**S.R. BATLIBOI & ASSOCIATES LLP**
Chartered Accountants

12th Floor
"UB City" Canberra Block
No. 24, Vittal Mallya Road
Bengaluru - 560 001, India
Tel : +91 80 6648 9000

# INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Cement Limited

## Report on the Audit of the Consolidated Financial Statements

### Opinion

We have audited the accompanying consolidated financial statements of Zuari Cement Limited (hereinafter referred to as "the Holding Company"), its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") comprising of the consolidated Balance sheet as at December 31 2019, the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013, as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at December 31, 2019, their consolidated profit and their consolidated cash flows for the year ended on that date.

### Basis for Opinion

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

### Other Information

The Holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether such other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the 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.

S.R. Batliboi & Associates LLP Bengaluru

**Responsibilities of Management for the Consolidated Financial Statements**

The Holding Company's Board of Directors is responsible for the preparation and presentation of these consolidated financial statements in terms of the requirements of the Act that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with the Companies (Indian Accounting Standard) Rules, 2015, as amended. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Board of Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the Companies included in the Group are responsible for assessing the ability of the Group 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 Group or to cease operations, or has no realistic alternative but to do so.

Those respective Board of Directors of the companies included in the Group are also responsible for overseeing the financial reporting process of the Group.

**Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal 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 Holding Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting

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Bengaluru

estimates and related disclosures made by Management.

- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group of which we are the independent auditors, to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

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

**Report on Other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidation of the financial statements have been kept so far as it appears from our examination of those books;

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the consolidated financial statements;

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standard) Rules, 2015, as amended;

(e) On the basis of the written representations received from the directors of the Holding Company as on December 31, 2019 taken on record by the Board of Directors of the Holding Company and the

S. R. Batliboi & Associates LLP Bengaluru reports of the statutory auditors who are appointed under Section 139 of the Act, of its subsidiary companies, none of the directors of the Group's companies, incorporated in India is disqualified as on December 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) With respect to the adequacy and the operating effectiveness of the internal financial controls over financial reporting with reference to these consolidated financial statements of the Holding Company and its subsidiary companies, incorporated in India, refer to our separate Report in "Annexure 1" to this report;

(g) In our opinion, the managerial remuneration for the year ended December 31, 2019 has been paid / provided by the Holding Company, its subsidiaries, incorporated in India to their directors in accordance with the provisions of Section 197 read with Schedule V to the Act;

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

i. The consolidated financial statements disclose the impact of pending litigations on its consolidated financial position of the Group, in its consolidated financial statements – Refer Note 32 (c) & (d) to the consolidated financial statements;

ii. The Group, did not have any material foreseeable losses in long-term contracts including derivative contracts during the year ended December 31, 2019;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, its subsidiaries, incorporated in India during the year ended December 31, 2019.

For **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

**per Sunil Gaggar**
Partner
Membership Number: 104315
UDIN: 20104315AAAABO4873
Place of Signature: Bengaluru
Date: June 25, 2020

**ANNEXURE 1**

**ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED IND AS FINANCIAL STATEMENTS OF ZUARI CEMENT LIMITED**

**Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated financial statements of Zuari Cement Limited as of and for the year ended December 31, 2019, we have audited the internal financial controls over financial reporting of Zuari Cement Limited (hereinafter referred to as the "Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

**Management's Responsibility for Internal Financial Controls**

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

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these consolidated financial statements 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") and the Standards on Auditing, both, issued by Institute of Chartered Accountants of India, and deemed to be prescribed under Section 143(10) of the Act, 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 with reference to these consolidated financial statements 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 over financial reporting with reference to these consolidated financial statements and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 internal financial controls over financial reporting with reference to these consolidated financial statements.

**Meaning of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements**

A Company's internal financial control over financial reporting with reference to these consolidated financial statements 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 with reference to these consolidated financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in

S. R. Batliboi & Associates LLP Bengaluru reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

**Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these Consolidated Financial Statements**

Because of the inherent limitations of internal financial controls over financial reporting with reference to these consolidated financial statements, 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 with reference to these consolidated financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these consolidated financial statements 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, the Holding Company, its subsidiary companies, which are companies incorporated in India, have, maintained in all material respects, adequate internal financial controls over financial reporting with reference to these consolidated financial statements and such internal financial controls over financial reporting with reference to these consolidated financial statements were operating effectively as at December 31,2019, based on [the internal control over financial reporting criteria established by the Holding 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 **S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sunil Gaggar**
Partner
Membership Number: 104315
UDIN: 20104315AAAABO4873
Place of Signature: Bengaluru
Date: June 25, 2020

S.R. Batliboi & Associates LLP
Bengaluru

**Zuari Cement Limited**
**Consolidated Balance sheet as at December 31, 2019**
(Presented in INR Lakhs except share data and EPS)

| | Notes | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 179,440.28 | 187,428.07 |
| Capital work-in-progress | 3 | 19,199.07 | 20,897.28 |
| Goodwill | 4 | 4,216.28 | 4,216.28 |
| Intangible assets | 4 | 428.52 | 526.37 |
| Financial assets | | | |
| Investments | 5 | 21.70 | 21.70 |
| Loans | 6 | 3,054.97 | 2,952.44 |
| Other financial assets | 7 | 3,861.96 | 6,401.21 |
| Other non-current assets | 8 | 36,888.30 | 36,552.64 |
| | | **247,111.08** | **258,995.99** |
| **Current assets** | | | |
| Inventories | 9 | 14,066.72 | 24,531.01 |
| Financial assets | | | |
| Trade receivables | 10 | 9,328.35 | 10,423.54 |
| Cash and cash equivalents | 11 | 32,557.95 | 21,831.53 |
| Other Bank Balances | 11 | 769.04 | 91.84 |
| Loans | 6 | 396.47 | 486.40 |
| Other financial assets | 7 | 189.91 | 152.70 |
| Other current assets | 8 | 3,607.69 | 5,847.03 |
| | | **60,916.13** | **63,364.05** |
| **Total assets** | | **308,027.21** | **322,360.04** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 12 | 27,496.14 | 27,496.14 |
| Other equity | | | |
| Equity attributable to owners of the Company | 13 | 118,527.47 | 118,143.25 |
| Non-controlling interests | 13 | 26,097.36 | 26,593.64 |
| | | **172,120.97** | **172,233.03** |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 14 | 58,246.12 | 61,833.78 |
| Provisions | 15 | 4,881.91 | 4,604.99 |
| Deferred tax liabilities (net) | 16 | 18,189.06 | 17,252.90 |
| Other non- current liabilities | 17 | 627.52 | 660.55 |
| | | **81,944.61** | **84,352.22** |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 18 | | |
| -Total outstanding dues of micro enterprises and small enterprises | | 30.24 | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | | 29,077.64 | 46,246.16 |
| Other financial liabilities | 19 | 16,312.22 | 13,464.65 |
| Provisions | 15 | 504.65 | 428.68 |
| Other current liabilities | 20 | 8,036.88 | 5,635.30 |
| | | **53,961.63** | **65,774.79** |
| **Total liabilities** | | **135,906.24** | **150,127.01** |
| **Total equity and liabilities** | | **308,027.21** | **322,360.04** |

**Summary of significant accounting policies**
The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sunil Gaggar**
Partner
Membership number: 104315

Place: Bengaluru
Date: June 25, 2020

S.R. Batliboi & Associates LLP Bengaluru

**For and on behalf of the Board of Directors of**
**Zuari Cement Limited**
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN: 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN: 03265246

Place: Gurugram
Date: June 25, 2020

**L.R.Neelakanta**
Company Secretary

Place: Bengaluru
Date: June 25, 2020

V.K. Chand

**Vimal Kumar Choudhary**
Chief financial officer

Place: Gurugram
Date: June 25, 2020

ZUARI CEMENT LIMITED CORPORATE OFFICE BANGALORE

**Zuari Cement Limited**
**Consolidated statement of profit and loss for the year ended December 31, 2019**
(Presented in INR Lakhs except share data and EPS)

| | Notes | For the Year ended December 31, 2019 | For the Year ended December 31, 2018 |
|---|---|---|---|
| **Income** | | | |
| Revenue from operations (gross) | 21 | 191,924.34 | 209,761.69 |
| Other income | 22 | 2,453.11 | 3,365.39 |
| **Total Income (I)** | | **194,377.45** | **213,127.08** |
| **Expenses** | | | |
| Cost of raw material and packing material consumed | 23 | 32,942.17 | 37,695.41 |
| Change in inventories of traded goods, finished goods and work-in-progress | 24 | 1,850.94 | (3,405.00) |
| Employee benefits expense | 25 | 8,422.65 | 8,221.96 |
| Finance costs | 26 | 6,062.60 | 6,238.03 |
| Depreciation and amortisation | 27 | 11,796.47 | 12,217.89 |
| Other expenses | 28 | 123,163.69 | 147,907.25 |
| **Total Expense (II)** | | **184,238.52** | **208,875.54** |
| **Profit before tax (I) - (II)** | | **10,138.93** | **4,251.54** |
| **Tax expense** | | | |
| Current tax | | 2,297.19 | 1,828.54 |
| Deferred tax charge | | 1,043.74 | (563.62) |
| Tax expenses earlier year | | 151.24 | - |
| **Total tax expense** | 16 | **3,492.17** | **1,264.92** |
| **Profit for the year** | | 6,646.76 | 2,986.62 |
| Profit/(Loss) attributable to non controlling interest (NCI) | | (496.28) | (565.27) |
| **Profit attributable to owners of the parent (III)** | | **7,143.04** | **3,551.89** |
| **Other comprehensive income/ (loss) (OCI)** | | | |
| Other comprehensive income/(loss) not to be reclassified to profit or loss in subsequent periods: | | | |
| Remeasurement gains/(losses) of net defined benefit plans | 33 | (198.61) | 150.78 |
| Income tax effect | 16 | 69.40 | (50.07) |
| **Other comprehensive income/(loss) for the year, net of tax (IV)** | | **(129.21)** | **100.71** |
| **Total comprehensive income/(loss) for the year, net of tax (III) + (IV)** | | **7,013.83** | **3,652.60** |
| **Earnings per share [nominal value of share INR 10 (December 31, 2018: INR 10)]** | 29 | | |
| Basic | | 2.60 | 1.29 |
| Diluted | | 2.60 | 1.29 |
| **Summary of significant accounting policies** | 2 | | |

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S. R. Batliboi & Associates LLP Bengaluru

**per Sunil Gaggar**
Partner
Membership number: 104315

Place: Bengaluru
Date: June 25, 2020

**For and on behalf of the Board of Directors of**
**Zuari Cement Limited**
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN: 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN: 03265246

Place: Gurugram
Date: June 25, 2020

**L.R.Neelakanta**
Company Secretary

Place: Bengaluru
Date: June 25, 2020

**Vimal Kumar Choudhary**
Chief financial officer

Place: Gurugram
Date: June 25, 2020

ZUARI CEMENT LIMITED CORPORATE OFFICE BANGALORE

**Zuari Cement Limited**
**Consolidated statement of changes in equity for the year ended December 31, 2019**
(Presented in INR Lakhs except share data and EPS)

**a. Equity Share Capital:**

| **Equity shares of INR 10 each issued, subscribed and fully paid** | Number | Amount |
|---|---|---|
| **At January 1, 2018** | 274,961,400 | 27,496.14 |
| Increase/(decrease) during the year | - | - |
| **At December 31, 2018** | 274,961,400 | 27,496.14 |
| Increase/(decrease) during the year | - | - |
| **At December 31, 2019** | 274,961,400 | 27,496.14 |

**b. Other equity:**

**For the year ended 31 December 2019**

| **Particulars** | **Attributable to the equity holders** | | | **Attributable to NCI (Note 13)** | **Total** |
|---|---|---|---|---|---|
| | **Securities premium account** | **Retained earnings** | **Items of OCI** | | |
| **At January 1, 2019** | 37,201.93 | 80,862.21 | 79.11 | 26,593.64 | 144,736.89 |
| Profit for the year | - | 7,143.04 | - | (496.28) | 6,646.76 |
| Dividend on equity and tax thereon (Note 13) | - | (6,629.61) | - | - | (6,629.61) |
| Other comprehensive loss (Note 13) | - | - | (129.21) | - | (129.21) |
| **At December 31, 2019** | 37,201.93 | 81,375.64 | (50.10) | 26,097.36 | 144,624.83 |

