to its working condition for its intended use.
- After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.
- b) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an item of intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of such item of intangible asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

Amortisation

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

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

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

(VII) Impairment of Non-financial Assets

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

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

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

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

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

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the impairment loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is

reversed only to the extent that the asset’s carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised. Such reversal of impairment loss is recognised in the Statement of Profit and Loss.

(VIII) **Business Combinations and Goodwill**

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

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

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

(IX) **Inventories**

Inventories are valued after providing for obsolescence, as follows:

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

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

b) **Work-in-progress, Finished Goods and Stock-in-trade**

At lower of cost and net realisable value. Cost includes direct materials and labour and

a proportion of manufacturing overheads based on normal operating capacity, but excluding borrowing costs. Cost of Stock-in-trade includes cost of purchase and other costs incurred in bringing the inventories to the present location and condition. Cost is determined on a weighted average basis.

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

(X) **Financial Instruments**

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

a) **Financial assets**

The Company’s financial assets comprise the following:

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

Initial recognition and measurement

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

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

Subsequent measurement of financial assets

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

i. **Financial assets at amortised cost**

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

- (a) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- (b) Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (“SPPI”) on the principal amount outstanding.

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

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

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

- a) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- b) The asset’s contractual cash flows represent solely payments of principal and interest on the principal amount outstanding.

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

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

Debt instrument at FVTPL

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

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

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

Equity instruments

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

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

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

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

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

Derivative Financial Instruments

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

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

Derecognition of financial asset

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company’s financial statements) when:

- (a) The rights to receive cash flows from the asset have expired, or
- (b) The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received

cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either

- i. the Company has transferred substantially all the risks and rewards of the asset, or
- ii. the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

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

On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss.

Impairment of financial assets

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

- a) Financial assets that are debt instruments, and are measured

at amortised cost e.g. loans, debt securities, deposits, bond; and

- b) Trade receivables other receivables (including incentive receivable from Government)

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

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

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

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

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

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

b) Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Financial liabilities

The Company’s financial liabilities mainly comprise (a) trade payables, (b) liability for capital expenditure, (c) security deposit, (d) other payables (e) lease liabilities and (f) forward contract.

Initial recognition and measurement

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

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

Financial liabilities are classified, at initial recognition, as financial liabilities at fair

value through profit or loss or at amortised cost (loans and borrowings and payables) as appropriate.

Subsequent measurement
Financial liabilities at amortised cost

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

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

Financial liabilities at fair value through profit or loss

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

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

- (a) such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- (b) the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's documented risk management or investment strategy and information about the grouping is provided internally on that basis; or
- (c) it forms part of a contract containing one or more embedded derivatives and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

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

Derecognition of financial liabilities

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

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

Embedded derivatives

If the hybrid contract contains a host that is a financial asset within the scope of Ind AS 109, the Company does not separate embedded derivatives. Rather, it applies the classification requirements contained in Ind AS 109 "Financial Instruments" to the entire hybrid contract. Derivatives embedded in all other host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value through profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in the Statement of Profit and Loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows.

Offsetting a financial asset and a financial liability

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

(XI) Effective Interest Method

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

(XII) Investment in Subsidiaries, Associates and Joint Ventures

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

(XIII) Provisions and Contingencies

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

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used,

the increase in the provision due to the passage of time is recognised as a finance cost.

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

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

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

(XIV) Site Restoration and Other Environmental Provisions

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

The site restoration provision before exploitation of the raw materials has commenced is included in Property, Plant and Equipment and depreciated over the life of the related asset.

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

The effect of any adjustments to the provision due to further environmental damage as a result of exploitation activities is recorded through the Statement of Profit and Loss over the life

of the related asset, in order to reflect the best estimate of the expenditure required to settle the obligation at the end of the reporting period. All provisions are discounted to their present value. The unwinding of the discount is recognised as a finance cost in the Statement of Profit and Loss.

(XV) **Foreign Currency Transactions/Translations**

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

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

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

(XVI) **Revenue Recognition**

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

Sale of goods

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

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

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

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

Contract Balances

Trade receivables

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

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

Contract liabilities

Contract liabilities, which is a company's obligation to transfer goods or services to a customer for which the entity has already received consideration, relate mainly to advance payments from customers which are disclosed in Note No. 24. Contract liabilities are recognised as revenue when the Company performs under the contract.

Rendering of services

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

Interest income and royalties

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the

principal outstanding and at the effective interest rate applicable. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement.

Dividends

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

(XVII) **Retirement and Other Employee Benefits**

a) Short-term employee benefits

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

b) Defined Contribution Plans

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

c) Defined Benefit Plans

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

Provident Fund

In respect of certain employees, provident fund contributions are made to a trust

administered by the Company. Periodic contributions to the Fund are charged to the Consolidated Statement of Profit and Loss. The Company has an obligation to make good the shortfall, if any, between the return from the investment of the trust and interest rate notified by the Government of India. The Company's liability is determined on the basis of an actuarial valuation using the projected unit credit method.

Defined benefit costs are categorised as follows:

- i. The current service cost of the defined benefit plans, recognised in the Statement of Profit and Loss in employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs, which comprise plan amendments and curtailments, as well as gains or losses on the settlement of pension benefits are recognised immediately in the Statement of Profit and Loss when they occur.
- ii. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in finance cost in the Statement of Profit and Loss.
- iii. Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Re-measurements are not reclassified to the Statement of Profit and Loss in subsequent periods.

d) Accumulated Compensated Absences

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

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

e) Other Long-term benefits

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

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

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

f) Termination benefits

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

- i. when the Company can no longer withdraw the offer of those benefits; and
- ii. when the Company recognises costs for a restructuring that is within the scope of Ind AS 37 "Provisions, Contingent Liabilities and Contingent Assets" and involves the payment of termination benefits.

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

g) Presentation and disclosure

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

h) Employee share-based payments

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

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

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

(XVIII) Non-current assets held for sale

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

expects to complete the sale within one year from the date of classification.

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

(XIX) Borrowing Costs

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

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

(XX) Taxation

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

Current income tax

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

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

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

Deferred tax

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

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

- a) When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- a) When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets are reviewed at each Balance Sheet date. The Company writes-down the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient future taxable income will

be available against which deferred tax asset can be realised. Any such write-down is reversed to the extent that it becomes reasonably certain that sufficient future taxable income will be available.

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

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

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

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

Minimum alternate tax

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

(XXI) Leases

I. Accounting policy effective January 1, 2020

Ind AS 116 “Leases” replaces Ind AS 17 “Leases” and applicable to the Company with effect from January 1, 2020.

- The Company assesses whether a contract is or contains a lease, at inception of a contract. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:
- i. the contract involves the use of an identified asset;
 - ii. the Company has substantially all of the economic benefits from use of the asset through the period of the lease; and
 - iii. the Company has the right to direct the use of the asset.

Company as a lessee:
Right of use assets (“ROU”)

At the date of commencement of the lease, the Company recognises a right-of-use asset (“ROU”) 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 and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, 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	8
Land	8-99
Machines	6
Furniture and Vehicles	5

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

Lease liabilities

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

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

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

The lease term comprises the non-cancellable lease term together with the period covered by extension options, if assessed as reasonably certain to be exercised, and termination options, if assessed as reasonably certain not to be exercised. Non-lease components in contracts are separated from lease components and accordingly accounted for in operating profit on a cost incurred basis.

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

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

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

Lease liabilities (Financial liabilities) and ROU asset have been separately presented in the Balance Sheet and related cash flows are classified as financing activities in the Statement of Cash Flows.

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

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date). It also applies the lease of low-value assets recognition exemption to leases that are considered of low value (in the range of ₹4,00,000 to ₹16,00,000 for different class of assets). Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term. The related cash flows are classified as operating activities in the Statement of Cash Flows.

Company as a lessor:

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

classified as a finance lease. All other leases are classified as operating leases.

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

II. Accounting policy up to December 31, 2019

In the comparative period, accounting and disclosure for leases was done as per Ind AS 17.

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

Company as a lessee:

A lease is classified at the inception date as a finance lease or an operating lease.

A lease that transfers substantially all the risks and rewards incidental to ownership to the Company is classified as a finance lease.

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

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments

are recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

Company as a lessor:

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

(XXII) Segment Reporting

Identification of segments

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

The Board of Directors of the Company has appointed Executive Committee (ExCo) which has been identified as being the CODM. The ExCo assesses the financial performance and position of the Company and makes strategic decisions.

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

Allocation of common costs

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

Inter-segment transfers

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

Unallocated items

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

Segment Policies

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

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

(XXIII) Cash and Cash Equivalents

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

(XXIV) Government Grants and Subsidies

- a) Grants and subsidies from the Government are recognised when the Company will comply with all the conditions attached to them and there is a reasonable assurance that the grant/subsidy will be received.
- b) Government grants related to income under State Investment Promotion Scheme linked with VAT/GST payment are recognised in the Statement of Profit and Loss in the period in which they become receivable.

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

(XXV) Earnings Per Share

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

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

(XXVI) Exceptional items

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

(XXVII) Use of Estimates and Judgements

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

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

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

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

Impairment of non-financial assets

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

Leases

Ind AS 116 Leases requires a lessee to determine the lease term as the non-cancellable period of a lease adjusted with any option to extend or terminate the lease, if the use of such option is reasonably certain. The Company makes an assessment on the expected lease term on lease by lease basis and thereby assesses whether it is reasonably certain that any options to extend or terminate the contract will be exercised. In evaluating the lease term, the Company considers factors such as any significant leasehold improvements undertaken over the lease term, costs relating to the termination of lease and the importance of the underlying lease to the Company's operations taking into account the location of the underlying asset and the availability of the suitable alternatives. The lease term in future periods is

reassessed to ensure that the lease term reflects the current economic circumstances. The discount rate is based on the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

Defined benefit plans

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

Provisions

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

Contingencies

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

Useful lives of Property, Plant and Equipment

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

Impairment of investments in subsidiaries, associates and joint ventures

Determining whether the investments in subsidiaries, associates and joint ventures are impaired requires an estimate of the value in use of investments. In considering the value in use, the management has anticipated the capacity

utilisation of plants, operating margins, mineable resources and availability of infrastructure of mines, and other factors of the underlying businesses/operations of the investee Companies. Any subsequent changes to the cash flows due to changes in the above-mentioned factors could impact the carrying value of investments.

(XXVIII) New Accounting Pronouncements

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

Ind AS 116: Leases

Changes in Accounting Policy and Disclosures:

The Company has adopted Ind AS 116 effective January 1, 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 January 1, 2020, and discounted using the incremental borrowing rate as at the date of initial application.

Further, the application of Ind AS 116 did not have any significant impact on the financial statements

and EPS for the year ended December 31, 2020. Information regarding the financial impacts of the initial application of Ind AS 116 is outlined in Note No. 38.

Ind AS 12: Appendix C, Uncertainty over Income Tax Treatments

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

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

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

(XXIX) Recent Accounting Developments

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

NOTE 2. PROPERTY, PLANT AND EQUIPMENT

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

Particulars	GROSS CARRYING VALUE			ACCUMULATED DEPRECIATION AND IMPAIRMENT				NET CARRYING VALUE	
	As at January 1, 2020	Additions	Disposals/ Adjustments	As at December 31, 2020	Depreciation charge for the year (Refer Note – 3 below)	Impairment losses recognised in the year	Disposals/ Adjustments	As at December 31, 2020	As at December 31, 2019
TANGIBLE ASSETS:									
Freehold Non-mining Land	134.40	3.84	-	138.24	-	-	-	138.24	134.40
Freehold Mining Land	340.30	3.62	-	343.92	0.22	-	-	342.66	339.26
Leasehold Land (Refer Note – 4 below)	39.47	-	39.47	-	-	-	1.86	-	37.61
Buildings	1,710.83	64.05	9.80	1,765.08	82.63	29.27	7.42	1,372.39	1,422.62
Plant and Equipment	6,684.47	231.05	44.76	6,870.76	476.68	116.75	35.88	4,386.42	4,757.68
Railway Sidings	256.16	16.46	-	272.62	21.72	1.43	-	174.32	181.01
Furniture and Fixtures	28.86	4.88	0.52	33.22	3.11	0.27	0.40	14.73	13.35
Vehicles	88.22	8.44	1.78	94.88	10.79	10.14	0.84	36.89	50.32
Office equipment	65.72	5.67	0.99	70.40	8.88	0.53	0.96	17.26	21.03
TOTAL	9,348.43	338.01	97.32	9,589.12	604.03	158.39	47.36	6,482.91	6,957.28

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

Notes:

- Buildings include cost of shares ₹34,600 (*Previous year – ₹34,600*) in various Co-operative Housing Societies, in respect of 17 (*Previous year – 17*) residential flats.
- The title deeds of immovable properties included in Property, Plant and Equipment are held in the name of the Company except for 1 case of leasehold land (under ROU Assets in current year) amounting to net block of ₹2.04 Crore (*Previous year – ₹2.10 Crore*), 2 cases of freehold land amounting to net block of ₹1.37 Crore (*Previous year – ₹1.37 Crore*) and 2 cases of Buildings amounting to net block of ₹5.39 Crore (*Previous year – ₹5.76 Crore*) respectively as at December 31, 2020 for which title deeds are in the name of the erstwhile Company that merged with the Company.
- Considering lower profitability due to higher input cost, the Company has suspended part of it's operations at Madukkarai plant. The Company 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 10.64 per cent per annum. The future cash flows are derived from the detailed budgets and forecast for the next three years. Steady growth rate of 4 per cent per annum is applied beyond the forecast period.
- Upon introduction of Ind AS 116 Leases effective January 1, 2020, all Finance Lease assets identified under the earlier Ind AS 17 Leases, have been reclassified to Right of use assets.
- Capital work-in-progress as at December 31, 2020 is ₹545.30 Crore (*Previous year – ₹435.34 Crore*). Refer Note 48 for the amount of expenditure recognised in the carrying amount of Property, Plant and Equipment/Capital work-in-progress (CWIP) during the course of its construction.
- For contractual commitment with respect to Property, Plant and Equipment, Refer Note – 39.