**For the year ended December 31, 2018**

| **Particulars** | **Attributable to the equity holders** | | | **Attributable to NCI (Note 13)** | **Total** |
|---|---|---|---|---|---|
| | **Securities premium account** | **Retained earnings** | **Items of OCI** | | |
| **At January 1, 2018** | 37,201.93 | 87,254.73 | (21.60) | 27,158.91 | 151,593.97 |
| Profit for the year | - | 3,551.89 | - | (565.27) | 2,986.62 |
| Dividend on equity and tax thereon (Note 13) | - | (9,944.41) | - | - | (9,944.41) |
| Other comprehensive income (Note 13) | - | - | 100.71 | - | 100.71 |
| **At December 31, 2018** | 37,201.93 | 80,862.21 | 79.11 | 26,593.64 | 144,736.89 |

**Summary of significant accounting policies** Note 2

The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

**per Sunil Gaggar**
Partner
Membership number: 104315

Place: Bengaluru
Date: June 25, 2020

S. R. Batliboi & Associates LLP
Bengaluru

**For and on behalf of the Board of Directors of Zuari Cement Limited**
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN: 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN: 03265246

Place: Gurugram
Date: June 25, 2020

**D.R.Neelakanta**
Company Secretary

Place: Bengaluru
Date: June 25, 2020

**Vimal Kumar Choudhary**
Chief financial officer

Place: Gurugram
Date: June 25, 2020

ZUARI CEMENT LIMITED
CORPORATE OFFICE
BANGALORE

**Zuari Cement Limited**
**Consolidated Cash flow statements for the year ended December 31, 2019**
(Presented in INR Lakhs except share data and EPS)

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Cash flow from operating activities** | | |
| **Profit before tax** | 10,138.93 | 4,251.54 |
| Adjustment to reconcile profit before tax to net cash flows | | |
| Depreciation and amortisation | 11,796.47 | 12,217.89 |
| Interest income | (695.14) | (617.61) |
| Interest expense | 5,988.79 | 6,145.79 |
| Loss on sale of property, plant and equipment net | 64.68 | 632.57 |
| Upfront processing fees amortization for term loan | 22.03 | - |
| Provision for bad and doubtful debts, net | 257.61 | 329.33 |
| Sundry balances written off | 235.21 | 911.48 |
| Unrealised foreign exchange differences (gain)/loss | 32.01 | 162.07 |
| Provision no longer required written back | (633.19) | (1,133.11) |
| **Operating profit before working capital changes** | **27,207.40** | **22,899.95** |
| Movements in working capital: | | |
| Increase / (decrease) in trade payables | (16,818.67) | 17,221.71 |
| Increase / (decrease) in long-term provisions | (111.11) | (1,048.96) |
| Increase / (decrease) in short-term provisions | 75.97 | (21.03) |
| Increase / (decrease) in other long-term liabilities | (33.03) | (33.02) |
| Increase / (decrease) in other financial liabilities | 2,133.87 | 1,285.16 |
| Increase / (decrease) in other short term liabilities | 2,679.99 | 1,222.71 |
| Decrease / (increase) in trade receivables | 791.37 | 716.43 |
| Decrease / (increase) in inventories | 10,464.29 | (8,938.30) |
| Decrease / (increase) in long-term loans | (102.53) | 1,096.65 |
| Decrease / (increase) in short-term loan | 89.93 | (1.34) |
| Decrease / (increase) in other financial assets | 1,654.12 | (2,527.25) |
| Decrease / (increase) in other non-current assets | 143.39 | (614.08) |
| Decrease / (increase) in other current assets | 2,050.34 | (2,316.32) |
| **Cash generated from operations** | **30,225.33** | **28,942.31** |
| Income taxes paid (net of refunds) | (2,574.19) | (2,062.02) |
| **Net cash flow from operating activities (A)** | **27,651.14** | **26,880.29** |
| | | |
| **Cash flows from investing activities** | | |
| Purchase of property,plant and equipment, including capital work-in-progress and capital advances | (2,271.23) | (5,041.18) |
| Proceeds from sale of property,plant and equipment | 8.24 | 7.92 |
| Purchase of non-current investments | - | (1,500.00) |
| Increase in bank deposits (having original maturity of more than twelve months) | (115.07) | (4.41) |
| Interest received | 980.93 | 474.28 |
| **Net cash flow used in investing activities (B)** | **(1,397.13)** | **(6,063.39)** |
| | | |
| **Cash flows from financing activities** | | |
| Repayment of long-term borrowings | (3,792.11) | (2,369.90) |
| Dividends paid on equity shares (including dividend distribution tax) | (6,629.61) | (9,944.41) |
| Interest paid | (5,105.87) | (5,314.60) |
| **Net cash flow used in financing activities (C)** | **(15,527.59)** | **(17,628.91)** |
| | | |
| **Net increase in cash and cash equivalents (A + B + C)** | 10,726.42 | 3,187.99 |
| Cash and cash equivalents at the beginning of the year | 21,831.53 | 18,643.54 |
| Cash and cash equivalents at the end of the year | **32,557.95** | **21,831.53** |

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**Zuari Cement Limited**
**Consolidated Cash flow statements for the year ended December 31, 2019**
(Presented in INR Lakhs except share data and EPS)

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Components of cash and cash equivalents** | | |
| Cash on hand | 1.58 | 2.02 |
| Balance with banks: | | |
| - On current accounts | 4,148.37 | 4,219.51 |
| - Deposits with original maturity of less than three months | 28,408.00 | 17,610.00 |
| Total cash and cash equivalents (note 11) | 32,557.95 | 21,831.53 |

**1. Changes in liabilities arising from financing activities:**

| Particulars | December 31, 2018 | Cash flows | Non Cash changes | December 31, 2019 |
|---|---|---|---|---|
| Non-Current Borrowing (including current maturities of Non-Current Borrowing) | 63,973.03 | (3,792.11) | 861.11 | 61,042.03 |
| | **December 31, 2017** | **Cash flows** | **Non Cash changes** | **December 31, 2018** |
| | 67,434.94 | (2,369.90) | (1,092.01) | 63,973.03 |

**Summary of significant accounting policies** **Note 2**
The accompanying notes are an integral part of the Consolidated financial statements.

As per our report of even date

**For S.R. Batliboi & Associates LLP**
Chartered Accountants
ICAI Firm Registration Number: 101049W/E300004

S.R. Batliboi & Associates LLP Bengaluru

**per Sunil Gaggar**
Partner
Membership number: 104315

Place: Bengaluru
Date: June 25, 2020

**For and on behalf of the Board of Directors of**
Zuari Cement Limited
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN: 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN: 03265246

Place: Gurugram
Date: June 25, 2020

**L.R.Neelakanta**
Company Secretary

Place: Bengaluru
Date: June 25, 2020

V.K. Choudhary

**Vimal Kumar Choudhary**
Chief financial officer

Place: Gurugram
Date: June 25, 2020

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*All amounts are in Rupees Lakhs, unless otherwise stated*

## 1. Corporate Information

Zuari Cement Limited (hereinafter referred to as "ZCL" or "the Company") and its subsidiaries (hereinafter collectively referred to as "the Group") are engaged in the manufacturing of Portland cement, generation and sale of electricity. The Company was a joint venture between Zuari Global Limited ('ZGL') and Ciments Français S.A. ('CF', part of the Italcementi Group) up to May 31, 2006. Pursuant to CF's acquisition of 50% stake held by ZGL, the Company became a wholly owned subsidiary of CF ('the Holding Company'), effective May 31, 2006. The Ultimate Holding Company upto June 30, 2016 was Italcementi S.p.A ('the Ultimate Holding Company').

HeidelbergCement AG has completed the acquisition of Italcementi S.p.A from Italmobiliare. Accordingly, HeidelbergCement AG has become the ultimate holding Company w.e.f. July 1, 2016.

On July 26, 2018, the Board of Directors of the Company had approved the Scheme of Amalgamation ('Scheme') between Sitapuram Power Limited ('SPL' or 'Transferor Company') and the Company, wherein, the Transferor Company is a wholly owned subsidiary of the Company. The Scheme was approved by National Company Law Tribunal, Hyderabad, and National Company Law Tribunal, Amravati, (together 'Tribunals'), vide their Orders dated March 19, 2020 and May 04, 2020, respectively. Pursuant to the approval of Scheme by the Tribunals, the entire business and undertaking comprising of all assets and liabilities of Transferor Company is transferred to the Company, on a going concern basis.

As the Company and the Transferor Company are companies under common control, the comparative financial information of the Company, is restated, as if the business combination had occurred from the beginning of the preceding period. Further, the assets and liabilities including reserves of the Transferor Company were recorded by the Company at their existing carrying values as on January 1, 2018.

### 1.1. Investment in subsidiaries

Following table indicates the list of subsidiaries, country of incorporation and proportion of shareholding:

| Name of the entities | Country of incorporation | Percentage of ownership interest | |
|---|---|---|---|
| ***Subsidiaries*** | | **December 31, 2019** | **December 31, 2018** |
| Gulbarga Cement Limited (GCL)* | India | 21.45% | 21.45% |

*The Company controls the composition of the Board of Directors of this subsidiary. The Company vide a letter dated March 23, 2015 received from Ciments Français S.A. and as per the Article of Association has right to appoint all Directors on the Board of the Company. Hence on account of control over composition of the Board, the Company is the holding company of Gulbarga Cement Limited under Section 2(87) of the Companies Act 2013 and Indian Accounting Standard (Ind AS) 110 - "Consolidated financial statements".

The Consolidated financial statements were authorized by the Board of Directors for issue in accordance with resolution passed on June 25, 2020.

## 2. Significant accounting policies

The Significant accounting policies applied by the Group in preparation of its consolidated financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these consolidated financial statements unless otherwise indicated.

### 2.1 Basis of preparation

These Consolidated financial statements have been prepared in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Companies Act, 2013 ("the Act''), read with the Companies (Indian Accounting Standard) Rules, 2015, as amended.

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The Consolidated financial statements have been prepared on historical cost basis except certain items which need to be stated at fair value as per Ind AS. The Consolidated financial statements are presented in Rupees Lakhs, except when otherwise indicated.

### 2.2 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at December 31, 2019. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- Power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
- Exposure, or rights, to variable returns from its involvement with the investee, and
- The ability to use its power over the investee to affect its returns

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

- The contractual arrangement with the other vote holders of the investee
- Rights arising from other contractual arrangements
- The Group's voting rights and potential voting rights
- The size of the group's holding of voting rights relative to the size and dispersion of the holdings of the other voting rights holders

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

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

The financial statements of all entities used for the purpose of consolidation are drawn up to same reporting date as that of the parent company, i.e., year ended on December 31. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial information of the subsidiary, unless it is impracticable to do so.

**Consolidation procedure:**

(a) Combine like items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognised in the consolidated financial statements at the acquisition date.

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

(c) Eliminate in full intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the group (profits or losses resulting from intragroup transactions that are

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recognised in assets, such as inventory and fixed assets, are eliminated in full). Intragroup losses may indicate an impairment that requires recognition in the consolidated financial statements. Ind AS12 Income Taxes applies to temporary differences that arise from the elimination of profits and losses resulting from intragroup transactions.

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

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:
(a) Derecognises the assets (including goodwill) and liabilities of the subsidiary
(b) Derecognises the carrying amount of any non-controlling interests
(c) Derecognises the cumulative translation differences recorded in equity
(d) Recognises the fair value of the consideration received
(e) Recognises the fair value of any investment retained
(f) Recognises any surplus or deficit in profit or loss
(g) Reclassifies the parent's share of components previously recognised in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

## 2.3 Summary of significant accounting policies

### a. Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree at fair value or at the proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their acquisition date fair values. For this purpose, the liabilities assumed include contingent liabilities representing present obligation and they are measured at their acquisition fair values irrespective of the fact that outflow of resources embodying economic benefits is not probable. However, the following assets and liabilities acquired in a business combination are measured at the basis indicated below:
(a) Deferred tax assets or liabilities, and the assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Tax and Ind AS 19 Employee Benefits respectively.
(b) Liabilities or equity instruments related to share based payment arrangements of the acquiree or share – based payments arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with Ind AS 102 Share-based Payments at the acquisition date.
(c) Assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that standard.
(d) Reacquired rights are measured at a value determined on the basis of the remaining contractual term of the related contract. Such valuation does not consider potential renewal of the reacquired right.