NOTE 3. OTHER INTANGIBLE ASSETS

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

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2020	Additions	As at December 31, 2020	As at January 1, 2020	Amortisation charge for the year	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
Intangible Assets:								
Computer Software	2.74	1.02	3.76	2.54	0.19	2.73	1.03	0.20
Mining Rights	46.06	14.59	60.65	12.17	3.71	15.88	44.77	33.89
TOTAL	48.80	15.61	64.41	14.71	3.90	18.61	45.80	34.09

Particulars	GROSS CARRYING VALUE			ACCUMULATED AMORTISATION			NET CARRYING VALUE	
	As at January 1, 2019	Additions	As at December 31, 2019	As at January 1, 2019	Amortisation charge for the year	As at December 31, 2019	As at December 31, 2019	As at December 31, 2018
Intangible Assets:								
Computer Software	2.73	0.01	2.74	1.87	0.67	2.54	0.20	0.86
Mining Rights	45.45	0.61	46.06	9.09	3.08	12.17	33.89	36.36
TOTAL	48.18	0.62	48.80	10.96	3.75	14.71	34.09	37.22

NOTE 4. RIGHT OF USE ASSETS

Refer Note 1 (XXI) for accounting policy on Leases

Particulars	GROSS CARRYING VALUE				ACCUMULATED DEPRECIATION				NET CARRYING VALUE	
	As at January 1, 2020*	Reclassified on account of Ind AS 116*	Additions	As at December 31, 2020	As at January 1, 2020	Reclassified on account of Ind AS 116*	Depreciation charge for the year	As at December 31, 2020	As at December 31, 2020	As at December 31, 2019
Land	69.69	39.47	6.93	111.02	-	1.86	12.95	13.96	97.06	-
Buildings	5.03	-	-	4.95	-	-	1.46	1.46	3.49	-
Plant and Equipment	56.45	-	1.27	39.35	-	-	12.80	10.29	29.06	-
Vehicles	0.44	-	-	0.44	-	-	0.16	0.16	0.28	-
TOTAL	131.61	39.47	8.20	155.76	-	1.86	27.37	3.36	129.89	-

* Refer Note 38 on adoption of Ind AS 116 'Leases'.

NOTE 5. INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES (MEASURED AT COST)

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

	As at December 31, 2020		As at December 31, 2019	
	Numbers	₹ Crore	Numbers	₹ Crore
INVESTMENT IN UNQUOTED EQUITY INSTRUMENTS				
Investment in subsidiaries				
Face value ₹10 each fully paid				
Bulk Cement Corporation (India) Limited (94.65% shareholding)	3,18,42,050	37.27	3,18,42,050	37.27
Singhania Minerals Private Limited (100% shareholding)	5,20,000	5.50	5,20,000	5.50
Face value ₹100 each fully paid				
Lucky Minmat Limited (100% shareholding) {Refer Note – 45(i)}	3,25,000	38.10	3,25,000	38.10
ACC Mineral Resources Limited (100% shareholding) {Refer Note – 45(ii)}	1,21,95,000	106.80	1,21,95,000	106.80
Less: Accumulated impairment		42.81		42.81
		63.99		63.99
National Limestone Company Private Limited (100% shareholding) (Refer Note – 54)	-	-	2,00,000	14.02
Investment in Associates				
Face value ₹10 each fully paid				
Alcon Cement Company Private Limited (40% shareholding)	4,08,001	22.25	4,08,001	22.25
Asian Concretes and Cements Private Limited (45% shareholding)	81,00,000	36.81	81,00,000	36.81
Investment in Joint Ventures				
Face value ₹10 each fully paid				
Aakaash Manufacturing Company Private Limited (40% shareholding)	4,401	6.01	4,401	6.01
OneIndia BSC Private Limited (50% shareholding) {Refer Note – 45(iii)}	25,01,000	2.50	25,01,000	2.50
TOTAL		212.43		226.45

- Notes:
- | | | | |
|-------|--|--------|--------|
| (I) | Aggregate amount of unquoted Investments. | 212.43 | 226.45 |
| (II) | Aggregate amount of impairment in value of investments in unquoted equity shares. | 42.81 | 42.81 |
| (III) | Each of the above Companies is incorporated in India and Principal activities are Cement and cement related products and services. | | |

NOTE 6. NON-CURRENT – INVESTMENTS

Refer Note 1 (X) for accounting policy on Investments

	As at December 31, 2020		As at December 31, 2019	
	Numbers	₹ Crore	Numbers	₹ Crore
INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (FVTPL)				
Investment in equity instruments (fully paid)				
Unquoted				
Face value ₹10 each fully paid				
Amplus Green Power Private Limited (Refer Note – II below)	25,78,592	4.50	-	-
Kanoria Sugar & General Mfg. Company Limited*	4	-	4	-
Gujarat Composites Limited*	60	-	60	-
Rohtas Industries Limited*	220	-	220	-
The Jaipur Udyog Limited*	120	-	120	-
Digvijay Finlease Limited*	90	-	90	-
The Travancore Cement Company Limited*	100	-	100	-
Ashoka Cement Limited*	50	-	50	-
Face value ₹5 each fully paid				
The Sone Valley Portland Cement Company Limited*	100	-	100	-
Investment at amortised cost		4.50		-
Investment in Unquoted bonds				
Face value ₹10,00,000 each fully paid				
5.13% Himachal Pradesh Infrastructure Development Board Bonds	37	3.70	37	3.70
TOTAL		8.20		3.70

Notes: (I) Aggregate value of unquoted investments. 8.20 3.70
(II) During the year, the Company has subscribed 25,78,592 equity shares in Amplus Green Power Private Limited (AGPPL) representing 5.63% holding for a total consideration of ₹4.50 Crore. The AGPPL has set up a solar power plant in the State of Uttar Pradesh of which the Company's Tikaria plant would be one of the consumers.
(III) *Each of such investments is carried at value less than ₹50,000.
Refer Note 49 for information about fair value measurement and Note 50 for credit risk and market risk of investments.

NOTE 7. NON-CURRENT LOANS

Considered good – unsecured

Refer Note 1 (X) for accounting policy on Loans

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Security deposits	121.76	126.68
Loans to Employees	7.59	9.24
TOTAL	129.35	135.92

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

Refer Note 50 for information about credit risk and market risk of loans.

NOTE 8. OTHER NON-CURRENT FINANCIAL ASSETS

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Incentives under Government schemes (Net) {Refer Note - 50(i)}	606.56	573.18
Bank deposits with more than 12 months maturity*	30.84	29.06
Margin money deposit with more than 12 months maturity**	8.25	7.62
TOTAL	645.65	609.86

*Lodged as security with government authorities of ₹30.58 Crore (Previous year – ₹28.80 Crore).

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

Refer Note 50 for information about credit risk and market risk of other financial assets.

NOTE 9. OTHER NON-CURRENT ASSETS

Unsecured, Considered Good, unless otherwise stated

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Capital Advances	348.56	94.60
Advance other than Capital Advances		
Claim receivables from Government and Others	14.24	14.18
Unsecured, considered good	4.21	4.21
Considered doubtful	(4.21)	(4.21)
Less: Allowance for doubtful deposits	14.24	14.18
Deposits with Government Bodies and Others		
Unsecured, considered good	291.06	290.37
Considered doubtful	3.33	3.33
Less: Allowance for doubtful deposits	(3.33)	(3.33)
	291.06	290.37
TOTAL	653.86	399.15

NOTE 10. INVENTORIES

At lower of cost and net realisable value

Refer Note 1 (IX) for accounting policy on Inventories

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Raw Materials {Including goods-in-transit ₹2.70 Crore (Previous year – ₹4.09 Crore)}	115.54	117.44
Work-in-progress	147.84	177.61
Finished Goods	111.74	230.96
Stock-in-trade {Including goods-in-transit ₹4.37 Crore (Previous year – ₹0.49 Crore)}	14.48	7.90
Stores and Spares {Including goods-in-transit ₹13.99 Crore (Previous year – ₹14.74 Crore)}	248.94	310.85
Packing Materials	24.07	20.65
Fuels {Including goods-in-transit ₹10.69 Crore (Previous year – ₹11.53 Crore)}	237.86	275.54
TOTAL	900.47	1,140.95

The Company follows suitable provisioning norms for writing down the value of Inventories towards slow moving, non-moving and surplus inventory. Provision for slow and non-moving Stores and Spares in the current year is ₹7.96 Crore (Previous year – ₹6.38 Crore). There has been no reversal of such write down in current and previous year.

NOTE 11. TRADE RECEIVABLES

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Considered good – Secured	35.95	43.35
Considered good – Unsecured*	415.58	585.08
Receivables which have significant increase in credit risk {Refer Note 50(i)}	67.29	41.13
	518.82	669.56
Less: Allowance for doubtful receivables	(67.29)	(41.13)
TOTAL	451.53	628.43

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

*Refer Note 42 for receivables from related parties.

Refer Note 50 for information about credit risk of trade receivables.

NOTE 12. CASH AND CASH EQUIVALENTS

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Balances with banks:		
In current accounts	139.92	28.01
Deposits with original maturity of less than three months	4,764.90	2,100.00
	4,904.82	2,128.01
Cheques on hand*	-	36.71
Deposit with other than banks with original maturity of less than three months	250.00	250.00
Post office saving accounts	0.01	0.01
	5,154.83	2,414.73
Investments in liquid mutual funds measured at FVTPL	580.09	725.47
Certificates of deposit with original maturity of less than three months	-	1,242.98
TOTAL	5,734.92	4,383.18

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

As at December 31, 2020, the Company has sanctioned and available undrawn borrowing facilities of ₹130.80 Crore (Previous year – ₹145.00 Crore). There are no restrictions on the use of these facilities. The amount of undrawn borrowing facilities are available for future operating activities and to settle capital commitments.

NOTE 13. BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Refer Note 1 (X) for accounting policy on Bank balances other than Cash and Cash Equivalents

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Other bank balances		
*Deposits with original maturity for more than 3 months but less than 12 months	127.68	121.56
**Margin money deposits with original maturity for more than 3 months but less than 12 months	-	2.44
#On unpaid dividend accounts	28.49	30.92
TOTAL	156.17	154.92

*Includes fixed deposit with lien in favour of National Company Law Appellate Tribunal (NCLAT) of ₹127.68 Crore {(Previous year – ₹121.56 Crore) - Refer Note – 40 (A) (a)}.

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

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

NOTE 14. CURRENT – LOANS

Considered good – unsecured

Refer Note 1 (X) for accounting policy on Loans

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Security deposits	53.12	23.48
Loans and advances to related parties (Refer Note – 42)	0.82	2.41
Loans to Employees	5.86	5.54
TOTAL	59.80	31.43

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

Refer Note 50 for information about credit risk and market risk of loans.

NOTE 15. OTHER CURRENT FINANCIAL ASSETS

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Incentives under Government schemes	256.58	258.95
Interest Accrued on Investments	8.08	10.18
Other Accrued Interest	1.61	1.38
TOTAL	266.27	270.51

Refer Note 50 for information about credit risk and market risk of other financial assets.

Notes to the Financial Statements

for the year ended December 31, 2020

NOTE 16. OTHER CURRENT ASSETS

Unsecured, Considered Good

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Advances other than capital advances		
Advance to suppliers	259.27	437.39
Prepaid expenses	54.94	42.04
Other receivables		
Balances with statutory/government authorities	357.52	280.59
Others	15.44	43.39
TOTAL	687.17	803.41

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

NOTE 17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Plant and equipment	1.76	5.36
Building	1.15	5.11
TOTAL	2.91	10.47

- (i) The Company intends to dispose off plant and equipment and Building in the next 12 months which it no longer intends to utilise. A selection of potential buyers is underway.
- (ii) During the year, the Company has reclassified buildings of ₹3.96 Crore and plant and equipments of ₹3.01 Crore.

NOTE 18. EQUITY SHARE CAPITAL

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Authorised		
22,50,00,000 (Previous year – 22,50,00,000) Equity shares of ₹10 each	225.00	225.00
10,00,00,000 (Previous year – 10,00,00,000) Preference shares of ₹10 each	100.00	100.00
Issued		
18,87,93,243 (Previous year – 18,87,93,243) Equity shares of ₹10 each	188.79	188.79
Subscribed & Paid-up		
18,77,87,263 (Previous year – 18,77,87,263) Equity shares of ₹10 each fully paid	187.79	187.79
Add: 3,84,060 (Previous year – 3,84,060) Equity shares of ₹10 each forfeited – amount originally paid	0.20	0.20
TOTAL	187.99	187.99

Notes to the Financial Statements

for the year ended December 31, 2020

i) Reconciliation of number of equity shares outstanding

	Equity shares	
	No. of shares	₹ Crore
As at January 1, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2019	18,77,87,263	187.79
Increase/(decrease) during the year	-	-
As at December 31, 2020	18,77,87,263	187.79

ii) Terms/rights attached to equity shares

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

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

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Ambuja Cements Limited, the holding company		
9,39,84,120 (Previous year – 9,39,84,120) Equity shares ₹10 each fully paid	93.98	93.98
Holderind Investments Ltd, Mauritius, the holding company of Ambuja Cements Limited	8.41	8.41
84,11,000 (Previous year – 84,11,000) equity shares ₹10 each fully paid		

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

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

	As at December 31, 2020		As at December 31, 2019	
	No. of shares	% holding	No. of shares	% holding
Ambuja Cements Limited, the holding company	9,39,84,120	50.05	9,39,84,120	50.05
Life Insurance Corporation of India	95,03,365	5.06	1,06,79,857	5.69

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

There are no securities which are convertible into equity shares.

NOTE 19. OTHER EQUITY

Refer Statement of Changes in Equity for detailed movement in Equity balance.

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Capital Reserve	67.81	67.81
Securities Premium	845.03	845.03
General Reserve	2,723.30	2,723.30
Capital contribution from parent	3.29	0.63
Retained earnings	8,834.02	7,696.52
TOTAL	12,473.45	11,333.29

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

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

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

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

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

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

NOTE 20. NON-CURRENT FINANCIAL LIABILITY

Refer Note 1 (XXI) for accounting policy on Leases

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Lease liabilities (Refer Note – 38)	83.98	-
	83.98	-

NOTE 21. NON-CURRENT PROVISIONS

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

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 37)	102.35	141.92
Provision for provident fund (Refer Note – 37)	66.31	55.25
Provision for long service award	5.77	4.49
Other Provisions		
Provision for Site Restoration (Refer Note – 21.1 below)	39.14	32.47
TOTAL	213.57	234.13

Note 21.1 – Movement of provisions during the year as required by Ind AS – 37 “Provisions, Contingent Liabilities and Contingent Asset” specified under Section 133 of the Companies Act, 2013:

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Opening Balance	32.47	32.31
Provision/(reversal) during the year (net)	5.24	(1.36)
Utilised during the year	(0.03)	(0.35)
Unwinding of discount and changes in the discount rate	1.46	1.87
Closing Balance	39.14	32.47

Provision for Site Restoration

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

Notes to the Financial Statements

for the year ended December 31, 2020

NOTE 22. INCOME TAX

Refer Note 1 (XX) for accounting policy on Taxation

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for December 31, 2020:

	For the quarter ended March 31, 2020		For the nine months ended December 31, 2020		For the year ended December 31, 2020		For the year ended December 31, 2019	
	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %	₹ Crore	In %
Profit before tax	472.83		1,214.95		1,687.78		2,031.47	
At India's statutory income tax rate (Refer Note (a) below)	165.21	34.94%	305.80	25.17%	471.01	27.91%	709.80	34.94%
Effect of Allowances for tax purpose								
Tax Holiday claim under Section 80-IA (Up to March 31, 2020)	(15.73)	(3.34%)	-	-	(15.73)	(0.94%)	(60.07)	(2.96%)
Inter corporate dividends Section 80M	-	-	(0.07)	(0.01%)	(0.07)	(0.01%)	-	-
Effect of Non-Deductible expenses								
Corporate social responsibility expenses	2.39	0.51%	6.41	0.54%	8.80	0.52%	8.76	0.44%
Others	1.02	0.22%	0.30	0.02%	1.32	0.08%	14.66	0.72%
Effect of Tax Exempt Income – Dividend	-	-	-	-	-	-	(0.59)	(0.03%)
At the effective income tax rate	(12.32)	(2.61%)	6.64	0.55%	(5.68)	(0.35%)	(37.24)	(1.83%)
Reversal of opening deferred tax liability on account of change in tax rate (Refer Note (b) below)	152.89	32.33%	312.44	25.72%	465.33	27.56%	672.56	33.11%
Effect of change in tax rate on deferred tax for the period January 01 to March 31, 2020	-	-	(189.61)	(15.61%)	(189.61)	(11.23%)	-	-
Income tax expense reported in the statement of profit and loss	-	-	(2.88)	(0.24%)	(2.88)	(0.17%)	-	-
	152.89	32.33%	119.95	9.87%	272.84	16.16%	672.56	33.11%

Notes:

- a) The Company follows calendar year as financial year, therefore applicable statutory income tax rate is weighted average rate. The tax rate used for reconciliation above is the corporate tax rate payable by corporate entities in India on taxable profits under Indian tax law.
- 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 April 1, 2019, subject to certain conditions. The Company has adopted the option of reduced rate and accordingly, opening net deferred tax liability as on January 1,2020 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 December 31, 2020.

Notes to the Financial Statements

for the year ended December 31, 2020

Deferred tax:

Deferred tax relates to the following:

	As at December 31, 2020	As at December 31, 2019
Deferred Tax Liabilities:		
Depreciation and amortisation differences	622.74	933.33
	622.74	933.33
Deferred Tax Assets:		
Provision for employee benefits	48.25	73.68
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	70.69	98.71
Allowance for obsolescence of Stores and Spares	7.12	9.88
Allowance for doubtful receivables and other assets	19.20	17.51
Right of use assets and lease liabilities differences	3.03	-
Expected credit loss on incentives receivable from government	32.45	-
Other temporary differences	65.80	91.34
	246.54	291.12
Net deferred tax liabilities	376.20	642.21

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

	Net Balance as on January 1, 2020	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2020
Deferred Tax Liabilities:					
Depreciation and amortisation differences	933.33	(310.59)	-	-	622.74
	933.33	(310.59)	-	-	622.74
Deferred Tax Assets:					
Provision for employee benefits	73.68	(16.90)	(8.53)	-	48.25
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	98.71	(28.02)	-	-	70.69
Allowance for obsolescence of Stores and Spares	9.88	(2.76)	-	-	7.12
Allowance for doubtful receivables and other assets	17.51	1.69	-	-	19.20
Right of use assets and lease liabilities differences	-	3.03	-	-	3.03
Expected credit loss on incentives receivable from government	-	32.45	-	-	32.45
Other temporary differences	91.34	(25.54)	-	-	65.80
	291.12	(36.05)	(8.53)	-	246.54
Net deferred tax liabilities	642.21	(274.54)	8.53	-	376.20

	₹ Crore				
	Net Balance as on January 1, 2019	Recognised in statement of Profit and Loss	Recognised in OCI	MAT Credit utilised	Net Balance as on December 31, 2019
Deferred Tax Liabilities:					
Depreciation and amortisation differences	895.13	38.20	-	-	933.33
	895.13	38.20	-	-	933.33
Deferred Tax Assets:					
MAT Credit Entitlement	22.67	-	-	(22.67)	-
Provision for employee benefits	47.37	0.01	26.30	-	73.68
Expenditure debited in Statement of Profit and Loss but allowed for tax purposes in the following years	103.77	(5.06)	-	-	98.71
Allowance for obsolescence of Stores and Spares	9.88	-	-	-	9.88
Allowance for doubtful receivables and other assets	11.79	5.72	-	-	17.51
Other temporary differences	36.56	54.78	-	-	91.34
	232.04	55.45	26.30	(22.67)	291.12
Net deferred tax liabilities	663.09	(17.25)	(26.30)	22.67	642.21

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

NOTE 23. OTHER CURRENT FINANCIAL LIABILITIES

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Financial Liabilities at amortised cost		
Interest accrued	13.89	26.50
Unpaid dividends*	28.49	30.92
Security deposits and retention money	801.26	710.54
Liability for capital expenditure	34.87	52.17
Lease liabilities	18.50	-
Provision for employees	128.55	113.83
Financial Liabilities at fair value		
Foreign currency forward contract	0.28	-
TOTAL	1,025.84	933.96

*Investor Education and Protection Fund ('IEPF') - As at December 31, 2020, there is no amount due and outstanding to be transferred to the 'IEPF' by the Company. Unclaimed dividend, if any, shall be transferred to 'IEPF' as and when they become due.

NOTE 24. OTHER CURRENT LIABILITIES

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Contract Liability *		
Advance from customers	148.18	156.80
Other Liability		
Statutory dues payable	575.14	551.42
Rebates to customers	521.56	497.00
Other payables (including interest on income tax, etc.)	748.22	708.58
TOTAL	1,993.10	1,913.80

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

NOTE 25. CURRENT PROVISIONS

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

	₹ Crore	
	As at December 31, 2020	As at December 31, 2019
Provision for employee benefits		
Provision for gratuity and staff benefit schemes (Refer Note – 37)	7.49	10.21
Provision for compensated absences	7.48	12.32
Provision for long service award	0.90	0.86
TOTAL	15.87	23.39

NOTE 26. REVENUE FROM OPERATIONS

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

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue from contracts with customers		
Sale of Manufactured products	12,676.52	14,895.73
Sale of Traded products	806.96	443.48
Income from services rendered	3.35	3.90
	13,486.83	15,343.11
Other Operating Revenue		
Provision no longer required written back	5.80	9.48
Scrap Sales	23.21	29.76
Government grants*	159.94	174.69
Miscellaneous Income (including insurance claim, other services, etc.)	108.76	99.61
Total	13,784.54	15,656.65

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

Notes to the Financial Statements

for the year ended December 31, 2020

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

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue as per Contract price	15,263.40	17,291.36
Less: Discounts and incentives	(1,776.57)	(1,948.25)
Revenue as per Statement of Profit and Loss	13,486.83	15,343.11

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

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

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

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

Refer Note 43 for disaggregated revenue information. The management determines that the segment information reported is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

NOTE 27. OTHER INCOME

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest income using the effective interest rate method		
Interest on bank deposits	177.15	157.94
Interest on Income Tax **	-	99.48
Other interest income	5.28	7.65
	182.43	265.07
Dividend from non-current investments from associate/joint venture	0.29	1.69
Other non-operating income		
Gain on sale of current financial assets measured at FVTPL	14.82	19.53
Net gain on fair valuation of current financial assets measured at FVTPL*	0.12	0.47
Gain on sale of investment in Subsidiary Company (Refer Note – 54)	3.94	-
Gain on termination of leases	2.38	-
Net gain on disposal of Property, Plant and Equipment	-	24.45
TOTAL	203.98	311.21

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

** During the previous year, on receipt of Orders Giving Effect (OGEs) to the CIT-A orders for certain assessment years, the Company recognised interest income on income tax refund and reversal of provision for interest expense on income tax, aggregating ₹276.66 Crore. The Company has made a provision of ₹177.18 Crore for matters other than excise incentive in view of uncertainties over tax treatments and considered as probable, resulting in recognition of net income of ₹99.48 Crore.

Notes to the Financial Statements

for the year ended December 31, 2020

NOTE 28. COST OF MATERIALS CONSUMED

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the beginning of the year	117.44	185.73
Add: Purchases	1,671.19	2,189.81
	1,788.63	2,375.54
Less: Inventories at the end of the year	115.54	117.44
TOTAL	1,673.09	2,258.10

Details of cost of materials consumed

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Slag	262.08	334.75
Gypsum	258.24	358.69
Fly Ash	332.03	415.45
Cement for Ready Mix Concrete	109.84	172.50
Aggregates	170.75	252.05
Others*	540.15	724.66
TOTAL	1,673.09	2,258.10

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

NOTE 29. PURCHASES OF STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Cement	690.26	360.24
Ready Mix Concrete	1.88	1.45
Other Products	4.75	-
TOTAL	696.89	361.69

NOTE 30. CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Inventories at the end of the year		
Stock-in-trade	14.48	7.90
Finished Goods	111.74	230.96
Work-in-progress	147.84	177.61
	274.06	416.47
Inventories at the beginning of the year		
Stock-in-trade	7.90	0.98
Finished Goods	230.96	293.41
Work -in-progress	177.61	222.89
	416.47	517.28
	142.41	100.81

NOTE 31. EMPLOYEE BENEFITS EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Salaries and Wages* (Refer Note – 48)	738.31	756.61
Contributions to Provident and other Funds	63.43	59.00
Employee share based payments (Refer Note – 53)	2.66	0.63
Staff welfare expenses	34.67	47.73
TOTAL	839.07	863.97

*Salaries and Wages expense for the year ended December 31, 2020 include ₹20.52 Crore (Previous year – Nil) on account of charge for Employee Separation Scheme.

NOTE 32. FREIGHT AND FORWARDING EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
On Clinker transfer	489.83	495.82
On finished and Semifinished products	2,941.98	3,554.24
TOTAL	3,431.81	4,050.06

NOTE 33. FINANCE COSTS

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Interest		
- On Income tax	4.76	16.90
- On Defined benefit obligation (net) – (Refer Note – 37)	13.76	7.91
- Interest on deposits from dealers	17.14	33.45
- Interest on litigation matters	0.56	17.73
- Interest on Lease Liabilities*	9.80	-
- Others	9.56	8.36
Unwinding of discount on site restoration provision (Refer Note – 21.1)	1.46	1.87
TOTAL	57.04	86.22

* Subsequent to introduction of Ind AS 116 Leases, the Company has recognised Long-term leases as ROU Assets and created lease obligation representing present value of future minimum lease payments. The unwinding of such obligation is recognised as interest expense.

NOTE 34. DEPRECIATION AND AMORTISATION EXPENSE

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Depreciation on Property, Plant and Equipment	604.03	599.22
Amortisation of intangible assets	3.90	3.75
Depreciation on Right of use assets	27.37	-
TOTAL	635.30	602.97

NOTE 35. OTHER EXPENSES

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Consumption of stores and spare parts	224.77	325.82
Consumption of packing materials	386.26	458.13
Rent*	75.59	130.61
Rates and taxes (Refer Note – 48)	76.94	139.32
Repairs	126.25	149.06
Insurance	25.51	20.34
Royalties on minerals	240.05	276.83
Advertisement	56.58	111.60
Technology and Know-how fees	132.79	152.33
Expected credit loss on Incentives under Government schemes {Refer Note – 50(i)}	128.92	-
Impairment losses on trade receivables {(including reversals of impairment losses) (Refer Note – 50(i))}	37.34	21.51
Corporate Social Responsibility expense (Refer Note 2 below)	32.33	25.07
Miscellaneous expenses (Refer Note – 48 and 1 below)	534.43	672.93
TOTAL	2,077.76	2,483.55

* Includes impact of Ind AS 116 - Leases (Refer Note - 38)

Notes:

1. (i) Does not include any item of expenditure with a value of more than 1% of Revenue from operations.
- (ii) Miscellaneous expenses includes Commission on sales, Information technology services, Travelling expenses, Other third party services, etc.
- (iii) Miscellaneous expenses includes Loss on sale/write-off of Property, Plant and Equipment (net) of ₹10.96 Crore (Previous year – ₹ Nil).
- (iv) Miscellaneous expenses includes net loss of ₹1.74 Crore (Previous year – ₹4.46 Crore) on foreign currency transaction and translation.
- (v) Miscellaneous expenses includes net Loss of ₹0.59 Crore (Previous year net gain – ₹0.94 Crore) on foreign currency forward contract.
- (vi) Payments to Statutory Auditors (excluding applicable taxes).

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
As auditors		
Audit fees	1.68	1.78
Audit fees for financial statements for tax filing purposes	0.45	0.45
Limited Reviews	1.05	1.05
In other capacity		
Fees for other services	0.01	0.01
Reimbursement of expenses	0.02	0.04
	3.21	3.33

2. Details of Corporate Social Responsibility expenses:
- The Company has spent ₹32.33 Crore (Previous year – ₹25.07 Crore) towards various schemes of Corporate Social Responsibility. The details are:
- (a) The amount required to be spent under Section 135 of the Companies Act, 2013 for the year is ₹31.52 Crore (Previous year – ₹23.90 Crore) i.e. 2% of average net profits for last three financial years, calculated as per Section 198 of the Companies Act, 2013.
- (b) No amount has been spent on construction/acquisition of an asset of the Company.