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

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If the business combination is achieved in stages, any previously held equity interest is re-measured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss or OCI, as appropriate.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of Ind AS 109 Financial Instruments, is measured at fair value with changes in fair value recognised in profit or loss. If the contingent consideration is not within the scope of Ind AS 109, it is measured in accordance with the appropriate Ind AS. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and subsequent its settlement is accounted for within equity.

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

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

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

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

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

**Business combination of entities under common control**

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

The assets and liabilities of the combining entities are reflected at their carrying amounts.
No adjustments are made to reflect fair values, or recognise any new assets or liabilities. Adjustments are only made to harmonise accounting policies.
The financial information in the financial statements in respect of prior periods is restated as if the business combination had occurred from the beginning of the preceding period in the financial statements, irrespective of

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the actual date of the combination, however, where the business combination had occurred after that date, the prior period information is restated only from that date.
The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee or is adjusted against general reserve.
The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.
The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to goodwill in accordance with Ind AS Transition Facilitation Group (ITFG) clarification Bulletin 9.

As provided in the Scheme, the assets and liabilities including reserves of Transferor Companies as on the Appointed Date were recorded by the Company at their existing carrying values and the amalgamation was accounted for in accordance with Indian Accounting Standard ( Ind AS) 103, 'Business Combinations of entities under Common Control - Appendix C' under Pooling of Interest method for the year 2019 as notified under section 133 of the Companies Act, 2013 and as per ITFG-9.

**b. Current versus non-current classification**

The Group presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Group classifies all other liabilities as non-current.

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

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Group has identified twelve months as its operating cycle.

**c. Foreign currencies**

The Group's consolidated financial statements are presented in INR, which is also the parent company's functional currency.

**Transaction and balances**

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition.

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Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Exchange differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

**d. Fair Value Measurement**

The Group measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Consolidated 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:

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities

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

- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Consolidated financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

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**e. 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 is recognized 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 recognized 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.

**Sale of electricity**

Sale of energy is recognized on accrual basis in accordance with the relevant agreements. Revenue in excess of billing, if any, is disclosed as unbilled revenue.

**Contract Balances**

**Trade receivables**

A trade receivable is recognized 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.20. Contract liabilities are recognized as revenue when the company performs under the contract.

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

**f. Taxes**

*Current income tax*

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

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Current income tax relating to items recognised outside profit or loss is recognised outside profit or loss (either in other comprehensive income or in equity). Current tax items are 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.

*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.

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 to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at 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 profit or 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 deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Deferred tax assets include Minimum Alternate Tax ('MAT') paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

**g. Property, plant and equipment ('PPE')**

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long-term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Group depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

The Group identifies and determines cost of each component/part of the asset separately, if the component/part has a cost which is significant to the total cost of the asset having useful life that is materially different from that of the remaining asset. These identified components are depreciated over their useful lives; the remaining asset is depreciated over the life of the principal asset.

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Depreciation is calculated on a straight-line basis over the estimated useful lives of the asset as follows:

| Asset category | Useful lives estimated by the management (years) |
|---|---|
| Buildings | 10-60 |
| Plant and machinery | 2-50 |
| Railway sidings | 15 |
| Furniture and fittings | 1.5-10 |
| Motor vehicles | 8-10 |
| Office equipment | 3 – 25 |
| Computer hardware | 3 – 6 |

Further, the management has estimated the useful lives of asset individually costing INR 5,000 or less to be less than one year, which is lower than those indicated in schedule II. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the asset are likely to be used.

Cost of mineral reserve embedded in the cost of freehold mining land is depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of extractable mineral reserves. Freehold non mining land is not depreciated.

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 income statement when the asset is derecognised.

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

Cost of assets not ready for their intended use at the balance sheet date are disclosed under capital work-in-progress.

**h. Intangible Assets**

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any.

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

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least 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 carrying value of another asset.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Costs incurred on acquisition of intangible assets are capitalized and amortized on a straight-line basis over useful lives, as mentioned below:

| Asset category | Useful lives estimated by the management (years) |
|---|---|
| Computer Software | 5 |

Mining license is amortized over the period of lease.

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### i. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. 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. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

### j. Government grants and subsidies

Government grants are recognised where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. When the grant relates to an asset, it is recognised as income in equal amounts over the expected useful life of the related asset.

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

Government grants in the nature of Sale tax incentive are recognised in the Statement of Profit and Loss in the period in which they become receivable.

### k. Inventories

Raw materials, packing materials, coal and fuel, stores and spares are valued at lower of cost and net realizable 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 of raw materials, packing materials, coal and fuel, stores and spares is determined on a weighted average basis and includes cost incurred in bringing the material to its present location and condition. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

Work-in-progress and finished goods are valued at lower of cost and net realizable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty. Cost is determined on a weighted average basis.

Traded goods are valued at lower of cost and net realizable value. 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.

Net realizable 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.

### l. Leases

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 fulfilment 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.

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*Group as a Lessee*

A lease is classified at the inception date as a finance lease or an operating lease. 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 recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

*Group as a lessor*

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Rental income from an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

**m. Impairment of non-financial assets**

The Group assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

Impairment losses of continuing operations, including impairment on inventories, are recognised in the statement of profit and loss.

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the Group estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in the statement of profit or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

Goodwill is tested for impairment annually as at 31 December and when circumstances indicate that the carrying value may be impaired.

**n. Provisions**

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of the past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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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.

*Provision for mine reclamation expenses*

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

Site restoration expenses are incurred on an ongoing basis and until the closure of the mine. The actual expenses may vary based on the nature of reclamation and the estimate of reclamation expenses.

**o. Retirement and other employee benefits**

Retirement benefit in the form of provident fund is a defined contribution scheme. If the contribution payable to the scheme for service received before the balance sheet date exceeds the contribution already paid, the deficit payable to the scheme is recognized as a liability after deducting the contribution already paid. If the contribution already paid exceeds the contribution due for services received before the balance sheet date, then excess is recognized as an asset to the extent that the pre-payment will lead to, for example, a reduction in future payment or a cash refund.

Superannuation Fund (being administered by Trusts) and Employees' State Insurance Corporation (ESIC) are defined contribution schemes and the contributions are charged to the statement of profit and loss for the period when the contributions to the respective funds are due.

The Group operates a defined benefit gratuity plan in India, which requires contributions to be made to a separately administered fund. The cost of providing benefits under the defined benefit plan is determined using the projected unit credit method.

Remeasurements, 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. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:
- The date of the plan amendment or curtailment, and
- The date that the Group recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Group recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:
- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date. The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Group presents the entire leave as a current liability in the balance sheet, since it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

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**p. Financial instruments**

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

Financial Assets

*Initial recognition and measurement*

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 market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

*Subsequent measurement*

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

- Debt instruments at amortised cost
- Debt instruments at fair value through other comprehensive income (FVTOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVTPL)
- Equity instruments measured at fair value through other comprehensive income (FVTOCI)

*Debt instruments at amortised cost*

A 'debt instrument' 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.

This category is the most relevant to the Group. 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 profit or loss. The losses arising from impairment are recognised in the profit or loss. This category generally applies to trade and other receivables.

*Debt instrument at FVTOCI*

A 'debt instrument' is classified as at the FVTOCI 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 SPPI.

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

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*Debt instrument at FVTPL*

FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVTOCI, is classified as at FVTPL.

In addition, the Group may elect to designate a debt instrument, which otherwise meets amortized cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch'). The Group has not designated any debt instrument as at FVTPL.

Debt instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

*Equity investments*

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the Group may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Group makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

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

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the P&L.

*Derecognition*

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 Group's balance sheet) when:

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

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

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

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

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a. Financial assets that are debt instruments, and are measured at amortised cost e.g., loans, debt securities, deposits, trade receivables and bank balance

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

➢ Trade receivables or contract revenue receivables; and

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

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

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

ECL is the difference between all contractual cash flows that are due to the group in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

➢ All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument

➢ Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the P&L. The balance sheet presentation for various financial instruments is described below:

➢Financial assets measured as at amortised cost, contractual revenue receivables and lease receivables: ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

➢Loan commitments and financial guarantee contracts: ECL is presented as a provision in the balance sheet, i.e. as a liability. Debt instruments measured at FVTOCI: For debt instruments measured at FVOCI, the expected credit losses do not reduce the carrying amount in the balance sheet, which remains at fair value. Instead, an amount equal to the allowance that would arise if the asset was measured at amortised cost is recognised in other comprehensive income as the 'accumulated impairment amount"

For assessing increase in credit risk and impairment loss, the Company combines financial instruments on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increases in credit risk to be identified on a timely basis.

The Company does not have any purchased or originated credit-impaired (POCI) financial assets, i.e., financial assets which are credit impaired on purchase/ origination.

Financial Liabilities

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*Initial recognition and measurement*

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

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.

The Group's financial liabilities include trade and other payables, loans and borrowings.

*Subsequent measurement*

The measurement of financial liabilities depends on their classification, as described below:

*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. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

Gains or losses on liabilities held for trading are recognised in the profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. For liabilities designated as FVTPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to P&L. However, the Group may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss. The Group has not designated any financial liability as at fair value through profit and loss.

*Loans and borrowings*

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or 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.

This category generally applies to borrowings. For more information refer Note 13.

*Derecognition*

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

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*Offsetting of financial instruments*

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

**q. Cash and cash equivalents**

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

For the purpose of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management. Deposits with initial maturity greater than 3 months are considered as cash and cash equivalents if the deposits can be converted to cash without significant penalty on principle.

**r. Segment reporting**

The Group is primarily engaged in the manufacturing of cement and hence entire operation represents a single primary segment. The Group operates within India only and hence geographical segment is not applicable to the Group.

**s. Contingent liabilities**

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 beyond the control of the Group or a present obligation that is not recognized 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 recognized because it cannot be measured reliably. The Group does not recognize a contingent liability but discloses its existence in the Consolidated financial statements.

**t. Cash dividend and non-cash distribution to equity holders of the parent**

The Company recognises a liability to make cash or non-cash distributions to equity holders of the parent when the distribution is authorised and the distribution is no longer at the discretion of the Company. As per the corporate laws in India, a distribution is authorised when it is approved by the shareholders. A corresponding amount is recognised directly in equity.

Non-cash distributions are measured at the fair value of the assets to be distributed with fair value re-measurement recognised directly in equity.

Upon distribution of non-cash assets, any difference between the carrying amount of the liability and the carrying amount of the assets distributed is recognised in the statement of profit and loss.

**u. Earnings per share**

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

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**3. Property, plant and equipment**

| | Freehold non mining land** | Freehold mining land# | Buildings | Plant and machinery | Railway sidings | Furniture and fittings | Motor vehicles | Office equipment | Computer hardware | Total | Capital work in progress |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | | |
| **At January 1, 2018** | 6,678.78 | 6,773.25 | 56,736.92 | 127,526.87 | 23,654.59 | 602.01 | 451.81 | 388.08 | 512.81 | **223,325.12** | **20,414.86** |
| Additions | 20.25 | - | 1,721.73 | 1,863.99 | - | 53.80 | - | 15.61 | 19.87 | **3,695.25** | 4,177.67 |
| Disposals | - | - | (613.98) | (76.84) | - | (0.52) | (15.14) | (3.74) | (0.15) | **(710.37)** | (3,695.25) |
| **At December 31, 2018** | **6,699.03** | **6,773.25** | **57,844.67** | **129,314.02** | **23,654.59** | **655.29** | **436.67** | **399.95** | **532.53** | **226,310.00** | **20,897.28** |
| Additions/Adjustments | 634.46 | - | 491.20 | 2,542.12 | - | 15.76 | 2.75 | 99.98 | - | **3,786.27** | 2,088.06 |
| Disposals | - | - | - | (59.39) | - | (6.18) | (77.59) | (57.04) | (40.42) | **(240.62)** | (3,786.27) |
| **At December 31, 2019** | **7,333.49** | **6,773.25** | **58,335.87** | **131,796.75** | **23,654.59** | **664.87** | **361.83** | **442.89** | **492.11** | **229,855.65** | **19,199.07** |
| **Depreciation** | | | | | | | | | | | |
| **At January 1, 2018** | - | 230.73 | 4,565.70 | 18,341.54 | 2,946.10 | 282.37 | 172.49 | 121.79 | 254.14 | **26,914.86** | - |
| Charge for the year | - | 2.77 | 2,494.41 | 7,500.78 | 1,726.25 | 94.26 | 68.56 | 73.48 | 76.44 | **12,036.95** | - |
| Disposals | - | - | (49.24) | (10.25) | - | (0.38) | (6.54) | (3.36) | (0.11) | **(69.88)** | - |
| **At December 31, 2018** | - | **233.50** | **7,010.87** | **25,832.07** | **4,672.35** | **376.25** | **234.51** | **191.91** | **330.47** | **38,881.93** | - |
| Charge for the year | - | 2.77 | 2,500.17 | 7,215.79 | 1,720.11 | 71.16 | 52.23 | 65.65 | 71.00 | **11,698.88** | - |
| Disposals/adjustment | - | - | 0.09 | (34.92) | - | (4.01) | (46.35) | (46.92) | (33.33) | **(165.44)** | - |
| **At December 31, 2019** | - | **236.27** | **9,511.13** | **33,012.94** | **6,392.46** | **443.40** | **240.39** | **210.64** | **368.14** | **50,415.37** | - |
| **Net Block** | | | | | | | | | | | |
| **At December 31, 2018** | **6,699.03** | **6,539.75** | **50,833.80** | **103,481.95** | **18,982.24** | **279.04** | **202.16** | **208.04** | **202.06** | **187,428.07** | **20,897.28** |
| **At December 31, 2019** | **7,333.49** | **6,536.98** | **48,824.74** | **98,783.81** | **17,262.13** | **221.47** | **121.44** | **232.25** | **123.97** | **179,440.28** | **19,199.07** |

**Freehold land includes INR 516.21 lakhs (December 31, 2018: INR 516.21 lakhs) in respect of land at Yerraguntala of which conveyance documents have been submitted to the Registering Authority for registration. Pursuant to the scheme of arrangement between Zuari Global Limited (formerly "Zuari Industries Limited") and the Company, sanctioned by the Honourable High Court of Bombay on January 12, 2001, the cement undertaking of Zuari Global Limited stood vested in the Company with effect from April 1, 2000. The Company is taking necessary steps for securing the title deeds in respect of land at Yerraguntala in its name.