NOTE 36. EARNINGS PER SHARE – [EPS]

Refer Note 1 (xxv) for Earnings Per Share

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

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

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

	₹ Crore	
	For the year ended December 31, 2020	For the year ended December 31, 2019
Profit attributable to equity shareholders (as per Statement of Profit and Loss)	1,414.94	1,358.91
Weighted average number of equity shares for Earnings Per Share computation		
Number of shares for Basic Earnings Per Share	18,77,87,263	18,77,87,263
Effect of dilution:		
Number of shares held in abeyance	4,55,369	4,57,816
(Movement in number of shares is on account of change in average fair value of share)		
Weighted average number of Equity shares adjusted for the effect of dilution	18,82,42,632	18,82,45,079
Earnings Per Share		
Face value per Share	₹ 10.00	10.00
Basic	₹ 75.35	72.36
Diluted	₹ 75.17	72.19

NOTE 37: EMPLOYEE BENEFITS

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

- a) **Defined Contribution Plans** – Amount recognised and included in Note 31 “Contributions to Provident and other Funds” of Statement of Profit and Loss ₹15.97 Crore (Previous year – ₹16.60 Crore).
- b) **Defined Benefit Plans** – As per actuarial valuation on December 31, 2020.

The Company has defined benefit gratuity, additional gratuity, post employment medical benefit plans and Trust managed provident fund plan.

- i. The Company operates a Gratuity Plan through a trust for its all employees. Every employee who has completed minimum five years of service is entitled to gratuity at 15 days salary for each completed year of service in accordance with Payment of Gratuity Act, 1972. The scheme is funded with insurance companies in the form of qualifying insurance policies.
- ii. Every employee who has joined before December 1, 2005 and separates from service of the Company on Superannuation or on medical grounds is entitled to additional gratuity. The scheme is Non-funded.

This plan is discontinued with effect from April 30, 2020 for all the eligible employees of management category and benefits accrued is disbursed to the employees.
- iii. Post Employment Medical Benefit plans – This plan is discontinued with effect from July 1, 2020
- iv. Refer Note – (c) for Provident fund scheme.

Governance and Investment Strategy

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

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

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

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

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

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

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

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

Defined Benefit Plans as per Actuarial valuation on December 31, 2020

		₹ Crore	
Particulars	Gratuity (Including additional gratuity)		Post employment medical benefits (PEMB)
	Funded	Non-funded	
I. Expense recognised in the Statement of Profit and Loss – for the year ended December 31, 2020			
Components recognised in the Statement of Profit and Loss			
1 Current service cost	15.16	8.84	-
	13.39	9.07	(0.20)
2 Net Interest cost	2.01	7.39	0.60
	(0.15)	7.33	0.73
3 Loss on Curtailments	-	1.48	-
	-	-	-
4 (Gain) on settlements	-	-	(9.31)
	-	-	-
5 Net benefit expense	17.17	17.71	(8.71)
	13.24	16.40	0.53

Particulars	₹ Crore	
	Gratuity	Post employment medical benefits (PEMB)
	(Including additional gratuity)	
	Funded	Non-funded
Components recognised in other comprehensive income (OCI)		
6 Actuarial (gains)/losses arising from change in financial assumptions	7.86	4.58
	8.85	5.99
7 Actuarial (gains)/losses arising from change in experience adjustments	(0.01)	(6.04)
	9.01	2.59
8 Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-
	(0.01)	-
9 (Gain)/Loss on plan assets (Excluding amount included in net interest expenses)	(4.12)	-
	(5.73)	-
10 Sub-total – Included in OCI	3.44	(1.46)
	12.12	8.58
11 Total expense (5 + 10)	20.61	16.25
	25.36	24.98
II. Amount recognised in Balance Sheet		
1 Present value of Defined Benefit Obligation	(221.90)	(102.23)
	(203.75)	(113.35)
2 Fair value of plan assets	214.29	-
	174.13	-
3 Funded status {Surplus/(Deficit)}	(7.61)	(102.23)
	(29.62)	(113.35)
4 Net asset/(liability) as at December 31, 2020	(7.61)	(102.23)
	(29.62)	(113.35)
III. Present value of Defined Benefit Obligation		
1 Present value of Defined Benefit Obligation at beginning of the year	203.75	113.35
	181.90	102.89
2 Current service cost	15.16	8.84
	13.39	9.07
3 Interest cost	13.05	7.39
	12.77	7.33
4 Loss on Curtailments	-	1.48
	-	-
5 (Gain) on settlements	-	-
	-	-
5 Actuarial (gains)/losses arising from changes in financial assumptions	7.86	4.58
	8.85	5.99
6 Actuarial (gains)/losses arising from experience adjustments	(0.01)	(6.04)
	9.01	2.59
7 Actuarial (gains)/losses arising from change in demographic assumptions	(0.29)	-
	(0.01)	-
8 Benefits Payments	(17.62)	(27.37)
	(22.16)	(14.52)
9 Present value of Defined Benefit Obligation at the end of the year	221.90	102.23
	203.75	113.35

Particulars	₹ Crore	
	Gratuity	Post employment medical benefits (PEMB)
	(Including additional gratuity)	
	Funded	Non-funded
IV. Fair value of Plan Assets		
1 Plan assets at the beginning of the year	174.13	-
	173.45	-
2 Interest income	11.04	-
	12.92	-
3 Contributions by Employer	25.00	-
	0.80	-
4 Actual benefits paid	-	-
	(18.77)	-
5 Actuarial gains/(losses) arising from changes in financial assumptions	4.12	-
	5.73	-
6 Plan assets at the end of the year	214.29	-
	174.13	-
V. Weighted Average duration of Defined Benefit Obligation	10 Years	10 Years
	10 Years	10 Years

(Figures in italics pertain to previous year.)

VI. Sensitivity Analysis

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

Sensitivity Analysis as at December 31, 2020

Particulars	₹ Crore	
	Gratuity – Funded	PEMB
	Increase Decrease	
Discount rate (1% movement)	(14.58) 17.07	- -
Future salary growth (1% movement)	16.39 (14.54)	- -
Medical inflation increase rate (1% movement)	- -	- -

Sensitivity Analysis as at December 31, 2019

Particulars	₹ Crore	
	Gratuity – Funded	PEMB
	Increase Decrease	
Discount rate (1% movement)	(13.26) 15.13	(0.70) 0.78
Future salary growth (1% movement)	14.95 (13.35)	- -
Medical inflation increase rate (1% movement)	- -	0.32 (0.31)

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

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

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

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

Particulars	Gratuity	
	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	63%	60%
Debentures and bonds	32%	33%
Equity shares	3%	4%
Cash and cash equivalents		
Fixed deposits	2%	3%
	100%	100%

VIII. Actuarial Assumptions

	As at December 31, 2020	As at December 31, 2019
a) Financial Assumptions		
1 Discount rate	6.25%	6.80%
2 Salary increase rate	7.00%	7.00%
b) Demographic Assumptions		
1 Retirement age	60 years	60 years
2 Expected average remaining working lives of employees	10 years	10 years
3 Disability rate	5.00%	5.00%
4 Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate
5 Mortality post-retirement	NA	Mortality for annuitants LIC (1996-98) Ultimate
6 Medical premium inflation	NA	12% for the first four years and thereafter 8%

- c) The discount rate is based on the prevailing market yields of Government of India securities as at the Balance Sheet date for the estimated term of the obligations.
- d) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

e) Expected cash flows:

Particulars	Funded Gratuity		Unfunded Gratuity		PEMB	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
1. Expected employer contribution in the next year	-	-	-	-	-	-
2. Expected benefit payments						
Year 1	27.60	23.54	7.49	9.43	-	0.96
Year 2	27.86	22.98	9.03	9.85	-	0.98
Year 3	24.56	24.87	9.50	10.69	-	1.00
Year 4	24.87	22.45	9.02	11.88	-	1.03
Year 5	21.52	22.79	10.40	10.90	-	1.02
Next 5 years	78.30	77.87	39.90	47.33	-	4.85
Total expected payments	204.71	194.50	85.34	100.08	-	9.84

- f) Post employment defined benefit plan expenses are included under employee benefit expenses in the Statement of Profit and Loss.
- g) Other Long-term employee benefits – Amount recognised as an expense under employee benefit expenses in the Statement of Profit and Loss in respect of compensated absences and long service award is ₹17.14 Crore (*Previous year – ₹17.87 Crore*). Following are the actuarial assumptions used for valuation of Other Long-term employee benefits.

Actuarial Assumptions:	As at December 31, 2020	As at December 31, 2019
a) Financial Assumptions		
1 Discount rate	6.25%	6.80%
2 Salary increase rate	7.00%	7.00%
b) Demographic Assumptions		
1 Retirement age	60 years	60 years
2 Expected average remaining working lives of employees	10 years	10 years
3 Disability rate	5.00%	5.00%
4 Mortality pre-retirement	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate	Indian Assured Lives Mortality (2012-14) (Modified) Ultimate

c) **Provident Fund**

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

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

Defined benefit plans as per actuarial valuation on December 31, 2020

		₹ Crore	
Particulars		For the year ended December 31, 2020	For the year ended December 31, 2019
I. Components of expense recognised in the Statement of Profit and Loss			
1	Current service cost	27.15	25.64
2	Current Interest cost	3.76	-
3	Net benefit expense	30.91	25.64
Components recognised in other comprehensive income (OCI)			
4	Actuarial (gains)/losses arising from changes in financial assumptions on Liability	(0.93)	12.72
5	Actuarial (gains)/losses arising from changes in financial assumptions on Plan Assets	5.39	42.49
6	Sub-total – Included in OCI	4.46	55.21
7	Total expense (3 + 6)	35.37	80.85
II. Amount recognised in Balance Sheet			
1	Present value of Defined Benefit Obligation	(848.58)	(820.64)
2	Fair value of plan assets	782.27	765.39
3	Funded status {Surplus/(Deficit)}	(66.31)	(55.25)
4	Net asset/(liability) as at end of the year *	(66.31)	(55.25)
III. Present Value of Defined Benefit Obligation			
1	Present value of Defined Benefit Obligation at beginning of the year	820.64	729.68
2	Current service cost	27.15	25.64
3	Interest cost	70.88	62.66
4	Employee Contributions	73.92	63.32
5	Actuarial (gains)/losses arising from changes in financial assumptions	15.38	-
6	Actuarial (gains)/losses arising from experience adjustments	(16.31)	12.72
7	Benefits Payments	(154.74)	(82.35)
8	Increase/(Decrease) due to effect of any transfers	11.66	8.97
9	Present value of Defined Benefit Obligation at the end of the year	848.58	820.64
IV. Fair Value of Plan Assets			
1	Plan assets at the beginning of the year	765.39	729.65
2	Interest income	67.12	62.66
3	Contributions by Employer	24.31	25.64
4	Contributions by Employee	73.92	63.32
5	Actual benefits paid	(154.74)	(82.35)
6	Net transfer in/(out)	11.66	8.97
7	Actuarial gains/(losses) arising from changes in financial assumptions	(5.39)	(42.50)
8	Plan assets at the end of the year	782.27	765.39
V. Weighted Average duration of Defined Benefit Obligation		10 years	10 years

* The Provident Fund of ACC Limited (Trust) had invested ₹49 Crore in perpetual bonds of IL&FS Financial Services Limited. In view of uncertainties regarding recoverability of this investment, during the previous year ended December 31, 2019 the Company has provided ₹49 Crore being the change in re-measurement of the defined benefit plans, in Other Comprehensive Income towards probable incremental employee benefit liability that may arise on the Company on account of any likely shortfall of the Trust in meeting its obligations.

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

Particulars	As at December 31, 2020	As at December 31, 2019
Debt instruments		
Government securities	57%	29%
Debentures and bonds	9%	68%
Equity instruments	12%	3%
Cash and Cash equivalent	22%	-
	100%	100%

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

Particulars	As at December 31, 2020	As at December 31, 2019
Discounting rate	6.25%	6.80%
Guaranteed interest rate	8.50%	8.65%
Yield on assets based on the Purchase price and outstanding term of maturity	8.10%	8.60%

VIII. Sensitivity analysis for factors mentioned in Actuarial Assumptions

Particulars	As at December 31, 2020		As at December 31, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (1% movement)	(4.45)	5.30	(2.43)	1.45
Interest rate guarantee (1% movement)	56.54	(29.37)	42.20	(19.18)

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

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

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

IX. The Company expects to contribute ₹25.00 Crore (Previous year – ₹27.00 Crore) to trust managed Provident Fund in the next year.

NOTE 38. LEASES

Refer Note 1 (XXI) for accounting policy on Leases

(i) Transition Disclosures for Ind AS 116

The Company has adopted Ind AS 116 effective January 1, 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 January 1, 2020, and discounted with the incremental borrowing rate as of that date. Furthermore, the Company has chosen the option whereby the right-of-use asset is equal to the lease liability at the initial application of Ind AS 116.

Notes to the Financial Statements

for the year ended December 31, 2020

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

- Applied a single discount rate to a portfolio of leases with reasonably similar characteristics.
 - Excluded the initial direct costs from the measurement of the Right of use assets (ROU) at the date of initial application.
 - The Company has relied on its previous assessment on whether leases are onerous. There were no onerous contracts as at January 1, 2020.
 - The Company has not re-assessed whether a contract is or contains a lease at the date of initial application. Accordingly, Ind AS 116 is applied only to contracts that were previously identified as leases under Ind AS 17.
- (II) The weighted average incremental borrowing rate at the date of initial application of Ind AS 116 used for the discounting as of January 1, 2020 is based on the Company's Portfolio of leases and equals 8.50 percent.
- (III) Reconciliation of undiscounted operating lease commitments as of December 31, 2019 to the recognised lease liability as of January 1, 2020

	₹ Crore
Operating lease commitments as of December 31, 2019	174.61
Exemption of commitments for short-term leases	(5.98)
Exemption of commitments for leases of low value assets	(0.04)
Undiscounted future lease payments from operating leases	168.59
Effect of discounting	(36.98)
Lease liabilities as of January 1, 2020	131.61

The Company recognised ROU asserts for the following assets categories:

	₹ Crore		
Right of Use Assets Category	Cement	Ready Mix Concrete	Total
Leasehold Land	0.03	69.66	69.69
Buildings	4.89	0.14	5.03
Plant and Equipment	-	56.45	56.45
Vehicles	0.44	-	0.44
Total	5.36	126.25	131.61

(IV) The effect of implementing Standard in the Statement of Profit and Loss is as under:

- Other expenses are lower by ₹32.05 Crore.
 - Depreciation and Amortisation expenses is higher by ₹26.83 Crore.
 - Finance costs are higher by ₹9.80 Crore.
- (V) The Company has entered into long-term leasing arrangements for land which are assessed as finance lease since the present value of the minimum lease payments is substantially similar to the fair value of the leasehold land. These arrangements do not involve any material recurring payments. The Company has reclassified these assets from Property, Plant and Equipment to Right of use assets pursuant to adoption of Ind AS 116.

	₹ Crore		
	As at January 1, 2020		
Particulars	Gross Carrying Value	Accumulated depreciation	Net Carrying Value
Leasehold Land	39.47	1.86	37.61

Notes to the Financial Statements

for the year ended December 31, 2020

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

Company as lessee

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

(VI) The operating cash flows for the year ended December 31, 2020 has increased by ₹24.59 Crore and the financing cash flows have decreased by ₹24.59 Crore as repayment of lease liabilities and related interest has been classified as cash flows from financing activities.

(VII) As at December 31, 2020, commitments for leases not yet commenced is ₹37.80 Crore towards leasehold land for a lease term of 30 years.

(VIII) The movement in lease liabilities during the year ended December 31, 2020 is as follows:

	₹ Crore
	As at December 31, 2020
Balance at the January 1, 2020	131.61
Additions During the Year	8.20
Finance cost accrued during the year	9.80
Lease modification	(7.46)
Payment of lease liabilities	(24.59)
Termination of Lease contracts	(15.08)
Balance at December 31, 2020	102.48
Current lease liabilities	18.50
Non-current lease liabilities	83.98

(IX) The maturity analysis of lease liabilities are disclosed in Note 50 (ii) – Liquidity risk

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

	₹ Crore
Particulars	For the year ended December 31, 2020
Expense relating to short-term leases	48.98
Expense relating to leases low- value assets	0.04
Expense in respect of variable lease payments	28.40
	77.42

Operating Lease Disclosures under earlier Ind AS 17

Refer Note 1 (XXI) for accounting policy on Leases

Operating lease commitments — Company as lessee

Operating lease payment of ₹133.28 Crore recognised in the Statement of Profit and Loss for the year ended December 31, 2019.

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

	₹ Crore
	As at December 31, 2019
(i) Not later than one year	35.00
(ii) Later than one year and not later than five years	98.81
(iii) Later than five years	40.80
	174.61

NOTE 39: CAPITAL AND OTHER COMMITMENTS

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

	₹ Crore
	As at December 31, 2020
A) Estimated value of contracts on capital account remaining to be executed (Net of advance)	1,071.07
B) For commitments relating to lease arrangements, Refer Note – 38	

NOTE 40: CONTINGENT LIABILITIES NOT PROVIDED FOR

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

(A) Claims against the Company not acknowledged as debt:

Disputed claims/levies in respect of:

Nature of Statute	Brief Description of Contingent Liabilities	₹ Crore
		As at December 31, 2020
Competition Act, 2002	CCI matter – Refer Notes a & b below	1,749.85
The Income Tax Act, 1961	Income tax matter related to excise duty incentives in the nature of capital receipts Refer Note e below	604.44
Service Tax – The Finance Act, 1994	Refer Note c below	90.53
Claims for mining lease rent	Refer Note d below	212.22
Sales Tax Act/Commercial Tax Act of various states	Packing Material – Differential rate of tax. Matters pending with various authorities.	20.52
	Other Sales tax matters	9.65
Customs Duty – The Customs Act, 1962	Demand of duty on import of Steam Coal during 2001 to 2013 classifying it as Bituminous Coal	30.97
Other Statutes/Other Claims	Claims by suppliers regarding supply of raw material	28.80
	Demand of water drawal charges, Special Leave petition (SLP) pending with Hon'ble Supreme Court.	9.80

Nature of Statute	Brief Description of Contingent Liabilities	₹ Crore
		As at December 31, 2020
	Various other cases pertaining to claims related to Railways, labour laws, etc.	10.05
Mines and Minerals (Development and Regulation) Act	Demand of additional Royalty on Limestone based on cement produced vis-a-vis consumption of limestone at its factory in Tamil Nadu. The Company holds the view that the payment of royalty on limestone is correctly made by the Company based on the actual quantity of limestone extracted. Matter is pending at Madras High Court.	7.93
	TOTAL	2,774.76

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

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

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

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

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

The Company had appealed against the penalty to the Competition Appellate Tribunal ('COMPAT') which granted a stay with a condition to deposit 10% of the penalty amount, which was deposited and levy of interest of 12% p.a. in case the appeal is decided against the appellant (the "Interim order"). Interest amount on penalty as on December 31, 2020 is ₹566.94 Crore (Previous year – ₹436.48 Crore). COMPAT was replaced by the National Company Law Appellate Tribunal (NCLAT) effective May 26, 2017, who vide its judgement dated July 25, 2018, dismissed the Company's appeal and upheld the CCI's order.

Against the above judgement of NCLAT, the Company appealed before the Hon'ble Supreme Court, which by its order dated October 5, 2018 had admitted the appeal and directed that the interim order passed by the Tribunal in this case will continue in the meantime.

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

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

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

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

In the case of Gujarat Ambuja Cement Limited, the Punjab & Haryana (P&H) High Court has decided that the matter in favour of assessee relying on Board Circular dated August 23, 2017, to which Department has not challenged and hence the same has attained finality. Hon’ble Supreme Court, vide Order dated January 1, 2018 in the case of Commissioner, of Central Excise (CCE), Raipur V/s Ultratech Cement (Chhattisgarh State) has allowed Service Tax Credit on GTA Services and dismissed the Departmental Appeal. In another decision, Hon’ble Supreme court, vide Order dated February 1, 2018 in the case of CCE Bangalore V/s Ultratech Cement (Karnataka state) has disallowed such Service Tax Credit on GTA Services. Similar matter of M/s Mangalam Cement is pending before Hon’ble Supreme Court remanded to High Court for deciding whether decision of Ultratech (Karnataka State) will be applicable or not.

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

- d) The Company has received demand notice dated May 10, 2013 from the Government of Tamil Nadu, and an Order dated August 22, 2019 passed by the Collector, Coimbatore seeking Annual Compensation for the period from 01.04.1997 to 31.03.2014 and 01.04.2014 to 31.03.2019, amounting to ₹73.46 Crore and ₹138.76 Crore respectively for use of the Government land for mining, which land the Company occupies on the basis of the Mining Leases. Despite the Company paying royalty at the prescribed rate for the Minerals extracted from the leased land and paying surface rent regularly as per Rules, the Authorities have issued the demand letters calling upon the Company to pay compensation for use of Government land. Company has challenged the demands by way of Revision under the Mineral Concession Rules and in Writ Petitions before the Hon’ble High Court of Tamil Nadu at Chennai, and in a Petition has obtained an order restraining the State from taking coercive steps.

Pending the same the High Court of Tamil Nadu in the group Writ Petitions of other cement manufacturers viz Dalmia Cements, Madras Cements and others has passed a judgement dated November 20, 2019 allowing annual compensation to be collected by the state under rule 72 of MCR in respect of Government Poramboke Land. The Company has filed a Writ Appeal against the Judgement dated November 20, 2019 passed in Dalmia Cements, Madras Cements and others.

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

- e) The Company was entitled to excise incentives from Government at its Gagal plant located in the State of Himachal Pradesh, in respect of Income tax assessment years 2006-07 to 2015-16. The Company contended that the said incentives are in the nature of capital receipts and hence not liable to income tax. The Income tax department had initially not accepted this position and appeals were pending with the Commissioner of Income tax-appeals (CIT-A).

During the year 2018, the matter was decided in the favour of the Company for three more years, at the Commissioner of Income tax-appeals (CIT-A) and at the Assessing Officer level, against which the department has filed an appeal with the CIT (A) and ITAT.

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

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 closure of this matter, tax amount of ₹500.63 Crore (*Previous year – ₹500.63 Crore*) along with interest payable of ₹103.81 Crore (*Previous year – ₹97.37 Crore*) has been disclosed under contingent liabilities.

(B) Guarantees excluding financial guarantees

	As at December 31, 2020	As at December 31, 2019
Guarantees given to Government Bodies on behalf of subsidiary companies	0.04	12.54

NOTE 41: MATERIAL DEMANDS AND DISPUTES RELATING TO ASSETS AND LIABILITIES CONSIDERED AS REMOTE BY THE COMPANY

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

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

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

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

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

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

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

- c) The Company is eligible for incentives for one of its cement plants situated in Maharashtra, under a Package Scheme of Incentives of the Government of Maharashtra. The scheme *inter alia*, includes refund of royalty paid by the Company on extraction or procurement of various raw materials (minerals). The Department of Industries has disputed the Company’s claim for refund of royalty on an erroneous technical interpretation of the sanction letter issued to the Company, that only the higher of the amount of (i) VAT refund and (ii) royalty refund claim amounts, each year, shall be considered. The Company maintains that such annual restriction is not applicable as long as the cumulative limit of claim does not exceed

the amount of eligible investment. The Company has accrued an amount of ₹133 Crore (*Previous year – ₹133 Crore*) on this account. The Company has filed an appeal before the Bombay High Court challenging the stand of the Government, which is admitted and pending before the High Court for hearing on merit. The Company is of the view and has been advised legally, that the merits are strongly in its favour.

- d) The Company had set up a captive power plant ('Wadi TG 2') in the year 1995-96. This plant was sold to Tata Power Co Ltd, in the year 1998-99 and was subsequently repurchased from it in the year 2004-05. The Company had purchased another captive power plant ('Wadi TG 3', set up by Tata Power Co Ltd in the year 2002-03) in 2004-05. Both these power plants were eligible for tax holiday under the provisions of Section 80-IA of the Income-tax Act, 1961. The Income tax department has disputed the Company's claim of deduction under Section 80-IA of the Act, on the ground that the conditions prescribed under the section are not fulfilled. In case of Wadi TG 2, in respect of the demand of ₹56.66 Crore (net of provision) (*Previous year – ₹56.66 Crore*), the Company is in appeal before the ITAT and in case of Wadi TG 3 in respect of the demand of ₹115.62 Crore (*Previous year – ₹115.62 Crore*), which was set aside by the ITAT, the Department is in appeal against the decision in favour of the Company. The Company believes that the merits of the claims are strong and will be allowed.
- e) One of the Company's cement manufacturing plants located in Himachal Pradesh was eligible, under the State Industrial Policy for deferral of its sales tax liability arising on sale of cement manufactured at that plant. The Excise and Taxation department of the Government of Himachal Pradesh, disputed the eligibility of the Company to such deferment on the ground that the Company also manufactures an intermediate product, viz. Clinker, arising in the manufacture of cement, and such intermediate product was in the negative list. A demand of ₹82.37 Crore (*Previous year – ₹82.37 Crore*) was raised. The Company filed a writ petition before the Hon'ble High Court of Himachal Pradesh against the demand. The case has been admitted and the hearing is in process. The Company believes its case is strong and the demand is unlikely to sustain under law.
- f) The Company was contesting the renewal of mining lease in state of Jharkhand for two of its quarries on lease. There was an unfavourable order by the Hon'ble Supreme Court in judgement on Goa Foundation case, restricting the "deemed renewal" provision of captive mining leases to the first renewal period. The Company received demand from District Mining Officer for ₹881 Crore as penalty for alleged illegal mining activities carried out by the Company during January 1991 to September 2014.

On January 2, 2015, the Central Government promulgated the Mines and Minerals (Development and Regulation) Amendment) Ordinance, 2015 [subsequently enacted as Mines and Minerals (Development and Regulation) (Amendment) Act, 2015 in March 2015] amending mining laws with retrospective effect, and decided that all leases granted prior to ordinance will deemed to have been automatically renewed until prescribed period therein.

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

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

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

NOTE 42. RELATED PARTY DISCLOSURE

(A) Names of the Related parties where control exists:	Nature of Relationship
1 LafargeHolcim Ltd, Switzerland	Ultimate Holding Company
2 Holderind Investments Ltd, Mauritius	Holding Company of Ambuja Cements Limited
3 Ambuja Cements Limited	Holding Company
4 Bulk Cement Corporation (India) Limited	Subsidiary Company
5 ACC Mineral Resources Limited	Subsidiary Company
6 Lucky Minmat Limited	Subsidiary Company
7 National Limestone Company Private Limited	Subsidiary Company
8 Singhania Minerals Private Limited	Subsidiary Company
9 OneIndia BSC Private Limited	Joint venture Company
10 Aakaash Manufacturing Company Private Limited	Joint venture Company

(B) Others – With whom transactions have been taken place during the current and/or previous year:

(a) Names of other Related parties	Nature of Relationship
1 Alcon Cement Company Private Limited	Associate Company
2 Asian Concretes and Cements Private Limited	Associate Company
3 Holcim Technology (Singapore) Pte Ltd, Singapore	Fellow Subsidiary
4 Holcim Services (South Asia) Limited	Fellow Subsidiary
5 Holcim Cement (Bangladesh) Ltd, Bangladesh	Fellow Subsidiary
6 Holcim Group Services Ltd, Switzerland	Fellow Subsidiary
7 Holcim Technology Ltd, Switzerland	Fellow Subsidiary
8 LafargeHolcim Trading Pte Ltd, Singapore	Fellow Subsidiary
9 LafargeHolcim Energy Solutions SAS, France	Fellow Subsidiary
10 LafargeHolcim Bangladesh Ltd, Bangladesh	Fellow Subsidiary
11 Lafarge SA, France	Fellow Subsidiary
12 LH Global Hub Services Private Limited	Fellow Subsidiary
13 Lafarge International Services Singapore Pte Ltd	Fellow Subsidiary
14 PT Holcim Indonesia Tbk, Indonesia	Fellow Subsidiary (up to January 31, 2019)
15 Counto Microfine Products Private Limited	Joint venture of Ambuja Cements Limited
16 Asian Fine Cement Private Limited	Subsidiary of Asian Concretes and Cements Private Limited
17 The Provident Fund of ACC Ltd	Trust (Post-employment benefit plan)
18 ACC limited Employees Group Gratuity scheme	Trust (Post-employment benefit plan)

In accordance with the provisions of Ind AS 24 "Related Party Disclosures" and the Companies Act, 2013, following Personnel are considered as Key Management Personnel (KMP).