# Cost of mineral reserve embedded in the cost of freehold mining land has been depreciated in proportion of actual quantity of minerals extracted to the estimated quantity of mineral reserve.

## The Company has leased out railway sidings under non cancellable lease. Refer note 32(b)(ii) for the same.

*** Capital Work-in-progress includes amount paid for the purchase of land at Chennai of INR 671.43 Lakhs (December 31, 2018: NIL). The Company is under the process of swapping the Tamil Nadu Govt Lands existing at our Chennai Grinding unit, wherein, the Company would obtain the ownership of the existing leasehold land at Chennai, by surrendering the aforesaid land purchased. The Company has obtained the title deeds for the aforesaid land purchased and is completing the process for swapping the land with the Government authorities.

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**Zuari Cement Limited**
**Notes to consolidated financial statements for the year ended December 31, 2019**
**(Presented in INR Lakhs except share data and EPS)**

**4. Intangible assets**

| | Goodwill* | Computer software | Mining license@ | Total | Capital work in progress |
|---|---|---|---|---|---|
| **Cost or valuation** | | | | | |
| **At January 1, 2018** | 4,216.28 | 633.54 | 608.68 | **5,458.50** | - |
| Additions/Adjustments | - | 1.81 | - | **1.81** | 1.81 |
| Disposals | - | (0.01) | - | **(0.01)** | (1.81) |
| **At December 31, 2018** | **4,216.28** | **635.34** | **608.68** | **5,460.30** | - |
| Additions | - | - | - | - | - |
| Disposals/Adjustments | - | (0.45) | - | **(0.45)** | - |
| **At December 31, 2019** | **4,216.28** | **634.89** | **608.68** | **5,459.85** | **-** |
| **Amortisation/ Impairment** | | | | | |
| **At January 1, 2018** | - | 420.78 | 115.94 | **536.72** | - |
| Charge for the year | - | 122.97 | 57.97 | **180.94** | - |
| Disposals | - | (0.01) | - | **(0.01)** | - |
| **At December 31, 2018** | - | **543.74** | **173.91** | **717.65** | - |
| Charge for the year | - | 39.62 | 57.97 | **97.59** | - |
| Disposals/adjustment | - | (0.19) | - | **(0.19)** | - |
| **At December 31, 2019** | - | **583.17** | **231.88** | **815.05** | - |
| **Net Block** | | | | | |
| **At December 31, 2018** | **4,216.28** | **91.60** | **434.77** | **4,742.65** | - |
| **At December 31, 2019** | **4,216.28** | **51.72** | **376.80** | **4,644.80** | - |

@ Gulbarga Cement Limited had purchased mining license from Chambal Fertilisers and Chemicals Limited and the same is valid till October 4, 2027. Hence, the company is depreciating the same over the period of license.

** Include Goodwill of INR 2,300 Lakhs pertaining to the standalone financials of the Company. Consequent to the merger of Sitapuram Power Limited (SPL) with the Company, the assets, liabilities and reserves pertaining to SPL, as appearing in the consolidated financial statements of the Company, immediately before the merger, are recognized at their carrying values. Accordingly, Goodwill appearing in the consolidated financial statement of the Company is recognized at it's carrying value.

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### 5. Non-current investments

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Others investment** | | |
| **Unquoted equity instruments** | | |
| A. 22,460 (December 31, 2018: 22,460) equity shares of INR. 10/- each fully paid up of Vena Energy (Energon) Power Resources Private Limited. [refer note (i)] | 2.32 | 2.32 |
| B. 44,962 (December 31, 2018: 44,962) equity shares of INR. 10/- each fully paid up of Echanda Urja Private Limited. [refer note (ii)] | 4.50 | 4.50 |
| | **6.82** | **6.82** |
| **Unquoted preference shares** | | |
| A. 14,419 (December 31, 2018: 14,419) cumulative compulsorily convertible non-participative preference shares of INR. 100/- each fully paid up in Vena Energy (Energon) Power Resources Private Limited (i)] | 14.88 | 14.88 |
| | **14.88** | **14.88** |
| **Aggregate value of other investments (Unquoted shares)** | **21.70** | **21.70** |

**(i). Investments in Vena Energy (Energon) Power Resources Private Limited (formerly known as Energon Power Resources Private Limited)**

During the year ended December 31, 2014, the Company, had executed a Share Subscription and Shareholders Agreement (SSHA) dated June 2, 2014 with Energon Power Resources Private Limited ("EPRPL") and Energon Renewables Private Limited. Pursuant to the terms of SSHA, the Company has invested a sum of INR 2.32 Lakhs to acquire 2.89% equity stake and INR 14.88 Lakhs to acquire 2.89% cumulative compulsorily convertible non-participative preference shares in ERPL in the year 2014. This will provide an entitlement of 6 MW dedicated wind energy capacity in EPRPL for the Company.

**(ii). Investment in Echanda Urja Private Limited**

During the year ended December 31, 2016, the Company, had executed a Shareholders Agreement (SHA) dated April 26, 2016 with Echanda Urja Private Limited ("EUPL") and NuPower Renewables Private Limited for the procurement of wind energy upto 10 MKWh. During the year ended December 31, 2017, Company made a further investment of INR 1.10 lakhs in EUPL for the supply of wind energy upto 16.2 MKWh.

### 6. Loans

| | Non-current | | Current | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| **Security deposit** | | | | |
| Unsecured, considered good | 3,054.97 | 2,952.44 | 396.47 | 486.40 |
| | **3,054.97** | **2,952.44** | **396.47** | **486.40** |

### 7. Other financial assets

| | Non-current | | Current | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| **Unsecured, considered good** | | | | |
| Interest accrued on fixed deposits | - | 323.00 | 102.58 | 65.96 |
| Interest accrued on other deposits | - | - | 87.33 | 86.74 |
| VAT/GST Incentive receivables | 3,861.40 | 5,515.52 | - | - |
| Non-current bank balances (refer note 11) | 0.56 | 562.69 | - | - |
| | **3,861.96** | **6,401.21** | **189.91** | **152.70** |

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| **8. Other assets** | **Non-current** | | **Current** | |
|---|---|---|---|---|
| | **December 31, 2019** | **December 31, 2018** | **December 31, 2019** | **December 31, 2018** |
| **Capital advances** | | | | |
| Unsecured, considered good# | 24,849.50 | 24,649.29 | - | - |
| | **24,849.50** | **24,649.29** | - | - |
| **Other- unsecured, considered good** | | | | |
| Advance income tax, net of provision for tax | 1,145.97 | 868.97 | - | - |
| Balance with government authorities | 998.82 | 1,285.97 | 1,729.63 | 3,011.39 |
| Amount paid under protest | 5,427.63 | 5,454.23 | - | - |
| Employee advances | - | - | 39.82 | 1.75 |
| Advance to suppliers | - | - | 1,022.91 | 1,297.00 |
| Prepaid gratuity fund (refer note 33) | - | - | - | 211.38 |
| Prepaid expenses@ | 4,077.73 | 4,294.18 | 814.58 | 414.00 |
| Other receivables* | 717.98 | - | 0.75 | 1,240.84 |
| Less: Provision for doubtful receivable | (329.33) | - | - | (329.33) |
| | **12,038.80** | **11,903.35** | **3,607.69** | **5,847.03** |
| | **36,888.30** | **36,552.64** | **3,607.69** | **5,847.03** |

#Capital advances includes INR 24,570.28 lakhs (December 31, 2018: INR 24,539.28 lakhs) paid to Karnataka Industrial Area Development Board (KIADB) towards the acquisition of land for its cement plant. Out of 1,821 acres of land, there was court cases filed by farmers questioning the acquisition for 92 acres, however, court has disposed the cases on 83 acres of land. Lease deed will be executed after clearance of pending court case on 9 acres of land filed by farmers. Further it includes INR 150 lakhs (December 31, 2018: INR 110 lakhs) paid to Axis Rail India Ltd (formerly known as KVR Rail Infra Projects Pvt. Ltd) towards liaisioning for acquisition of land for railway sidings.

@ includes non-refundable premium paid to Cochin Port Trust for allotment of 2.40 hectares of land for a period of thirty years effective from September 24, 2013 amounting to INR 3,801.47 lakhs (December 31, 2018: INR 3,968.47 lakhs) under non-current and INR 164.96 lakhs (December 31, 2018: INR 164.96 lakhs) under current prepaid expenses.

* Other advances paid to farmers towards acquisition of land for its cement plant. Out of the total amount, INR 299.33 lakhs were directly paid to farmers and were not facilitated by Karnataka Industrial Area Development Board (KIADB) and has been considered doubtful and hence the Company has created a provision in the books for the same. And for the remaining amount, the KIADB is in the process of collecting the money from the farmers and remitting the same back to the Company.

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**9. Inventories (valued at lower of cost and net realizable value)**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Raw materials (includes in transit INR 18.06 lakhs) (December 31, 2018: Nil) | 1,192.54 | 2,166.09 |
| Work-in-progress | 3,091.75 | 4,240.64 |
| Finished goods | 1,447.45 | 2,149.50 |
| Cosumable stores and spares (includes in transit INR 1,616.95 lakhs) (December 31, 2018: INR 1,954.47 lakhs) | 8,334.98 | 15,974.78 |
| | 14,066.72 | 24,531.01 |

Inventory of INR 975.88 lakhs (31 December 2018: INR 841.19 lakhs) for the Transferor Company is subject to security restrictions (refer note 14). Refer note 2- Corporate Information for the definition of Transferor Company.

**10. Trade receivables**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Trade Receivables | 8,791.61 | 8,704.06 |
| Receivables from other related parties* | 536.74 | 1,719.48 |
| **Total Trade Receivables** | **9,328.35** | **10,423.54** |
| **Break-up for trade receivable:** | | |
| Secured, considered good | 2,446.22 | 654.15 |
| Unsecured, considered good | 6,882.13 | 9,769.39 |
| Trade receivables which have significant increase in credit risk | - | - |
| Trade receivables - credit impaired | 577.32 | 319.71 |
| | **9,905.67** | **10,743.25** |
| **Impairment Allowance (allowance for bad and doubtful debts)** | | |
| Trade receivables - credit impaired | (577.32) | (319.71) |
| | 9,328.35 | 10,423.54 |

*Include dues from companies where directors are interested (refer note 31).