(b) Name of the Related Parties:	Nature of Relationship
1 Mr Neeraj Akhoury	Managing Director & CEO (up to February 20, 2020). Additional Director (w.e.f. February 21, 2020) Non-Executive/Non Independent Director (w.e.f. July 6, 2020)
2 Mr Sridhar Balakrishnan	Managing Director & CEO (w.e.f. February 21, 2020)
3 Mr Sunil K. Nayak	Chief Financial Officer (up to July 31, 2019)
4 Ms Rajani Kesari	Chief Financial Officer (w.e.f. August 1, 2019, up to August 31, 2020)
5 Mr Yatin Malhotra	Chief Financial Officer (w.e.f. September 1, 2020)
6 Mr Ramaswami Kalidas	Company Secretary (up to September 26, 2019)
7 Mr Rajiv Choubey	Company Secretary (w.e.f. September 26, 2019)
8 Mr N. S. Sekhsaria	Chairman, Non-Executive/Non Independent Director
9 Mr Jan Jenisch	Deputy Chairman, Non-Executive/Non Independent Director

(b)	Name of the Related Parties:	Nature of Relationship
10	Mr Martin Kriegner	Non-Executive/Non Independent Director
11	Mr Shailesh Haribhakti	Independent Director
12	Mr Sushil Kumar Roongta	Independent Director
13	Mr Ashwin Dani	Independent Director (up to March 22, 2019)
14	Mr Farrokh K Kavarana	Independent Director (up to March 22, 2019)
15	Mr Vijay Kumar Sharma	Non Independent Director (up to July 20, 2020)
16	Mr Arunkumar R Gandhi	Independent Director (up to March 22, 2019)
17	Ms Falguni Nayar	Independent Director
18	Mr Christof Hassig	Non-Executive/Non Independent Director (up to February 20, 2020)
19	Mr Damodarannair Sundaram	Independent Director (w.e.f. March 22, 2019)
20	Mr Vinayak Chatterjee	Independent Director (w.e.f. March 22, 2019)
21	Mr Sunil Mehta	Independent Director (w.e.f. March 22, 2019)
22	Mr M. R. Kumar	Non Independent Director (w.e.f. October 19, 2020)

		₹ Crore
(C)	Transactions with Subsidiary Companies	
1	Purchase of Property, Plant and Equipments	
	Bulk Cement Corporation (India) Limited	0.06
2	Purchase of Raw Material	
	Singhania Minerals Private Limited	3.81
3	Sale of finished goods	
	Bulk Cement Corporation (India) Limited	0.49
4	Reimbursement of Expenses Paid/Payable	
	Bulk Cement Corporation (India) Limited	2.22
5	Reimbursement of Expenses Received/Receivable	
	Bulk Cement Corporation (India) Limited	1.16
	Singhania Minerals Private Limited	0.17
6	Rendering of Services	
	Bulk Cement Corporation (India) Limited	2.52
7	Receiving of Services	
	Bulk Cement Corporation (India) Limited	19.94
8	Inter Corporate Deposit (including accrued interest) written-off*	
	National Limestone Company Private Limited	-
9	Interest received on Inter Corporate Deposit	
	National Limestone Company Private Limited	0.11
	Singhania Minerals Private Limited	0.06
	Lucky Minmat Limited	0.01
10	Inter Corporate Deposits Given	
	National Limestone Company Private Limited	0.53
	Lucky Minmat Limited	0.03
11	Conversion of outstanding interest into Inter Corporate Deposits	
	National Limestone Company Private Limited	0.23
	Singhania Minerals Private Limited	0.05
	Lucky Minmat Limited	0.01

	₹ Crore
	December 31, 2020
Outstanding balances with Subsidiary Companies	
1 Guarantee outstanding as at the end of the Year ##	0.04
Singhania Minerals Private Limited	0.04
ACC Mineral Resources Limited	12.50
2 Inter Corporate Deposits as at the end of the Year	0.82
National Limestone Company Private Limited	1.63
Singhania Minerals Private Limited	0.69
Lucky Minmat Limited	0.09
3 Outstanding balance of interest receivables on Inter Corporate Deposits	0.12
National Limestone Company Private Limited	0.11
Singhania Minerals Private Limited	0.06
Lucky Minmat Limited	-
4 Outstanding balance included in Trade receivables	0.35
Bulk Cement Corporation (India) Limited	1.78
Singhania Minerals Private Limited	0.17
5 Outstanding balance included in Trade payables	2.61
Bulk Cement Corporation (India) Limited	2.61

	₹ Crore
	December 31, 2020
(D) Transactions with Joint Venture Companies	
1 Purchase of Finished Goods	86.59
Aakaash Manufacturing Company Private Limited {Refer Note 46 (ii)}	100.86
2 Sale of Finished Goods	8.00
Aakaash Manufacturing Company Private Limited	12.52
3 Receiving of Services	17.44
OneIndia BSC Private Limited	27.15
4 Dividend Received	-
Aakaash Manufacturing Company Private Limited	1.32
5 Reimbursement of Expenses Paid/Payable	1.22
Aakaash Manufacturing Company Private Limited	-
6 Reimbursement of Expenses Received/Receivable	0.02
Aakaash Manufacturing Company Private Limited	0.02
7 Other recoveries (Net)	2.80
Aakaash Manufacturing Company Private Limited	2.80

	₹ Crore
	December 31, 2020
Outstanding balances with Joint venture Companies	
1 Outstanding balance included in Trade receivables	1.59
Aakaash Manufacturing Company Private Limited	0.96
2 Outstanding balance included in Trade payables	21.17
Aakaash Manufacturing Company Private Limited	14.06
OneIndia BSC Private Limited	2.27

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(E) Transactions with Associate Companies			
1 Purchase of Finished Goods		47.77	68.46
Alcon Cement Company Private Limited {Refer Note – 46 (i)}		47.77	68.46
2 Purchase of Raw Materials		4.87	11.19
Asian Concretes and Cements Private Limited		4.87	11.19
3 Sale of Unfinished Goods		15.68	20.78
Alcon Cement Company Private Limited {Refer Note – 46 (i)}		14.18	20.78
Asian Fine Cement Private Limited		1.50	-
4 Dividend Received		0.29	0.37
Alcon Cement Company Private Limited		0.29	0.37
5 Receiving of Services		62.10	107.60
Asian Concretes and Cements Private Limited		62.10	107.60
6 Reimbursement of Expenses Received/Receivable		11.24	13.47
Alcon Cement Company Private Limited		11.24	13.47
7 Reimbursement of Expenses Paid/Payable		2.38	2.22
Alcon Cement Company Private Limited		0.14	1.67
Asian Concretes and Cements Private Limited		2.24	0.55

		₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Outstanding balances with Associate Companies			
1 Outstanding balance included in Trade receivables		6.39	6.81
Alcon Cement Company Private Limited		6.39	6.81
2 Outstanding balance included in Trade payables		12.75	17.80
Asian Concretes and Cements Private Limited		6.16	14.69
Alcon Cement Company Private Limited		6.09	3.11
Asian Fine Cement Private Limited		0.50	-

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(F) Details of Transactions relating to Ultimate Holding and Holding Companies			
1 Dividend paid		143.36	143.36
Ambuja Cements Limited		131.58	131.58
Holderind Investments Limited		11.78	11.78
2 Purchase of Raw materials		15.83	0.80
Ambuja Cements Limited		15.83	0.80
3 Purchase of Finished/Unfinished goods		498.37	112.87
Ambuja Cements Limited		498.37	112.87
4 Purchase of Stores & Spares		1.75	0.44
Ambuja Cements Limited		1.75	0.44
5 Purchase of Property, Plant and Equipments		1.28	-
Ambuja Cements Limited		1.28	-
6 Sale of Finished/Unfinished Goods		220.25	101.39
Ambuja Cements Limited		220.25	101.39
7 Sale of Raw Material		1.76	1.44
Ambuja Cements Limited		1.76	1.44
8 Sale of Stores & Spares		0.36	1.17
Ambuja Cements Limited		0.36	1.17
9 Sale of Scrap		-	0.11
Ambuja Cements Limited		-	0.11

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(F) Details of Transactions relating to Ultimate Holding and Holding Companies			
10 Sale of Property, Plant and Equipments		0.72	-
Ambuja Cements Limited		0.72	-
11 Rendering of Services		53.44	42.46
Ambuja Cements Limited		53.44	42.46
12 Receiving of Services		39.58	32.71
Ambuja Cements Limited		39.58	32.71
13 Reimbursement of Expenses Received/Receivable		0.06	0.04
Ambuja Cements Limited		0.06	0.01
LafargeHolcim Ltd		-	0.03
14 Reimbursement of Expenses Paid/Payable		1.45	9.74
Ambuja Cements Limited		1.45	9.74

		₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Outstanding balances with Ultimate Holding and Holding Companies			
1 Outstanding balance included in Trade receivables		24.36	29.05
Ambuja Cements Limited		24.36	29.02
LafargeHolcim Ltd		-	0.03
2 Outstanding balance included in Other current assets – advances		0.04	0.04
Ambuja Cements Limited		0.04	0.04
3 Outstanding balance included in Trade payables		68.11	43.72
Ambuja Cements Limited		68.11	43.72

		₹ Crore	
		For the year ended December 31, 2020	For the year ended December 31, 2019
(G) Details of Transactions relating to Fellow Subsidiary Companies/Joint Venture of Holding Company			
1 Purchase of Raw materials		210.25	238.94
LafargeHolcim Energy Solutions SAS		210.04	237.84
Counto Microfine Products Private Limited		0.21	1.10
2 Sale of Finished/Unfinished Goods		0.03	0.11
Counto Microfine Products Private Limited		0.03	0.11
3 Technology and Know-how fees		132.79	152.33
Holcim Technology Ltd		132.79	152.33
4 Receiving of Services		64.54	64.76
Holcim Services (South Asia) Limited		52.43	59.53
Holcim Group Services Ltd		-	0.33
Lafarge SA		0.66	2.79
Holcim Technology Ltd		0.37	2.11
LH Global Hub Services Private Limited		11.08	-
5 Rendering of Services		11.05	11.05
Holcim Services (South Asia) Limited		9.63	9.33
Lafarge SA		0.79	1.72
Holcim Technology Ltd		0.63	-
6 Expense recognised in respect of doubtful debts **		1.73	-
Holcim Technology Ltd		1.45	-
LafargeHolcim Trading Pte Ltd		0.13	-
PT Holcim Indonesia Tbk		0.15	-

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
(G) Details of Transactions relating to Fellow Subsidiary Companies/Joint Venture of Holding Company		For the year ended December 31, 2020	For the year ended December 31, 2019
7 Reimbursement of Expenses Paid/Payable		1.77	-
Lafargeholcim Energy Solutions SAS		0.27	-
Lafarge International Services Singapore Pte Ltd		1.47	-
Holcim Group Services Ltd		0.03	-
8 Reimbursement of Expenses Received/Receivable		1.48	2.69
Lafargeholcim Energy Solutions SAS		0.51	0.76
LafargeHolcim Trading Pte Ltd		-	1.92
Holcim Technology Ltd		0.78	0.01
LH Global Hub Services Private Limited		0.19	-

		₹ Crore	
Outstanding balances with Fellow Subsidiary Companies/Joint Venture of Holding Company		As at December 31, 2020	As at December 31, 2019
1 Outstanding balance included in Trade receivables		5.23	11.89
Holcim Services (South Asia) Limited		4.78	5.93
Lafarge SA		0.03	2.22
Holcim Technology Ltd		0.21	3.37
PT Holcim Indonesia Tbk		-	0.15
Lafarge Holcim Trading Pte Limited		-	0.13
Counto Microfine Product Pvt Ltd		-	0.06
Holcim Cement (Bangladesh) Ltd		-	0.01
LafargeHolcim Bangladesh Ltd		0.02	0.02
LH Global Hub Services Private Limited		0.19	-
2 Outstanding balance included in Trade payables		38.88	49.84
LafargeHolcim Energy Solutions SAS		1.93	5.14
Holcim Technology Ltd		29.91	34.54
Counto Microfine Products Private Limited		0.04	0.20
Holcim Services (South Asia) Limited		5.33	9.92
Holcim Group Services Ltd		0.03	0.04
Lafarge SA		0.17	-
Lafarge International Services Singapore Pte Ltd		1.47	-

Notes to the Financial Statements

for the year ended December 31, 2020

		₹ Crore	
(H) Details of Transactions with Key Management Personnel		For the year ended December 31, 2020	For the year ended December 31, 2019
1 Remuneration***		16.44	13.56
Mr Neeraj Akhoury		6.15	8.90
Mr Sridhar Balakrishnan		3.32	-
Ms Rajani Kesari		4.10	1.49
Mr Rajiv Choubey		2.27	0.38
Mr Yatin Malhotra		0.60	-
Mr Sunil K. Nayak		-	1.95
Mr Ramaswami Kalidas		-	0.84
Breakup of Remuneration		16.44	13.56
Short-term employee benefits		15.83	12.53
Post employment benefits (including defined contribution and defined benefits)***		0.35	0.86
Other long-term benefits***		-	-
Employee share based payments (Refer Note – 53)		0.26	0.17
2 Other Payment to Key Management Personnel			
Commission Payable		2.97	3.19
Mr N. S. Sekhsaria		0.50	0.50
Mr Martin Kriegner#		-	-
Mr Shailesh Haribhakti		0.36	0.36
Mr Sushil Kumar Roongta		0.36	0.36
Mr Vijay Kumar Sharma		0.11	0.20
Mr Jan Jenisch		0.20	0.20
Ms Falguni Nayar		0.20	0.20
Mr Christof Hassig		0.03	0.20
Mr Sunil Mehta		0.36	0.28
Mr Damodarannair Sundaram		0.45	0.35
Mr Vinayak Chatterjee		0.36	0.28
Mr M. R. Kumar		0.04	-
Mr Arunkumar Gandhi		-	0.10
Mr Ashwin Dani		-	0.08
Mr Farrokh Kavarana		-	0.08
Mr Neeraj Akhoury#		-	-
Sitting Fees		0.78	0.47
Mr N. S. Sekhsaria		0.07	0.04
Mr Martin Kriegner#		-	-
Mr Shailesh Haribhakti		0.11	0.07
Mr Sushil Kumar Roongta		0.11	0.09
Mr Vijay Kumar Sharma		0.03	0.03
Mr Jan Jenisch		0.02	0.01
Ms Falguni Nayar		0.06	0.03
Mr Christof Hassig		0.01	0.02
Mr Sunil Mehta		0.12	0.04
Mr Damodarannair Sundaram		0.12	0.05
Mr Vinayak Chatterjee		0.12	0.05
Mr M. R. Kumar		0.01	-
Mr Arunkumar Gandhi		-	0.01
Mr Ashwin Dani		-	0.01
Mr Farrokh Kavarana		-	0.02
Mr Neeraj Akhoury#		-	-

* During the year, the Company divested 100% stake in National Limestone Company Private Limited ("NLCPL") under a Share Purchase Agreement dated November 18, 2020 for a consideration of ₹20 Crore and the outstanding Inter-Corporate Loans granted by the Company to the NLCPL including accrued interest as on the date of transfer of the shares of NLCPL is written-off.

** Reimbursements and cost sharing expenses receivable from the Group companies written-off.

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

Waived their right to receive Directors' commission and sitting fees.

The Company makes monthly contributions to provident fund managed by "The Provident Fund of ACC Ltd" for certain eligible employees. Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. During the year, the Company contributed ₹24.31 Crore (Previous year – ₹25.64 Crore).

The Company maintains gratuity trust for the purpose of administering the gratuity payment to its employees (ACC limited Employees Group Gratuity scheme). During the year, the Company contributed ₹25.00 Crore (Previous year – ₹0.80 Crore).

Terms and conditions of transactions with related parties
Sales and purchases

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm’s length transactions.

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

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

NOTE 43. SEGMENT REPORTING
Refer Note 1 (XXII) for accounting policy on Segment Reporting

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

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

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

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

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

Information about Primary Business Segments

	Cement		Ready Mix Concrete		Total	
	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019	For the year ended December 31, 2020	For the year ended December 31, 2019
Revenue						
External sales	12,531.41	13,870.08	955.42	1,473.03	13,486.83	15,343.11
Inter-segment sales	126.76	190.23	2.49	1.58	129.25	191.81
Other operating revenue	294.06	305.60	3.65	7.94	297.71	313.54
	12,952.23	14,365.91	961.56	1,482.55	13,913.79	15,848.46
Less: Elimination	126.76	190.23	2.49	1.58	129.25	191.81
Total revenue	12,825.47	14,175.68	959.07	1,480.97	13,784.54	15,656.65
Operating EBITDA	2,292.08	2,256.30	60.08	153.15	2,352.16	2,409.45
Segment result	1,708.06	1,701.25	13.51	133.21	1,721.57	1,834.46
Unallocated corporate income net of unallocated expenditure					16.54	16.47
Operating Profit					1,738.11	1,850.93
Finance costs					(57.04)	(86.22)
Interest and Dividend income					182.72	266.76
Exceptional item {Refer Note – 2 (3)}					(176.01)	-
Tax expenses (Refer Note – 22)					(272.84)	(672.56)
Profit after tax					1,414.94	1,358.91
Capital expenditure (including capital work-in-progress and capital advances)	700.22	493.49	17.32	27.44	717.54	520.93
Depreciation and Amortisation	588.72	584.04	46.58	18.93	635.30	602.97
Other non-cash expenses						
Impairment losses	176.01	-	-	-	176.01	-
Expected credit loss on Incentives under Government schemes	128.92	-	-	-	128.92	-
Others	18.39	11.10	32.05	18.37	50.44	29.47

₹ Crore

	Cement		Ready Mix Concrete		Total	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Segment assets	10,500.41	10,925.45	447.99	470.27	10,948.40	11,395.72
Unallocated Corporate assets					7,177.53	5,686.38
Total assets					18,125.93	17,082.10
Segment liabilities	3,900.80	3,792.39	416.54	355.15	4,317.34	4,147.54
Unallocated corporate liabilities					1,147.15	1,413.28
Total liabilities					5,464.49	5,560.82

₹ Crore

Sales from external customer	For the year ended December 31, 2020	For the year ended December 31, 2019
Within India	13,482.07	15,341.39
Outside India *	4.76	1.72
TOTAL	13,486.83	15,343.11

No single customer contributed 10% or more to the Company's revenue for the year ended December 31, 2020 and December 31, 2019.
* Sales outside India are in functional currency.
All the non current assets are located within India.

Cash flows arising from the reportable segments:

₹ Crore

	Cement		Ready Mix Concrete		Unallocated		Total	
	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019	As at December 31, 2020	As at December 31, 2019
Net Cash flow from operating activities	3,054.57	2,878.09	11.96	17.00	(850.96)	(646.74)	2,215.57	2,248.35
Net cash used in investing activities	(732.63)	(465.77)	(12.53)	(27.68)	208.57	165.13	(536.59)	(328.32)
Net cash used in financing activities	(1.80)	-	(22.79)	-	(302.77)	(374.16)	(327.36)	(374.16)

NOTE 44. DETAILS OF DUES TO MICRO AND SMALL ENTERPRISES AS DEFINED UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006*

₹ Crore

	As at December 31, 2020	As at December 31, 2019
a) The principal amount and the interest due thereon remaining unpaid to any supplier at the end of each accounting year:		
Principal amount due to micro and small enterprises (Not overdue)	6.29	11.27
Interest due on above	-	-
b) The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006.	-	-
d) The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e) The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006.	-	-

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

NOTE 45.

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

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

As at December 31, 2020, the cash flows are estimated over the life of respective mines.

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

- (a) Production of mines is estimated as per the production schedule in the mining plans submitted to the regulatory authorities.
- (b) Limestone is a commodity for which there is no market existing. Average selling price of the limestone considered based on the information available from the Indian Bureau of Mines ("IBM"). Expected increase in selling price is considered at 3% every year.
- (c) The cost of production is given an inflation effect of 4%.
- (d) Weighted average cost of capital (WACC) of these Companies are estimated as 15.50%.

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

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

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

The Government of India has commenced auctioning process for all such blocks in a phased manner. The auctioning for Bicharpur, being one of the four blocks, was completed, with the block being awarded to the successful bidder vide vesting order dated March 23, 2015. In respect of Bicharpur coal block, AMRL had filed a writ petition with the Delhi High Court against the compensation fixed by Ministry of Coal up to March 31, 2014. The Hon’ble Delhi High Court issued its judgement on March 9, 2017 wherein the court has said that “whatever has transpired after March 31, 2014 and goes towards affecting the quantum of compensation for mine infrastructure, must also be taken into account. Accordingly a fresh claim has been filed with Ministry of Coal for re-imbursement of expenses incurred up to the date of vesting order. The auction of remaining three coal blocks has not yet taken place.

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

Based on above the Company has concluded that no further impairment is necessary. (Refer Note – 37 of the consolidated financial statements for Group information).

(iii) The Company has investment of ₹2.50 Crore (*Previous year – ₹2.50 Crore*) in equity shares of OneIndia BSC Private Limited (‘BSC’), joint venture of ACC Limited (‘the Company’). BSC is engaged in the business of providing business shared services. The Master service agreement (MSA) for these services was entered for a period of 5 years ending December 31, 2020. The MSA agreement is not renewed. Accordingly, the financial statements of BSC for the year ended December 31, 2020 has not been prepared on going concern basis. BSC is currently not under liquidation. The management believes that amount of investment in BSC is recoverable and no impairment is necessary given the positive net worth of ₹13.09 Crore and net current assets value of ₹9.59 Crore as at December 31, 2020.

NOTE 46.

- (i) The Company has arrangements with an associate company whereby it sells clinker and purchases Cement manufactured out of such clinker. While the transactions are considered as individual sale/purchase transactions for determination of taxable turnover and tax under GST laws, considering the accounting treatment prescribed under various accounting guidance, revenue for sale (excluding GST) of such clinker of ₹11.08 Crore (*Previous year – ₹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 – 38)
- (ii) The Company has arrangement with a Joint venture company whereby it purchases Ready Mix Concrete and sells that to external customers. While the transactions are considered as individual sale/purchase transactions for determination of taxable turnover and tax under GST laws, considering the Joint venture essentially operates as a risk bearing licensed manufacturer of Ready Mix Concrete in relation to the Company’s local sales, this arrangement is considered in nature of royalty arrangement and revenue for sale (excluding GST) of such Ready Mix Concrete to customer of ₹73.18 Crore (*Previous year – ₹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 47. DISCLOSURE PURSUANT TO SEBI (LISTING OBLIGATIONS AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2015 AND SECTION 186 (4) OF THE COMPANIES ACT, 2013

		₹ Crore			
Nature of the transaction (loans given/investment made/guarantee given/security provided)		As at December 31, 2020 *	Maximum Balance during the Year *	As at December 31, 2019 *	Maximum Balance during the Previous Year *
(a) Loans and Advances to wholly-owned Subsidiaries –					
National Limestone Company Private Limited (Refer Note – 54)	Working Capital	-	1.86	1.63	1.63
Singhania Minerals Private Limited	Working Capital	0.71	0.71	0.69	0.69
Lucky Minmat Limited	Working Capital	0.11	0.11	0.09	0.09

* Balance does not include outstanding interest

- (b) Details of Investments made are given in Note 5.
- (c) Guarantee given on behalf of Singhania Minerals Private Limited, wholly-owned subsidiary company, of ₹0.04 Crore (*Previous year – ₹0.04 Crore*) are for the purpose of approval of mining plan.
- (d) Guarantee given on behalf of ACC Mineral Resources Limited, wholly-owned subsidiary company of ₹ Nil (*Previous year – ₹12.50 Crore*) is for the purpose of allocation of Coal block.
- (e) The loanees have not made any investments in the shares of the Company.
- (f) The above loans are repayable on demand and carries rate of interest at 9% p.a. (*Previous year – 9% p.a.*)

NOTE 48. CAPITALISATION OF EXPENDITURE

During the year, the following amount of expenditures are recognised in the carrying amount of Property, Plant and Equipment/Capital work-in-progress (CWIP) in the course of its construction. Consequently, expenses disclosed under the respective notes are net of amounts capitalised by the Company.

	₹ Crore	
	2020	2019
Balance at the beginning of the year	17.53	4.99
Expenditure during construction for projects:		
Employee benefits expense*	23.43	11.68
Rates and taxes**	0.80	1.86
Power and fuel**	0.56	-
Miscellaneous expenses**	2.02	-
Total	44.34	18.53
Less: Capitalised during the year	5.25	1.00
Balance at the end of the year	39.09	17.53

* Employee benefits expense represents cost of departments associated with the projects which are directly attributable to the construction and acquisition of Property, Plant and Equipment.

** Miscellaneous expenses, power and fuel and rates and taxes are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the management.

NOTE 49. FINANCIAL INSTRUMENTS

(A) Categories of financial instruments

		₹ Crore	
Particulars	Note No.	Carrying value	
		As at December 31, 2020	As at December 31, 2019
Financial assets			
1. Measured at Fair value through profit or loss (FVTPL)			
(a) Mandatorily measured:			
Investment in Unquoted equity shares	6	4.50	-
Cash and cash equivalents - Mutual funds	12	580.09	725.47
(b) Designated as at FVTPL			
		-	-
2. Measured at amortised cost			
Cash and cash equivalents (Certificates of deposits and other deposits)	12	250.00	1,492.98
Other Cash and cash equivalents (Balances with banks)	12	4,904.83	2,164.73
Bank balances other than Cash and Cash Equivalents	13	156.17	154.92
Investments in Bonds	6	3.70	3.70
Security deposits (Current and Non-Current)	7 & 14	174.88	150.16
Loans and Other financial assets (Current and Non-Current)	7, 8, 14 & 15	926.19	897.56
Trade receivables	11	451.53	628.43
3. Measured at fair value through Other Comprehensive Income			
		-	-
Total		7,451.89	6,217.95

			₹ Crore	
Particulars	Note No.	As at December 31, 2020	As at December 31, 2019	
Financial liabilities				
1. Measured at FVTPL				
Foreign currency forward contract	23	0.28	-	
2. Measured at amortised cost				
Trade payables		1,416.30	1,470.97	
Security deposits and retention money	23	801.26	710.54	
Lease Liabilities	20 & 23	102.48	-	
Other financial liabilities	23	205.80	223.42	
Total		2,526.12	2,404.93	

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

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

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

Particulars	₹ Crore	
	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Financial assets measured at amortised cost		
Interest income	(182.43)	(165.59)
Impairment losses on trade receivable (including reversals of impairment losses)	37.34	21.51
Expected credit loss on Incentives under Government schemes	128.92	-
Financial assets measured at fair value through profit or loss		
Gain on sale of current financial assets	(14.82)	(19.53)
Net gain on fair valuation of current financial assets	(0.12)	(0.47)
Financial liabilities measured at amortised cost		
Net exchange losses on revaluation or settlement of items denominated in foreign currency (trade payable)	1.74	4.46
Interest expenses on deposits from dealers	17.14	33.45
Interest expenses on lease liabilities	9.80	-
Derivatives – Foreign exchange forward contracts		
Net loss/(gain) on foreign currency forward contract	0.59	(0.94)
Net gain recognised in Statement of Profit and Loss	(1.84)	(127.11)

(C) Fair Value Hierarchy

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

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

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

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

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

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

	Level 1	Level 2	Level 3	Total
As at December 31, 2020				
Financial assets				
1. Measured at Fair value through profit or loss (FVTPL)				
(a) Mandatorily measured:				
Equity investments	-	-	4.50	4.50
Cash and cash equivalents – Mutual funds	580.09	-	-	580.09
(b) Designated as at FVTPL	-	-	-	-
2. Measured at fair value through Other Comprehensive Income	-	-	-	-
Financial liabilities				
Measured at FVTPL				
Foreign currency forward contract	-	0.28	-	0.28

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

During the reporting period ending December 31, 2020 and December 31, 2019, there was no transfer between level 1 and level 2 fair value measurement.