**11. Cash and cash equivalents**

| | Non-current | | Current | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| **Cash and cash equivalents:** | | | | |
| Cash on hand | - | - | 1.58 | 2.02 |
| Balance with banks: | | | | |
| - On current accounts | - | - | 4,148.37 | 4,219.51 |
| - Deposits with original maturity of less than three months | - | - | 28,408.00 | 17,610.00 |
| | - | - | **32,557.95** | **21,831.53** |
| **Other bank balances** | | | | |
| Deposits with remaining maturity for more than twelve months | 0.56 | 562.69 | - | - |
| Deposits with remaining maturity for less than 12 months | - | - | 769.04 | 91.84 |
| | **0.56** | **562.69** | **769.04** | **91.84** |
| Amount disclosed under non-current financial assets (note 7) | (0.56) | (562.69) | - | - |
| | - | - | 769.04 | 91.84 |

Cash at banks earns interest at floating rates based on daily bank deposit rates. Short term deposits made for varying periods of upto 3 months, depending on the immediate cash requirement of the Company, and earn interest at the respective short-term deposit rates.

**For the purpose of the statement of cash flows, cash and cash equivalents comprise the following:**

| | Current | |
|---|---|---|
| | December 31, 2019 | December 31, 2018 |
| **Cash and cash equivalents:** | | |
| Cash on hand | 1.58 | 2.02 |
| Balance with banks: | | |
| - On current accounts | 4,148.37 | 4,219.51 |
| - Deposits with original maturity of less than three months | 28,408.00 | 17,610.00 |
| | 32,557.95 | 21,831.53 |

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| **12. Share capital** | **Equity Shares** | | **Preference Shares** | |
|---|---|---|---|---|
| | **Number** | **Amount** | **Number** | **Amount** |
| **Authorized share capital*** | | | | |
| **At January 1, 2018** | 348,000,000 | 34,800.00 | 140,000,000 | 14,000.00 |
| Increase/(decrease) during the year | - | - | - | - |
| **At December 31, 2018** | 348,000,000 | 34,800.00 | 140,000,000 | 14,000.00 |
| Increase/(decrease) during the year | - | - | - | - |
| **At December 31, 2019** | 348,000,000 | 34,800.00 | 140,000,000 | 14,000.00 |

* Includes the authorized share capital of Transferor company amounting to INR 4,800 Lakhs divided into 48,000,000 equity shares of INR10/- share which has been transferred to the Company pursuant to the Scheme.

**Terms/ rights attached to equity shares and preference shares**

The Company has only one class of equity shares having par value of INR 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 shareholders.

**Issued equity capital**

| Equity shares of INR 10 each issued, subscribed and fully | **Number** | **Amount** |
|---|---|---|
| At January 1, 2018 | 274,961,400 | 27,496.14 |
| Increase/(decrease) during the year | - | - |
| At December 31, 2018 | 274,961,400 | 27,496.14 |
| Increase/(decrease) during the year | - | - |
| **At December 31, 2019** | **274,961,400** | **27,496.14** |

**(a) Shares held by holding/ ultimate holding Company and/ or their subsidiaries/ associates is given below**

Out of the equity shares issued by the Company, shares held by its holding Company, ultimate holding Company and their subsidiaries/ associates are as below:

| | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| Ciments Français S.A, the Holding Company | 266,461,350 | 266,461,350 |
| Compagine Pour l'Investment Financier En Inde | 8,500,000 | 8,500,000 |
| Investcim S.A.S | 10 | 10 |
| Sax S.A.S | 10 | 10 |
| Cafipar S.A.S | 10 | 10 |
| Tercim S.A.S | 10 | 10 |
| Menaf S.A.S | 10 | 10 |

**(b) Details of shareholders holding more than 5% shares in the Company**

| Equity shares of INR 10/- each fully paid | **December 31, 2019** | | **December 31, 2018** | |
|---|---|---|---|---|
| | **Number** | **Amount** | **Number** | **Amount** |
| Name of the shareholder | | | | |
| **Ciments Français S.A, the Holding Company** | 266,461,350 | 96.91% | 266,461,350 | 96.91% |

The Company has neither issued any bonus shares nor bought back any shares from the date of incorporation of the Company.

The Company has not reserved any shares for issue under options and contracts/commitments for sale of shares/disinvestment.

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(Presented in INR Lakhs except share data and EPS)

**13. Other equity**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **A) Retained earnings** | | |
| At the commencement of the year | 80,862.21 | 87,254.73 |
| Add: Profit for the year | 7,143.04 | 3,551.89 |
| Less: Appropriations | | |
| Dividend on equity shares (refer note 36) | (5,499.23) | (8,248.84) |
| Tax on equity dividend (refer note 36) | (1,130.38) | (1,695.57) |
| **Closing balance (A)** | **81,375.64** | **80,862.21** |
| **B) Remeasurement gain/ (losses) of net defined benefit plans, net of tax** | | |
| At the commencement of the year | 79.11 | (21.60) |
| Additions during the year | (129.21) | 100.71 |
| **Closing balance (B)** | **(50.10)** | **79.11** |
| Securities premium account | 37,201.93 | 37,201.93 |
| **Closing balance (C)** | **37,201.93** | **37,201.93** |
| **Equity attributable to owners of the Company (A+B+C)** | **118,527.47** | **118,143.25** |
| **Non Controlling Interest (D)** | **26,097.36** | **26,593.64** |
| **Total (A+B+C+D)** | **144,624.83** | **144,736.89** |

**Nature and purpose of reserves:**

**a) Securities premium**
Securities premium is used to record the premium on issue of shares. The reserve can be utilised only for limited purposes in accordance with the provisions of section 52 of the Companies Act, 2013.

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**14. Borrowings**

| | Non-current | | Current | |
|---|---|---|---|---|
| | **December 31, 2019** | **December 31, 2018** | **December 31, 2019** | **December 31, 2018** |
| **From related parties** (unsecured) | | | | |
| -Rupee denominated bonds ("masala bond") (refer note (i)) | 50,000.00 | 50,000.00 | - | - |
| **Term loans** | | | | |
| **From Bank** | | | | |
| - Secured bank loan (refer note (ii)) | - | 3,505.99 | 1,875.15 | 1,100.00 |
| **(A)** | **50,000.00** | **53,505.99** | **1,875.15** | **1,100.00** |
| **Other loans and advances** (secured) | | | | |
| Deferred payment liability | | | | |
| - Sales tax deferral loan (refer note (iii)) | 8,246.12 | 8,327.79 | 920.76 | 1,039.25 |
| **(B)** | **8,246.12** | **8,327.79** | **920.76** | **1,039.25** |
| **The above amount includes** | | | | |
| Secured borrowings | 8,246.12 | 11,833.78 | 2,795.91 | 2,139.25 |
| Unsecured borrowings | 50,000.00 | 50,000.00 | - | - |
| current maturities of long term borrowings disclosed under the head "other financial liabilities" (note 19) | - | - | (2,795.91) | (2,139.25) |
| | **58,246.12** | **61,833.78** | **-** | **-** |

**Details of repayment terms, interest and maturity**

(i) Rupee denominated bonds ("masala bond") issued to HeidelbergCement AG, with a total outstanding balance of INR 50,000 lakhs. The interest is payable semi-annually at the rate of 8.70% per annum. Bonds are redeemable at par in two tranches of INR 25,000 lakhs each at the end of 4th and 5th year from the date of allotment of 16 January, 2017.

(ii) The long term rupee loan is repayable in quarterly installments with the last installment payable by March 2023. The loans carry an interest rate of 10.55%. These are secured by the first charge on all immovable and movable properties including current assets, both present and future of the Transferor Company. Refer note 2-Corporate Information for the definition of Transferor Company.

(iii) To promote the industries in backward area (i.e. at Yerraguntla, Andhra Pradesh), Government of Andhra Pradesh, announced an interest free sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Government of Andhra Pradesh for deferring payment of sales tax collected during the period February 15, 1999, to February 14, 2013 (fourteen (14) years). The deferred amount will be repaid by the year ended March 31, 2027. The amount repayable within a period of one year from the reporting date, i.e. INR 920.76 Lakhs (December 31, 2018: INR 1,039.25 Lakhs) is included in current maturities of long-term borrowings. It is secured by way of movable and immovable properties of the Company.

As per Ind AS 109, Sales Tax Deferment loan results into an interest-free loan from the government. Accordingly, the Company has retrospectively measured the sales tax deferral loan as on transition date by arriving at the present value, which is the discounted amount of the loan computed using the market rate of interest for a similar loan for the period for which the entity is not required to deposit the sales tax amount with the government.

**15. Provisions**

| | Non-current | | Current | |
|---|---|---|---|---|
| | **December 31, 2019** | **December 31, 2018** | **December 31, 2019** | **December 31, 2018** |
| **Provision for employee benefits** | | | | |
| Gratuity (refer note 33) | 75.22 | - | - | - |
| Compensated absences | - | - | 504.65 | 428.68 |
| | **75.22** | **-** | **504.65** | **428.68** |
| **Others** | | | | |
| Provision for tax (net of Advance income tax ) | 189.42 | - | | |
| Provision for litigation (refer note 32(d)) | 3,525.89 | 3,513.61 | - | - |
| Provision for site restoration expense (refer note 32(e)) | 1,091.38 | 1,091.38 | - | - |
| | **4,806.69** | **4,604.99** | **-** | **-** |
| | **4,881.91** | **4,604.99** | **504.65** | **428.68** |

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(Presented in INR Lakhs except share data and EPS)

**16. Income tax & deferred tax liability**

The major components of income tax expense for the years ended December 31, 2019 and December 31, 2018 are:

| Statement of Profit or loss : | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 2,297.19 | 1,828.54 |
| Adjustments in respect of current income tax of previous year | 151.24 | - |
| Relating to origination and reversal of temporary differences | 1,043.74 | (563.62) |
| **Income tax expense reported in the statement of profit or loss** | **3,492.17** | **1,264.92** |
| | | |
| **Other comprehensive income:** | | |
| **Deferred tax related to items recognised in OCI during the year:** | | |
| Net gains/(losses) on remeasurements of defined benefit plans | 69.40 | (50.07) |
| **Income tax charged to OCI** | **69.40** | **(50.07)** |

| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate for December 31, 2019 and December 31, 2018: | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Accounting profit before income tax** | 10,138.93 | 4,251.54 |
| **Total tax charge of the Group entites computed on the basis of the respective applicable rates** | 3,697.55 | 2,107.00 |
| Adjustments in respect of current income tax of previous years | 151.24 | (715.56) |
| Deductible expenses for tax purposes | (1,032.43) | (298.81) |
| Non recognition of DTA due to tax holiday period | 230.76 | (25.86) |
| Non-deductible expenses for tax purposes: | 16.72 | 21.89 |
| Corporate social responsibility expenditure | 95.97 | 97.29 |
| Impact of change in tax rate | 332.36 | 78.97 |
| **At the effective income tax rate of 34.44% (December 31, 2018: 29.75%)** | **3,492.17** | **1,264.92** |
| Income tax expense reported in the statement of profit and loss | **3,492.17** | **1,264.92** |

Company is entitled to avail exemption under section 80IA of the Income Tax Act, 1961 from income tax on profits of business.

The Company has not exercised the option of availing the lower tax rate available under Section 115BAA of the Income Tax Act, 1961, as introduced by Taxation Laws (Amendment) Ordinance, 2019.

| Deferred tax liabilities (net) | December 31, 2019 | December 31, 2018 |
|---|---|---|
| **Deferred tax liability** | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 27,552.90 | 26,155.10 |
| **Gross deferred tax liability** | **27,552.90** | **26,155.10** |
| | | |
| **Deferred tax asset** | | |
| Unused tax credits (MAT credit entitlement) - (Refer note (i) below) | 7,992.16 | 7,306.50 |
| Carry forward of unabsorbed losses | - | 652.60 |
| Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis | 572.53 | 404.73 |
| Provision for doubtful debts and advances | 201.74 | 113.53 |
| Provision for employee related liabilities | 597.41 | 424.84 |
| **Gross deferred tax asset** | **9,363.84** | **8,902.20** |
| **Net deferred tax liability** | **18,189.06** | **17,252.90** |

(i) MAT credits are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow all or part of MAT credit to be utilised during this specified period, i.e. the period for which MAT credit is allowed to be carried forward.
The Company reviews MAT credit entitlement at each reporting date and in the current year the Company based on future profit and tax projections believes that sufficient taxable profits will be generated to utilize the full MAT credit.