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

- Level 1: Investments in liquid and short-term mutual funds, which are classified as FVTPL are measured using net asset values at the reporting date multiplied by the quantity held.
- Level 2: The fair value of forward foreign exchange contracts is calculated as the present value determined using forward exchange rates at the reporting date.
- Level 3: Investments in equity shares included in Level 3 of the fair value hierarchy have been valued using the cost approach to arrive at their fair value. Cost of unquoted equity instruments has been considered as an appropriate estimate of fair value because of a wide range of possible fair value measurements and cost represents the best estimate of fair value within that range

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

Other financial assets and liabilities

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

NOTE 50. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

The Company is exposed to market, credit and liquidity risks. The Board of Directors ('Board') oversee the management of these risks through its Risk Management Committee. The Company's Risk Management Policy has been formulated by the Risk Management Committee and approved by the Board. The Policy articulates on the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It also prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate risks in order to minimise potential adverse effects on the Company's financial performance. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes shall be undertaken. The Board of Directors reviews and agrees on policies for managing each of these risks, which are summarised below. This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

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

(i) Credit risk

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

Financial assets other than trade receivables

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

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

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

Incentives receivable from the Government

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

During the current year, in view of the management 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.

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

Trade receivables

Customer credit risk is managed as per the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard

and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored. The requirement for impairment is analysed at each reporting date on an individual basis for major customers. The management is also monitoring the receivables levels by having frequent interactions with responsible persons for highlighting potential instances where receivables might become overdue.

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

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

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

	As at December 31, 2020	As at December 31, 2019
Neither past due nor impaired	221.33	221.25
Past due not impaired		
- 1-180 days	214.63	375.02
- more than 180 days	15.56	32.16
Past due impaired		
- 1-180 days	1.18	1.96
- more than 180 days	66.12	39.17
Total	518.82	669.56

Expected credit loss assessment

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

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

	₹ Crore
As at January 1, 2019	24.65
Provided during the year	22.75
Amounts utilised	(5.03)
Reversals of Provision	(1.24)
As at December 31, 2019	41.13
Provided during the year	39.64
Amounts utilised	(11.18)
Reversals of Provision	(2.30)
As at December 31, 2020	67.29

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

Credit impaired

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

(ii) Liquidity risk

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

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

	Carrying amount	Less than 1 year	1 -5 Years	More than 5 years	Total
As at December 31, 2020					
Other financial liabilities*	1,007.06	1,027.54	-	-	1,027.54
Lease Liabilities	102.48	26.10	76.18	29.15	131.43
Foreign exchange Forward contract	0.28	0.28	-	-	0.28
Trade payables	1,416.30	1,416.30	-	-	1,416.30
	2,526.12	2,470.22	76.18	29.15	2,575.55

	Carrying amount	Less than 1 year	1 -5 Years	More than 5 years	Total
As at December 31, 2019					
Other financial liabilities*	933.96	967.70	-	-	967.70
Foreign exchange Forward contract	-	-	-	-	-
Trade payables	1,470.97	1,470.97	-	-	1,470.97
	2,404.93	2,438.67	-	-	2,438.67

*Other financial liabilities includes deposits received from customers amounting to ₹706.13 Crore (Previous year – ₹641.59 Crore). These deposits do not have a contractual re-payment term but are repayable on demand. Since, the Company does not have an unconditional right to defer the payment beyond 12 months from reporting date, these deposits have been classified under current financial liabilities. For including these amounts in the above-mentioned maturity analysis, the Company has assumed that these deposits, including interest thereon, will be repayable at the end of the next reporting period. The actual maturity period for the deposit amount and the interest thereon can differ based on the date on which these deposits are settled to the customers.

(iii) Market risk

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

Foreign currency risk

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

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

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

₹ Crore						
As at December 31, 2020	USD	EUR	CHF	GBP		
Trade Payable	5.19	6.33	0.11	0.01		
Foreign exchange derivative contracts	(0.35)	-	-	-		
Net exposure to foreign currency risk (liabilities)	4.84	6.33	0.11	0.01		

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

Foreign currency sensitivity

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

Particulars	₹ Crore			
	As at December 31, 2020		As at December 31, 2019	
	5% strengthening of ₹	5% weakening of ₹	5% strengthening of ₹	5% weakening of ₹
USD	0.21	(0.21)	0.20	(0.20)
EUR	0.32	(0.32)	0.11	(0.11)
CHF	0.01	(0.01)	-	-
SEK	-	-	0.04	(0.04)
TOTAL	0.54	(0.54)	0.35	(0.35)

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

Market Risk – Commodity price risk

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

Market Risk – Interest rate risk

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

The Company has taken interest bearing security deposit from dealers. If interest rate had been 0.50% higher/lower the profit for the year ended December 31, 2020 would decrease/increase by ₹3.53 Crore (Previous year - ₹3.18 Crore).

Unrepresentativeness of Sensitivity analysis

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

NOTE 51. CAPITAL MANAGEMENT

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

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

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

	Note No.	₹ Crore	
		As at December 31, 2020	As at December 31, 2019
Total Debt		-	-
Less: Cash and cash equivalents	12	(5,734.92)	(4,383.18)
Net debt		(5,734.92)	(4,383.18)
Equity	18 & 19	12,661.44	11,521.28
Debt to Equity (Net)		NA	NA

NOTE 52. DIVIDEND DISTRIBUTION AND PROPOSED DIVIDEND

	₹ Crore	
	For the Year ended December 31, 2020	For the Year ended December 31, 2019
Cash dividends on equity shares declared and paid:		
Final dividend for the year ended December 31, 2019 ₹ Nil per share (Previous year – ₹14 per share for 2018)	-	262.90
Interim dividend for the year ended December 31, 2019 ₹14 per share (Previous year – ₹ Nil)*	262.90	-
Dividend distribution tax on final dividend#	-	54.04
	262.90	316.94
Proposed dividends on equity shares:		
Final dividend for the year ended December 31, 2020 ₹14 per share	262.90	-
Dividend for the year ended December 31, 2019 ₹14 per share*	-	262.90
	262.90	262.90

Proposed dividends on equity shares are subject to approval at the annual general meeting and are not recognised as a liability as at December 31.

* Subsequent to the year end, the Board of Directors decided to revoke the recommendation for payment of final dividend for the Financial Year ended December 31, 2019 and declared payment of interim dividend for the financial year ended December 31, 2019 at ₹14 per share.

Dividend Distribution Tax is abolished with effect from April 1, 2020.

NOTE 53. EMPLOYEE SHARE BASED PAYMENTS

Description of plan – LafargeHolcim Performance Share Plan

LafargeHolcim Ltd (Ultimate Holding Company) set up a performance share plan. Performance shares are granted to executives and senior management for their contribution to the continuing success of the business. These shares will be delivered after three year vesting period following the grant date and are subject to internal performance conditions. 7,800 (*Previous year – 9,000*) performance shares at a fair value of ₹3,352 per share (*Previous year – ₹3,405 per share*) were granted in 2020. Internal performance conditions are attached to the performance shares and are based on Group Earnings per Share (EPS) and Group Return on Invested Capital (ROIC). During the year, ₹2.66 Crore (*Previous year – ₹0.63 Crore*) is charged to the Statement of Profit and Loss in respect of equity-based payments transactions with a corresponding increase being made to the capital contribution to the Company by the Parent.

Information related to awards granted through the Performance Share Plan is presented below:

	For the Year ended December 31, 2020	For the Year ended December 31, 2019
As at January 1	9,000	-
Granted	7,800	9,000
Forfeited	(600)	-
As at December 31	16,200	9,000

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 54. The Company divested 2,00,000 Equity Shares representing 100% stake in National Limestone Company Private Limited (NLCPL) under a Share Purchase Agreement dated November 18, 2020. The Company 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 SEBI 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 Company’s subsidiary. The Company has, therefore, accounted for ₹3.94 Crore as profit arising from divestment.

Note 55. The Company successfully commissioned a new Grinding Unit with a cement capacity of 1.4 MTPA on January 2, 2021 at Sindri, in the State of Jharkhand which will further strengthen our positioning in the eastern region.

Note 56. The Competition Commission of India (“CCI”) has initiated an investigation against cement companies in India including the Company regarding alleged anti-competitive behavior and conducted search and seizure operations in December 2020 against few companies. The Company is in the process of providing information sought. The Company is of the firm view that it has acted and continues to act in compliance with competition laws. The Company believes that this does not have any impact on the financial statements.

NOTE 57. RISK DUE TO OUTBREAK OF COVID-19 PANDEMIC

The Company has considered the possible effects that may result from COVID-19 in the preparation of these financial statements including the recoverability of carrying amounts of financial and non-financial assets. The Company has used internal and external sources of information and expects that the carrying amount of these assets will be recovered.

NOTE 58. The new Code on Social Security, 2020 has been enacted, which could impact the contributions by the Company towards Provident Fund and Gratuity. The effective date from which the changes are applicable is yet to be notified and the rules are yet to be framed. The Company will complete its evaluation and will give appropriate impact in its financial statements in the period in which the Code becomes effective and the related rules are published.

NOTE 59. Figures for the previous year have been regrouped/reclassified wherever necessary to conform to the current year’s presentation.

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

N. S. SEKHSARIA
Chairman
DIN: 00276351

MARTIN KRIEGNER
Director
DIN: 00077715

SRIDHAR BALAKRISHNAN
Managing Director & CEO
DIN: 08699523

DAMODARANNAIR SUNDARAM
Director
DIN: 00016304

YATIN MALHOTRA
Chief Financial Officer

NEERAJ AKHOURY
Director
DIN: 07419090

RAJIV CHOUBEY
Company Secretary
ACS: 13063

Mumbai, February 11, 2021

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIALS STATEMENTS OF SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES
(Pursuant to first proviso to sub-section (3) of Section 129 of the Companies Act, 2013 read with rule 5 of companies (accounts) rules, 2014)

Part “A”: Subsidiaries

(₹ Crore)					
Sl. No.	Particulars				
1	Name of the Subsidiary	ACC Mineral Resources Limited	BulK Cement Corporation (India) Limited	Lucky Minmat Limited	National Limestone Company Private Limited*
					Singhania Minerals Private Limited
2	Reporting period for the subsidiary	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020	January 1, 2020 to December 31, 2020
3	Reporting currency and exchange rate as on the last date of the relevant financial year in the case of foreign subsidiaries	NA	NA	NA	NA
4	Share capital	121.95	33.64	3.25	-
		121.95	33.64	3.25	2.00
5	Reserves and surplus	(37.39)	25.68	(5.74)	-
		(40.29)	24.10	(5.24)	(1.94)
6	Total assets	88.40	68.30	0.65	-
		85.57	69.27	0.66	2.03
7	Total liabilities	3.84	8.98	3.14	-
		3.91	11.53	2.65	1.97
8	Turnover	-	18.48	-	-
		0.09	18.78	-	-
9	Profit/(Loss) before tax	2.91	2.08	(0.50)	1.64
		6.36	3.18	(0.48)	(0.39)
10	Tax expenses	0.01	0.50	-	-
		(0.58)	0.76	-	-
11	Profit/(Loss) after tax	2.90	1.58	(0.50)	1.64
		6.94	2.42	(0.48)	(0.39)
12	Proposed dividend	-	-	-	-
		-	-	-	-
13	% of shareholding	100%	94.65%	100%	-
		100%	94.65%	100%	100%

Part “B”: Associates and Joint Ventures

ASSOCIATES

Sl. No.	Name of Associates	Alcon Cement Company Private Limited	Asian Concretes and Cements Private Limited
1	Latest audited Balance Sheet Date	December 31, 2020	December 31, 2020
	Shares of Associates held by the Company on the year end	4,08,001	81,00,000
	Amount of Investment in Associates (₹ Crore)	22.25	36.81
2	Extend of Holding (%)	40%	45%
3	Description of how there is significant influence	Note (b)	Note (b)
4	Reason why the associates is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	5.70	89.12
		5.73	80.52
6	Total comprehensive income for the year (₹ Crore)	0.73	19.11
		2.29	26.65
	i. Considered in consolidation (₹ Crore)	0.29	8.60
		0.92	11.99
	ii. Not considered in consolidation (₹ Crore)	0.44	10.51
		1.37	14.66

JOINT VENTURES

Sl. No.	Name of Joint Ventures	OneIndia BSC Private Limited	Aakaash Manufacturing Company Private Limited
1	Latest audited Balance Sheet date	December 31, 2020	December 31, 2020
	Shares of Joint Venture held by the Company on the year end	25,01,000	4,401
	Amount of Investment in Joint Venture (₹ Crore)	2.50	6.01
2	Extend of Holding (%)	50%	40%
3	Description of how there is significant influence	NA	NA
4	Reason why the joint venture is not consolidated	-	-
5	Net worth attributable to shareholding as per latest audited Balance Sheet (₹ Crore)	6.55	8.08
		7.19	7.44
6	Total comprehensive income for the year (₹ Crore)	(1.30)	1.61
		2.30	(0.72)
	i. Considered in consolidation (₹ Crore)	(0.65)	0.64
		1.15	(0.29)
	ii. Not considered in consolidation (₹ Crore)	(0.65)	0.97
		1.15	(0.43)

Notes: (a) *During the year, the Company divested 100% stake in its wholly-owned subsidiary company National Limestone Company Private Limited under a Share Purchase Agreement dated November 18, 2020.

(b) There is significant influence due to percentage (%) of equity Share capital.

(c) Figures in italics pertain to previous year.

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

N. S. SEKHSARIA Chairman DIN: 00276351	MARTIN KRIEGNER Director DIN: 00077715	DAMODARANNAIR SUNDARAM Director DIN: 00016304	NEERAJ AKHOURY Director DIN: 07419090
SRIDHAR BALAKRISHNAN Managing Director & CEO DIN: 08699523	YATIN MALHOTRA Chief Financial Officer	RAJIV CHOUBEY Company Secretary ACS: 13063	

Mumbai, February 11, 2021