**17. Other non-current liabilities**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Income received in advance | 627.52 | 660.55 |
| | **627.52** | **660.55** |

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## 18. Trade payables

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Trade payables (Refer note below) | | |
| -Total outstanding dues of micro enterprises and small enterprises (refe note 42) | 30.24 | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 29,077.64 | 46,246.16 |
| | **29,107.88** | **46,246.16** |
| Trade payables | | |
| - To related parties (refer note 31) | 4,337.83 | 8,455.70 |
| - To others | 24,770.05 | 37,790.46 |
| | **29,107.88** | **46,246.16** |

## 19. Other financial liabilities

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Current maturities of long-term borrowings (refer note 14) | 2,795.91 | 2,139.25 |
| Interest accrued but not due on borrowings | 1,892.87 | 1,942.60 |
| Interest accrued but not due on deposits | 371.94 | 278.37 |
| Dealer deposits | 9,617.23 | 7,048.97 |
| Capital creditors | 17.32 | 4.12 |
| Employee related liabilities | 1,616.95 | 1,451.57 |
| Derivative liability | - | 599.77 |
| | **16,312.22** | **13,464.65** |

## 20. Other liabilities

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Contract Liability* | | |
| Advance from customer | 2,450.68 | 1,839.04 |
| Income received in advance | 33.03 | 33.03 |
| Statutory liabilities | 5,553.17 | 3,763.23 |
| | **8,036.88** | **5,635.30** |

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**21. Revenue from contracts with customers**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Sale of products | | |
| Cement | 181,139.06 | 194,057.22 |
| Clinker | 9,238.53 | 12,329.60 |
| Others | 57.09 | 71.20 |
| | **190,434.68** | **206,458.02** |
| Other operating revenue | | |
| Scrap sales | 494.32 | 441.40 |
| Revenue from disposal of hazardous waste | 262.75 | 319.20 |
| Government grant- sales tax incentive (refer note 34) | 705.81 | 2,527.25 |
| Sale of electricity | 26.78 | 15.82 |
| | **191,924.34** | **209,761.69** |
| **Contract Balances** | | |
| Trade Receivables | 9,328.35 | 10,423.54 |
| Contract Liabilities (refer note 20) | 2,450.68 | 1,839.04 |

Trade receivables are non-interest bearing and are generally on terms of 30 to 60 days.

**22. Other income**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Interest income | | |
| On bank deposits | 548.48 | 449.63 |
| Others | 146.66 | 167.98 |
| Provision no longer required written back | 633.19 | 1,133.11 |
| Rental income | 45.93 | 52.39 |
| Miscellaneous income# | 1,078.85 | 1,562.28 |
| | **2,453.11** | **3,365.39** |

#Miscellaneous income include claim from insurance company amounting INR 991.69 lakhs (31 December 2018: INR 1,491.11 lakhs).

**23. Cost of raw material and packing material consumed**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Inventory of materials at the beginning of the year | 2,166.09 | 3,096.84 |
| Add: Purchases during the year | 31,968.62 | 36,764.66 |
| Less: Inventory of materials at the end of the year | 1,192.54 | 2,166.09 |
| | **32,942.17** | **37,695.41** |

**24. Change in inventories of finished goods and work-in-progress**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Opening stock | | |
| Finished goods | 2,149.50 | 1,517.82 |
| Work-in-progress | 4,240.64 | 1,467.32 |
| | **6,390.14** | **2,985.14** |
| Less: closing stock | | |
| Finished goods | 1,447.45 | 2,149.50 |
| Work-in-progress | 3,091.75 | 4,240.64 |
| | **4,539.20** | **6,390.14** |
| | **1,850.94** | **(3,405.00)** |

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**25. Employee benefits expense**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Salaries, wages and bonus | 7,768.53 | 7,354.80 |
| Gratuity expense (refer note 33) | 100.04 | 129.47 |
| Contribution to provident fund and other funds | 434.58 | 432.54 |
| Staff welfare expenses | 119.50 | 305.15 |
| | 8,422.65 | 8,221.96 |

**26. Finance costs**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Interest expense | | |
| On term loans and cash credit from banks | 377.59 | 679.22 |
| On long term borrowings from related party (refer note 31) | 4,350.00 | 4,338.08 |
| On others# | 1,261.20 | 1,128.49 |
| Bank charges | 73.81 | 92.24 |
| | 6,062.60 | 6,238.03 |

(# Interest on other include INR 839.08 lakhs (December 31 2018: INR 858.99 Lakhs) for interest expenses on sales tax deferral loan as per IND AS 109)

**27. Depreciation and amortisation**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Depreciation of property, plant and equipment (refer note 3) | 11,698.88 | 12,036.95 |
| Amortisation of intangible assets (refer note 4) | 97.59 | 180.94 |
| | 11,796.47 | 12,217.89 |

**28. Other expenses**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Power and fuel | 56,578.83 | 68,951.03 |
| Freight outward | 41,502.11 | 51,169.32 |
| Consumption of stores, loose tools and spare parts | 5,729.70 | 6,411.66 |
| Rent | 1,087.87 | 1,321.97 |
| Rates and taxes | 859.72 | 933.49 |
| Legal and professional | 447.57 | 815.23 |
| Payment to auditor* | 41.13 | 87.16 |
| Repairs and maintenance: | | |
| - plant and machinery | 3,823.73 | 3,594.07 |
| - buildings | 126.96 | 95.42 |
| - others | 252.20 | 158.27 |
| Technical know how (refer note 31) | 2,222.40 | 2,674.37 |
| Provision for bad and doubtful debts, net | 257.61 | 329.33 |
| Sundry balances written off (gross) | 235.21 | 911.48 |
| Selling and distribution expenses | 3,105.21 | 3,673.68 |
| Sales commission | 1,329.19 | 1,195.95 |
| Advertisement and sales promotion | 1,509.14 | 773.09 |
| Corporate social responsibility (refer note 35) | 274.64 | 286.88 |
| Loss on sale of fixed assets, net | 64.68 | 632.57 |
| Insurance | 571.08 | 583.98 |
| Traveling and conveyance | 688.20 | 774.28 |
| Communication | 733.67 | 530.93 |
| Foreign exchange loss, net | 22.91 | 363.48 |
| Miscellaneous expenses | 1,699.93 | 1,639.61 |
| | 123,163.69 | 147,907.25 |

| *Payment to auditor | December 31, 2019 | December 31, 2018 |
|---|---|---|
| As statutory auditor | 39.26 | 52.69 |
| Other matters | - | 34.47 |
| Reimbursement of expenses | 1.87 | - |
| | 41.13 | 87.16 |

**29. Earnings per share (EPS)**

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

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Profit after tax available to equity shareholders | 7,143.04 | 3,551.89 |
| **Net profit for calculation of basic/diluted EPS** | **7,143.04** | **3,551.89** |
| Weighted average number of equity shares in calculating basic/diluted EPS (in lakhs) | 2,749.61 | 2,749.61 |
| **Basic and diluted EPS (in INR)** | **2.60** | **1.29** |

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**30. Significant accounting judgements, estimates and assumptions**

The preparation of financial statements 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.

**Judgements**
In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements.

**Contingent liabilities**
Contingent liabilities may arise from the ordinary course of business in relation to claims against the Company, including legal, land access and other claims. By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

**Estimates and assumptions**
The key assumptions concerning the future and other key sources of estimating uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company has based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market change or circumstances arising beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

**(i) Useful Lives of Property, Plant & 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 assets.

**(ii) Defined benefit plans**
The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 33.

**(iii) Fair value measurement of financial instrument**
When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 37 of the financial Statement.

**(iv) Mines reclamation expenses:**
In determining the fair value of the Mines Restoration Obligation, assumptions and estimates are made in relation to discount rates, the expected cost of mines restoration and the expected timing of those costs.

**(v) Taxes**
Uncertainties exist with respect to the interpretation of complex tax regulations, changes in tax laws, and the amount and timing of future taxable income. Given the nature of business, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective domicile of the companies.

**(vi) Impairment of Financial assets**
The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

**(vii) Provision for inventories**
Management reviews the aged inventory on a periodic basis. This review involves comparison of the carrying value of the aged inventory item with the respective net realisable value. The purpose is to ascertain whether an allowance is required to be made in the financial statements for any obsolete and slow-moving items. Management believes that adequate allowance for obsolete and slow-moving inventories has been made in the financial statements.

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

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(Presented in INR Lakhs except share data and EPS)

**31. Related party disclosures**

**a. Names of related parties and related party relationship**
**Names of related parties where control exists irrespective of whether transactions have occurred or not:**

| | |
|---|---|
| Ultimate holding Company | HeidelbergCement AG |
| Holding Company | Ciments Français S.A |

**Related parties with whom transactions have taken place during the year**

| | |
|---|---|
| Entities under common control | Singha Cement (Pvt.) Limited (up to April 29, 2019)<br>HeidelbergCement India Limited<br>Cochin Cements Limited (up to October 31, 2019)<br>HC Trading Malta<br>HC Asia Pte Ltd<br>Butra HeidelbergCement Sdn Bhd<br>CTG S.p.A.<br>Italcementi S.p.A<br>Ciments Calcia SA |

**Additional related parties as per the Companies Act, 2013 with whom transactions have taken place during the year**

| | |
|---|---|
| Chief Financial Officer | Mr. Vimal Kumar Choudhary w.e.f December 1, 2018<br>Mr. Varaprasad Kalepalli, upto April 2, 2018 |
| Company Secretary | Mr. L. R. Neelakanta |
| Key Management Personnel | Mr. Jamshed Naval Cooper, Managing Director<br>Mr. R. Ramakrishnan, Independent director, up to October 25, 2018<br>Mrs. Akila Krishnakumar, Independent director, up to October 25, 2018<br>Mr. Kevin Gluskie, Non-executive director<br>Mr. Juan-Francisco Defalque, Non-executive director<br>Ms. Soek Peng Sim, Non-executive director<br>Mr. Sushil Kumar Tiwari, Non-executive director |

**b. Related party transactions**
The following table provides the total amount of transactions that have been entered in to with related parties for the relevant years:

**i. Transactions during the year:**

| Name of related party | Nature of transaction | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Singha Cement (Pvt.) Limited | Sale of Cement | 259.06 | - |
| | Expenses paid on behalf of Company | - | 33.23 |
| HC Trading Malta | Purchase of Consumables (Petcoke) | 6,261.22 | 9,015.43 |
| | Sale of Clinker | 511.36 | 575.95 |
| Italcementi S.p.A | Technical know how | - | 300.36 |
| HeidelbergCement AG | Interest expenses on masala bonds (refer note 26) | 4,350.00 | 4,338.08 |
| | IT and other Business support charges | 606.13 | 374.71 |
| | Licence fee (Technical know how) (refer note 28) | 2,222.40 | 2,374.01 |
| | Service income | 32.06 | 32.04 |
| HeidelbergCement India Limited | Sale of Clinker | 3,190.57 | 3,974.92 |
| | Business support charges | 511.36 | 527.29 |
| Cochin Cements Limited | Sale of Clinker | 406.12 | 1,103.78 |
| | Tarpaulin charges | 0.14 | |
| HC Asia pte Ltd | Technical service | - | 44.23 |
| | Expenses paid on behalf of Company | - | 9.80 |
| Butra HeidelbergCement Sdn Bhd | Sale of Packing material | - | 6.91 |

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(Presented in INR Lakhs except share data and EPS)

**ii. Balance outstanding at the year end**

| Nature of transaction | Name of related party | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| Trade receivables | HeidelbergCement India Limited | 331.00 | 825.27 |
| | Cochin Cements Limited | - | 894.21 |
| | HC Trading Malta | 205.74 | - |
| Trade payables | Ciments Calcia SA | 17.79 | 17.79 |
| | HC Trading Malta | 1,296.28 | 3,952.40 |
| | Italcementi S.p.A | 4.94 | 1,405.53 |
| | Ciments Français S.A | 405.52 | 404.99 |
| | HeidelbergCement India Limited | 111.51 | 143.33 |
| | HeidelbergCement AG | 2,493.61 | 2,473.29 |
| | HC Asia Pte Ltd | - | 50.20 |
| | CTG S.p.A. | 8.18 | 8.17 |
| Interest accrued but not due | HeidelbergCement AG | 1,892.87 | 1,892.87 |
| Rupee denominated bonds ("masala bond") | HeidelbergCement AG | 50,000.00 | 50,000.00 |

**iii. Transactions with key management personnel***

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Short-term employee benefits | 168.69 | 95.93 |
| Termination benefits | - | 23.32 |
| Director sitting fees | - | 26.00 |
| **Total compensation paid to key management personnel** | **168.69** | **145.25** |

# All the transactions are inclusive of tax and duty, wherever applicable.
*As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel are not included above.

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**32. Commitments and Contingencies**

**a) Capital Commitments**
i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) INR 20,394.27 lakhs (December 31, 2018: INR 1,804.30 lakhs).

**b) Other commitments (Leases)**
**i. Operating lease: Company as lessee**
The Company is obligated under non-cancellable leases for office premises. Total rental expenses under such leases during the year amounted to INR 107.59 lakhs (December 31, 2018: INR 365.64 lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Not later than one year | 101.78 | 135.95 |
| Later than one year but not later than five years | 429.25 | 368.73 |
| Later than five years | 2,054.10 | 2,079.50 |

The Company has also taken cancellable operating leases for office premises, godowns, residential apartments and guest houses, which are renewable at the option of both the lessor and lessee. Total rental expense under cancellable leases amounted to INR 813.62 lakhs (December 31, 2018: INR 789.67 lakhs).

**ii. Operating lease: Company as lessor**
The Company has leased out railway sidings under non-cancellable lease. Total rental income under such leases during the year amounted to INR 12.89 lakhs (December 31, 2018: INR 12.89 lakhs). Future minimum lease payments expected to receive under non-cancellable operating leases are as follows:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Not later than one year | 12.89 | 12.89 |
| Later than one year but not later than five years | 51.57 | 51.57 |
| Later than five years | 193.37 | 206.26 |

**c) Contingent Liability**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Sales Tax/Trade Tax/Entry Tax | 8,934.82 | 10,917.67 |
| Excise Duty/Service Tax/CENVAT Credit | 6,497.77 | 4,525.49 |
| Customs duty | 942.07 | 942.07 |
| Income tax matters | 14,587.85 | 15,434.03 |
| Electricity charges | 2,921.34 | 2,921.34 |
| Claims against the company not acknowledged as debt | 4,504.09 | 4,398.49 |
| | **38,387.94** | **39,139.09** |

**d) Provision for litigations**

| | Balance as at Jan 1, 2019 | Additions during the year charged to respective expenses head | Amounts reversed/utilised during the year | Balance as at Dec 31, 2019 |
|---|---|---|---|---|
| Electricity duty | 103.49 | - | - | 103.49 |
| | *(103.49)* | - | - | *(103.49)* |
| Sales tax matters | 1,907.63 | 25.23 | 12.95 | 1,919.91 |
| | *(1,907.63)* | - | - | *(1,907.63)* |
| Electricity charges | 29.74 | - | - | 29.74 |
| | *(29.74)* | - | - | *(29.74)* |
| Custom duty | 1,377.89 | - | - | 1,377.89 |
| | *(1,377.89)* | - | - | *(1,377.89)* |
| Life Tax | 94.86 | - | - | 94.86 |
| | *(94.86)* | - | - | *(94.86)* |
| Additional power cost | - | - | - | - |
| | *(1,048.96)* | - | *(1,048.96)* | - |
| **Total** | **3,513.61** | **25.23** | **12.95** | **3,525.89** |
| | ***(4,562.57)*** | - | ***(1,048.96)*** | ***(3,513.61)*** |

Note: Figures in brackets are for the previous year

Above provisions have been made against demands raised by various authorities. All these cases are under litigation and are pending with various authorities; expected timing of resulting outflow of economic benefits cannot be specified. Amount deposited under protest against these provisions are shown under other assets (note 8)

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(Presented in INR Lakhs except share data and EPS)

**e) Movement of provision for site restoration expenses during the period as required by Ind AS 37**

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Opening provision | 1,091.38 | 1,091.38 |
| Add: Provision made during the year | - | - |
| Less: Provision utilised during the year | - | - |
| Closing provision | 1,091.38 | 1,091.38 |

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

**33. Gratuity**
The Company has two post-employment funded plans, namely Gratuity and Superannuation.

The gratuity plan is governed by the Payment of Gratuity Act, 1972. Under the act, employee who has completed five years of service is entitled to specific benefit. The level of benefits provided depends on the member's length of service and salary at retirement age. Gratuity being administered by a Trust is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The Gratuity plan for the Company is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

The following tables summarize the components of net benefit expense recognized in the statement of profit and loss and the amounts recognized in the balance sheet for the Gratuity:

***(i) Statement of profit and loss***

(i) Net employee benefit expense (recognized in employee cost)

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Current service cost | 121.55 | 136.80 |
| Interest cost on benefit obligation | (21.51) | (7.33) |
| **Defined benefit cost included in Statement of Profit & Loss** | **100.04** | **129.47** |
| Remeasurement recognised in other comprehensive income | | |
| - changes in financial assumptions | 177.03 | (108.81) |
| - change in experience adjustments | 35.02 | (74.64) |
| -(Return) on plan asset (excluding interest income) | (13.44) | 32.67 |
| **Amount recognised in OCI** | **198.61** | **(150.78)** |

***(ii) Balance Sheet***

(ii) Reconciliation of the net defined benefit (asset)/ liability
The following table shows reconciliation from the opening balances to the closing balances for the net defined benefit (asset) liability and its components.

**Reconciliation of present value of defined benefit obligation**

| **Particulars** | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Balance at the beginning of the year | 1,669.15 | 1,894.43 |
| Current service cost | 121.55 | 136.80 |
| Interest cost on benefit obligation | 130.66 | 131.15 |
| Increase/(decrease) due to effect of transfer | 13.09 | - |
| Actuarial (gains) losses recognised in other comprehensive income | | |
| - changes in financial assumptions | 177.03 | (108.81) |
| - experience adjustments | 35.03 | (74.64) |
| Benefit paid | (186.38) | (309.78) |
| **Balance at the end of the year** | **1,960.13** | **1,669.15** |

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**Reconciliation of the present value of plan assets**

| **Particulars** | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| Balance at the beginning of the year | 1,880.53 | 1,946.78 |
| Interest Income | 152.16 | 138.48 |
| Contribution by employer | 25.16 | 137.72 |
| Return on plan assets recognised in other comprehensive income | 13.44 | (32.67) |
| Benefits paid | (186.38) | (309.78) |
| **Balance at the end of the year** | **1,884.91** | **1,880.53** |

**Details of provision for gratuity**

| | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| Present value of defined benefit obligation | 1,960.13 | 1,669.15 |
| Present value of plan assets | 1,884.91 | 1,880.53 |
| **Net defined benefit liability/(assets)** | **75.22** | **(211.38)** |

**(iii) Defined benefit obligation**
*- Actuarial assumptions*
**The principal assumptions used in determining gratuity for the Company's plans are shown below:**

| | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| Discount rate | 6.60% | 8.10% |
| Salary increase rate | 7.50% | 7.50% |
| Mortality table | Indian Assured Lives Mortality (IALM) (2006-2008) (modified) Ult. | Indian Assured Lives Mortality (IALM) (2006-2008) (modified) Ult. |
| Withdrawal | 5.00% | 5.00% |
| Retirement age | 60 years | 60 years |

**Note**
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.

Assumptions regarding future mortality are based on published statistics and mortality tables.

*- Sensitivity analysis*
Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

| | **Sensitivity level** | | **Impact on DBO** | |
|---|---|---|---|---|
| **Gratuity Plan** | **December 31, 2019** | **December 31, 2018** | **December 31, 2019** | **December 31, 2018** |
| **Assumptions** | | | | |
| Discount rate | -1.00% | -1.00% | 137.16 | 194.62 |
| | 1.00% | 1.00% | (122.63) | (32.10) |
| Salary increase rate | -1.00% | -1.00% | (114.23) | (25.36) |
| | 1.00% | 1.00% | 125.07 | 184.83 |

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

**(iv) Plan assets**
The principal plan assets consists of a scheme of insurance taken by the Trust, which is a qualifying insurance poliy. As at December 31, 2019 and December 31, 2018, 100% of the plan assets were vested in investment with insurance company.

**The following payments are expected contributions to the defined benefit plan in future years:**

| | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| Within the next 12 months (next annual reporting period) | 123.36 | 105.01 |
| Between 2 and 5 years | 1,006.22 | 914.88 |
| Beyond 5 years | 1,585.00 | 1,532.02 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 7 years (December 31, 2018: 5 years).

**B. Superannuation Fund**
Retirement benefits in the form of Superannuation Fund (being administered by Trust) are funded defined contribution schemes and the contributions are charged to the Statement of Profit and Loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable. The contributions for the year ended December 31, 2019 is INR 70.17 lakhs and for the year ended December 31, 2018 is INR 76.00 lakhs.

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**34. Sales tax incentive**

The Company is entitled to benefits under Package Scheme of Incentives - 2007 as notified by Government of Maharashtra for the Manufacturing set up for cement production facility at Solapur, Maharashtra w.e.f. September 1, 2015. Under the said policy, the Company is entitled for refund of Value Added Tax ( which is now subsumed on GST) , exemption from electricity duty and waiver of stamp duty for a period of seven (7) years. Accordingly, as at December 31, 2019, the Company has recognised INR 705.81 lakhs (December 31, 2018: INR 2,527.25 lakhs) as income and disclosed under "Other operating revenue".

**35. Corporate social responsibility (CSR):**
**Details of CSR spent during the financial year:**

| **Particulars** | | **December 31, 2019** | **December 31, 2018** |
|---|---|---|---|
| (a) Gross amount required to be spent by the Company during the year | | 255.84 | 268.57 |
| (b) Amount spent during the year ended December 31, 2019 | **In cash** | **Yet to be paid** | **Total** |
| (i) Construction/ acquisition of any assets | 164.04 | - | 164.04 |
| (ii) On purposes other than (i) above | 110.60 | - | 110.60 |
| **Total** | **274.64** | - | **274.64** |
| (c) Amount spent during the year ended December 31, 2018 | **In cash** | **Yet to be paid** | **Total** |
| (i) Construction/ acquisition of any assets | 135.97 | - | 135.97 |
| (ii) On purposes other than (i) above | 150.91 | - | 150.91 |
| **Total** | **286.88** | - | **286.88** |

**36. Dividend paid and proposed:**

| | **December 31, 2019** | **December 31, 2018** |
|---|---|---|
| **Dividend declared and paid during the year:** | | |
| Final Dividend for the year ended on 31 December 2018: Rs 2.00 per share (31 December 2017: Rs 3.00 per share) | 5,499.23 | 8,248.84 |
| Dividend Distribution Tax on Final Dividend | 1,130.38 | 1,695.57 |
| | **6,629.61** | **9,944.41** |
| **Proposed Dividends on equity shares:** | | |
| Proposed dividend for the year ended on 31 December 2019: Nil (31 December 2018: Rs 2.00 per share) | - | 5,499.23 |
| Dividend Distribution Tax on proposed dividend* | - | 1,130.38 |
| | - | **6,629.61** |

*The Finance Act, 2020 has repealed the Dividend Distribution Tax (DDT).

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, 2019 except in case of interim dividend which is paid as and when declared by the Board of Directors.

Subsequent to year end, the Board of Directors in its board meeting held on May 28, 2020 declared an interim dividend at the rate of Rs. 2.50 per equity share on the equity capital of the Company for the year ended 31 December 2019.

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**37. Fair Value**

Set out below, is a comparison by class of the carrying amounts and fair value of the Company's financial instruments, other than those with carrying amounts that are reasonable approximations of fair values:

| | Carrying value | | Fair Value | |
|---|---|---|---|---|
| | December 31, 2019 | December 31, 2018 | December 31, 2019 | December 31, 2018 |
| **Financial assets** | | | | |
| Investment | 21.70 | 21.70 | 21.70 | 21.70 |
| Loans and advances | 3,451.44 | 3,438.84 | 3,451.44 | 3,438.84 |
| Other financial assets | 4,051.87 | 6,553.91 | 4,051.87 | 6,553.91 |
| **Financial liabilities** | | | | |
| Borrowings | 58,246.12 | 61,833.78 | 58,246.12 | 61,833.78 |
| Other financial liability | 16,312.22 | 13,464.65 | 16,312.22 | 13,464.65 |

The management assessed that cash and cash equivalents, trade receivable, trade and other payables approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is 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.

**38. Fair Value Hierarchy**

The following table provides the fair value measurement hierarchy of the Company's assets and liabilities.

**Quantitative disclosures fair value measurement hierarchy for assets as at December 31, 2019 and December 31, 2018:**

**Assets measured at fair value:**

| | | | Fair value measurement using | | |
|---|---|---|---|---|---|
| | Date of Valuation | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **FVTPL financial investments** | | | | | |
| Unquoted instruments | December 31, 2019 | 21.70 | - | - | 21.70 |
| | December 31, 2018 | 21.70 | - | - | 21.70 |

The fair value of unquoted instruments is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities.

**39. Financial risk management objectives and policies**

The Company's principal financial liabilities, other than derivatives, comprise of trade payables, other payables and borrowings. The main purpose of these financial liabilities is to finance the Company's operations. The Company's principal financial assets include security deposits, receivables and cash and cash equivalents which are part of the Company's operations.

The Company is exposed to market risk, liquidity risk, and credit risk. The policies and procedures considered by Company's senior management to oversee the management of these risks has been summarised below.

**A. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company is exposed to two types of market risk: foreign currency risk and interest rate risk

**Foreign currency risk**

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). As on December 31, 2019 and December 31, 2018, the Company has following foreign currency exposures:

**Derivative instruments and unhedged foreign currency exposure**

**a. Derivatives outstanding as at the reporting date**

| | Currency | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|---|
| | | in foreign currency (in lakhs) | Amount in INR (in lakhs) | in foreign currency (in lakhs) | Amount in INR (in lakhs) |
| Forward exchanged contracts (to hedge trade payables) | USD | - | - | 8.60 | 599.78 |
| | | **-** | **-** | **8.60** | **599.78** |

**Derivatives not designated as hedging instruments**

The Company uses forward contracts to manage its import purchases. The foreign currency forward contracts are not designated as cash flow hedges and are entered into for periods consistent with foreign currency exposure of the underlying transactions, generally from 1 to 3 months.

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**Zuari Cement Limited**
**Notes to consolidated financial statements for the year ended December 31, 2019**
**b. Particulars of unhedged foreign currency exposure as at the reporting date**

| | Currency | December 31, 2019 | | December 31, 2018 | |
|---|---|---|---|---|---|
| | | in foreign currency (in lakhs) | Amount in INR (in lakhs) | in foreign currency (in lakhs) | Amount in INR (in lakhs) |
| Trade payables | EUR | 3.66 | 292.82 | 2.31 | 185.17 |
| | USD | 0.25 | 17.82 | 121.77 | 8,495.22 |
| | | | **310.64** | | **8,680.39** |
| Advance to supplier | USD | - | - | 0.81 | 56.41 |
| | JPY | - | - | 3.94 | 2.50 |
| | GBP | - | - | 0.22 | 19.13 |
| | EUR | 0.04 | 2.95 | 0.30 | 24.13 |
| | CHF | 0.20 | 14.41 | - | - |
| | | | **17.36** | | **102.17** |
| Due to related parties | EUR | 37.21 | 2,979.61 | 54.82 | 4,385.44 |
| | USD | 18.15 | 1,296.28 | 56.81 | 3,962.89 |
| | | | **4,275.89** | | **8,348.33** |

*USD – US Dollar, EUR – Euro, GBP- Great Britan Pound, JPY- Japan Yen, CHF - Swiss Franc

**Foreign currency sensitivity**

The following tables demonstrate the sensitivity to a reasonably possible change in foreign exchange rates, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

5% increase in foreign exchange rates will have the following impact on profit before tax:

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| EUR | (164.41) | (227.60) |
| USD | (65.33) | (627.23) |
| CHF | 0.73 | - |
| JPY | - | 0.11 |
| GBP | - | 0.97 |

Note: If the rate is decreased by 500 bps, profit will increase by an equal amount for Dec 31, 2019 and Dec 31, 2018.

**Interest rate risk**
Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's policy is to maintain most of its borrowings at fixed rate. The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

**Commodity price risk**
The Company is affected by the price volatility of certain commodities which is moderated by optimising the procurement under fuel supply agreement. Its operating activities require the on-going purchase or continuous supply of coal. Therefore the Company monitors its purchases closely to optimise the price.

**B. Liquidity risk**
Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations towards settlement of financial liabilities. Financial liabilities are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts, bank loans and other similar credit facilities.
The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted payments.

| **As at Dec 31, 2019** | **<1 year** | **1-5 years** | **>5 years** | **Total** |
|---|---|---|---|---|
| **Financial Liabilities** | | | | |
| Borrowings* | 2,795.91 | 56,242.60 | 6,074.86 | 65,113.37 |
| Trade payables** | 29,107.88 | - | - | 29,107.88 |
| Other financial liabilities | 13,516.31 | - | - | 13,516.31 |

| **As at Dec 31, 2018** | **<1 year** | **1-5 years** | **>5 years** | **Total** |
|---|---|---|---|---|
| **Financial Liabilities** | | | | |
| Borrowings* | 2,139.25 | 55,876.69 | 7,361.53 | 65,377.47 |
| Trade payables** | 46,246.16 | - | - | 46,246.16 |
| Other financial liabilities | 11,325.40 | - | - | 11,325.40 |

* Borrowings are shown excluding interest amount.
** Trade payables are repayable on demand

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**C. Credit risk**

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

**Trade receivables**

Customer credit risk is managed in line with the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed through internal evaluation which takes into account the financial parameters, past experience with the counterparty and current economic/market trends. Individual credit limits are thus defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by advances, security deposits, bank guarantees etc. Trade receivables are consisting of a large number of customers. The Company does not have higher concentration of credit risks to a single customer.

**Financial instruments and cash deposits**

Credit risk from balances with banks and financial institutions is managed by the Company's treasury department in accordance with the Company's policy. Investments of surplus funds are made with approved counterparties. Credit Risk on cash and cash equivalent, deposits with the banks/financial institutions is generally low as the said deposits have been made with the banks/financial institutions who have been assigned high credit rating by international and domestic rating agencies.

**40. Capital management**

For the purpose of the Company's capital management, capital includes issued equity capital, share premium and all other equity reserves attributable to the equity holders of the Company. The primary objective of the Company's capital management is to maximise the shareholder value.

The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

| | December 31, 2019 | December 31, 2018 |
|---|---|---|
| Borrowings | 58,246.12 | 61,833.78 |
| Current maturities of long term borrowings | 2,795.91 | 2,139.25 |
| Less: Cash and cash equivalents | (32,557.95) | (21,831.53) |
| Net debt | **28,484.08** | **42,141.50** |
| Equity attributable to equity share holder | 172,120.97 | 172,233.03 |
| Capital and debt | 200,605.05 | 214,374.53 |
| Gearing ratio | 14.20% | 19.66% |

In order to achieve this overall objective, the Company's capital management, amongst other things, aims to ensure that it meets financial covenants attached to the interest-bearing loans and borrowings that define capital structure requirements. Breaches in meeting the financial covenants would permit the bank to immediately call loans and borrowings. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

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(Presented in INR Lakhs except share data and EPS)

**41. Standard issued but not yet effective**

The amendments to standards that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are disclosed below. The Company intends to adopt these standards, if applicable, when they become effective. The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) Amendment Rules, 2019 amending the following standard.

The Company is currently evaluating the requirements of the amendments and has not yet determined the impact on the financial statements.

**Ind AS 116 -Leases**

Ind AS 116 Leases was notified in March 2019 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.The Company is currently evaluating the requirements of the amendments and has not yet determined the impact on the financial statements.

**42. Details of dues to micro and small enterprises as defined under the MSMED Act, 2006**

| S.N | Particulars | December 31, 2019 | December 31, 2018 |
|---|---|---|---|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| | -Principal amount due to micro and small enterprises (Not overdue) | 30.24 | - |
| | -Interest due on above | - | - |
| (ii) | 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 amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (iii) | 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. | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| (v) | 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. | - | - |

**43. Additional information, as required under Schedule III of the Companies Act, 2013, of enterprises consolidated as Subsidiaries**

| Name of the entity in the Group | Net Assets, i.e., total assets minus total liabilities | | Share in profit or loss | | Share in other comprehensive income | | Share in total comprehensive income | |
|---|---|---|---|---|---|---|---|---|
| | As % of consolidated net assets | Amount | As % of consolidated profit or loss | Amount | As % of consolidated other comprehensive income | Amount | As % of total comprehensive income | Amount |
| **Consolidated** | 100% | 172,120.97 | 100% | 7,143.04 | 100% | (129.21) | 100% | 7,013.83 |
| **Parent** | | | | | | | | |
| Zuari Cement Limited | 84.5% | 145,454.97 | 97.8% | 6,984.28 | 100.0% | (129.21) | 97.7% | 6,855.07 |
| **Subsidiaries Indian** | | | | | | | | |
| Gulbarga Cement Limited | 0.3% | 568.64 | -4.7% | (337.52) | 0.0% | - | -4.8% | (337.52) |
| Non-controlling Interest in all subsidiaries | 15.2% | 26,097.36 | 6.9% | 496.28 | 0.0% | - | 7.1% | 496.28 |

**44. Segment reporting**

The Company is predominantly engaged in the business of manufacturing and sale of cement, which constitutes a single business segment and is governed by similar set of risks and returns. The operations of the Company primarily cater to the market in India, which the management views as a single segment. The management monitors the operating results of its single segment for the purpose of making decisions about resource allocation and performance assessment.

The Company is domiciled in India. The Company's revenue from operations from external customers primarily relate to operations in India and all the non-current assets of the Company are located in India.

**45. Transfer pricing**

The Company maintains the information and documents as required under the transfer pricing regulations under Section 92-92F of the Income Tax Act, 1961. The management is in the process of updating the transfer pricing documentation for the financial year 2019 - 2020 and is of the view that its transactions are at arm's length and the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of tax expense and that of provision for taxation.

**46. Events after the reporting date**

The outbreak of Coronavirus disease (COVID-19) has significantly impacted businesses around the globe and has been recognized as a global pandemic by the World Health Organisation (WHO). The various Governments across the world including India have taken drastic measures, including locking down of entire country to reduce the impact of this catastrophe. Since the outbreak of COVID-19 arose after the reporting date, the Company has considered the possible effects that may result from the pandemic relating to COVID-19 as a subsequent non adjusting event

The Company believes that the impact of the further spreading pandemic relating to COVID-19 is unpredictable as at the reporting date and the Company will continue to closely monitor any material changes to future economic conditions

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**47. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

**For S.R. Batliboi & Associates LLP**
**Chartered Accountants**
ICAI Firm Registration Number: 101049W/E300004

**per Sunil Gaggar**
Partner
Membership number: 104315

Place: Bengaluru
Date: June 25, 2020

S. R. Batliboi & Associates LLP
Bengaluru

**For and on behalf of the Board of Directors of**
**Zuari Cement Limited**
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN: 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN: 03265246

Place: Gurugram
Date: June 25, 2020

**L.R.Neelakanta**
Company Secretary

Place: Bengaluru
Date: June 25, 2020

**Vimal Kumar Choudhary**
Chief financial officer

Place: Gurugram
Date: June 25, 2020

ZUARI CEMENT LIMITED
CORPORATE OFFICE
BANGALORE

**ZUARI CEMENT LIMITED AND ITS SUBSIDIARIES**

**FORM AOC-1**

**STATEMENT PURSUANT TO FIRST PROVISO TO SUB-SECTION (3) OF SECTION 129 READ WITH RULE 5 OF COMPANIES (ACCOUNTS) RULES, 2014**

**INR Lakhs**

| S.No. | Particulars | Company | Company |
|---|---|---|---|
| 1 | Name of the Subsidiary Company | Gulbarga Cement Limited | Gulbarga Cement Limited |
| 2 | Reporting period for the subsidiary concerned | 31st December, 2019 | 31st December, 2018 |
| 3 | Reporting currency | INR | INR |
| 4 | Share Capital | 10,488.05 | 10,488.05 |
| 5 | Reserves & surplus | 24,803.57 | 25,435.38 |
| 6 | Total Assets | 45,450.34 | 45,647.70 |
| 7 | Total Liabilities | 10,158.72 | 9,724.27 |
| 8 | Investments | - | - |
| 9 | Turnover* | - | - |
| 10 | Profit/(Loss) before taxation | (442.39) | (2,071.62) |
| 11 | Provision for taxation | 189.42 | - |
| 12 | Profit after taxation | (631.81) | (2,071.62) |
| 13 | Other Comprehensive Income | - | - |
| 14 | Total Comprehensive Income | (631.81) | (2,071.62) |
| 15 | Proposed Dividend | - | - |
| 16 | % of shareholding | 21.45% | 21.45% |

*Gulbarga Cement Limited is yet to commence operations.

For and on behalf of Board of Directors of
**Zuari Cement Limited**
CIN: U26942AP2000PLC050415

**Jamshed Naval Cooper**
Managing Director
DIN - 01527371

Place: Gurugram
Date: June 25, 2020

**Sushil Kumar Tiwari**
Director
DIN - 03265246

Place: Gurugram
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Place: Bengaluru
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