Notes to the Ind AS Financial Statements

as at and for the year ended 31st March, 2020

1. Corporate Information

Orient Cement Limited ("the Company") is a public company domiciled in India and is incorporated under the provisions of the Companies Act applicable in India. Its shares are listed on National and Bombay Stock exchanges in India. The cement undertaking of Orient Paper & Industries Limited (OPIL) had been transferred to the Company on a going concern basis w.e.f. 1st April 2012, pursuant to the scheme of arrangement approved by the Hon'ble Orissa High Court.

The Company is primarily engaged in the manufacture and sale of Cement and its manufacturing facilities at present are located at Devapur in Telangana, Chittapur in Karnataka and Jalgaon in Maharashtra.

These Ind AS financial statements were authorised for issue in accordance with a resolution of the board of directors on 22nd May 2020.

2. Basis of Preparation

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirements of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

These Ind AS financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments). The Ind AS financial statements are presented in INR and all values are rounded to the nearest lacs (INR 00,000), except when otherwise indicated.

2.1 Summary of significant accounting policies

(a) Property, plant and equipment (PPE)

Capital work in progress, 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 property, plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major overhaul 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 the Statement of Profit and Loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met. Material items such as spare parts, stand-by equipment and service equipment are classified as PPE when they meet the definition of PPE as specified in Ind AS 16 – Property, Plant and Equipment.

Land and buildings are measured at cost less accumulated depreciation on buildings and impairment losses, if any.

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. Gains or losses arising from derecognition of the 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.

Depreciation is provided under straight line basis using the estimated useful lives of the assets as follows-

Class of Asset	Useful Lives estimated by the management
Freehold Land	No depreciation except on freehold mining land. Freehold mining land is depreciation over the period of respective mining agreement.
Factory Buildings	30 years
Non-Factory Buildings	5 to 60 years
Railway Sidings	15 years
Plant and equipment including continuous process plant	5 to 25 years
Power plant	40 years
Furniture & Fixtures	8 to 10 years
Computers	3 years
Office Equipment	5 years
Vehicles	10 years

Depreciation on property, plant and equipment added / disposed-off during the year is provided on pro-rata basis with reference to the date of addition/disposal. The management has estimated, supported by technical assessment by experts, the useful lives of certain plant and equipment as 5 to 20 years. These lives are lower than those indicated in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

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.

(b) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the Statement of Profit and Loss in the year in which the expenditure is incurred.

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.

Intangible assets with indefinite useful lives are not amortised, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

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 assets is derecognized.

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

Class of Intangible Asset	Useful Lives estimated by the management	Amortisation method used
Specialized Software	3 years	Amortised on a straight-line basis over the period of Agreement
Mining Rights	10 to 50 years	Amortised on a straight-line basis over the period of Licence / Agreement (reflective of usages pattern)

(c) Current versus non-current classification

The Company 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 Company 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 Company has identified twelve months as its operating cycle .

(d) Leases

Ind AS 116 supersedes Ind AS 17 Leases including its appendices. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to recognise most leases on the balance sheet.

The Company has adopted Ind AS 116 using the modified retrospective method of adoption under the transitional provisions of the Standards, with the date of initial application on 1st April 2019. The Company also elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (short-term leases), and lease contracts for which the underlying asset is of low value (low-value assets). The impact of adoption of Ind-AS 116 on the financial statements of the Company has been described under Note 36.

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

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Company at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset.

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (f) Impairment of non-financial assets.

Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Company's lease liabilities are included in Other financial liabilities (see Note 16 and Note 21).

Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of offices, godowns, equipment, etc. that are of low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straight-line basis over the lease term.

Company as a lessor

Lessor accounting under Ind AS 116 is substantially unchanged from Ind AS 17. Lessors will continue to classify leases as either operating or finance leases using similar principles as in Ind AS 17. Therefore, Ind AS 116 does not have an impact for leases where the Company is the lessor.

Leases in which the Company does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Rental income arising is accounted for on a straight-line basis over the lease terms. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

(e) Borrowing costs

Borrowing costs directly attributable to the acquisition or construction of an asset that necessarily takes a substantial period of time to get ready for its intended use are capitalized as part of the cost of the respective asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consists of interest and other costs that an entity incurs in connection with the borrowing of funds.

(f) Impairment of non-financial assets

The Company 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 Company 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. The 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. Where 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 net selling price, recent market transactions are taken into account, if available. If no such transactions can be identified, an appropriate valuation model is used.

The Company bases its impairment calculation on detailed budgets and forecast calculations which are prepared separately for each of the Company's cash-generating units to which the individual assets are allocated. Impairment losses of continuing operations, including impairment on inventories, are recognised in the Statement of Profit and Loss.

For assets, 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 Company 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 and Loss.

Intangible assets with indefinite useful lives are tested for impairment annually at the CGU level, as appropriate, and when circumstances indicate that the carrying value may be impaired.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

(g) Government grants and subsidies

Grants and subsidies from the government are recognized when there is reasonable assurance that (i) the Company will comply with the conditions attached to them, and (ii) the grant/subsidy will be received.

When the grant or subsidy relates to revenue, it is recognized as income on a systematic basis in the Statement of Profit and Loss over the periods necessary to match them with the related costs, which they are intended to compensate. Where the grant relates to an asset, it is deducted while calculating carrying amount of the asset. The grant is recognised in the Statement of Profit and Loss over the life of the depreciable asset as a reduced depreciation expense.

When the Company receives grants of non-monetary assets, the asset and the grant are recorded at fair value amounts and released to the Statement of Profit and Loss over the expected useful life in a pattern of consumption of the benefit of the underlying asset i.e. by equal annual 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 in respect of loans / assistances received subsequent to the date of transition.

(h) Inventories

Raw materials, fuels, stores and spares and packing materials are valued at lower of cost and net realizable value. However, these items are considered to be realisable at cost, if the finished products, in which they will be used, are expected to be sold at or above cost. Cost is determined on weighted average basis which includes expenditure incurred for acquiring inventories like purchase price, import duties, taxes (net of tax credit) and other costs incurred in bringing the inventories to their present location and condition.

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 such inventories is computed on annual weighted average basis.

Saleable scrap, whose cost is not identifiable, is valued at net realisable value.

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.

(i) Revenue recognition

Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

Sale of goods

Revenue from sale of goods is recognised at the point in time when control of the goods is transferred to the customer. The normal credit term is 0 to 90 days upon delivery. The revenue is measured based on the consideration defined in the contract with a customer, including variable consideration, such as discounts, volume rebates, or other contractual reductions. As the period between the date on which the Company transfers the promised goods to the customer and the date on which the customer pays for these goods is generally one year or less, no financing components are considered.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated.

The Company provides volume rebates to certain customers once the quantity of products purchased during the period exceeds a threshold specified in the contract. Generally, rebates are offset against amounts payable by the customer. To estimate the variable consideration for the expected future rebates, the Company applies the expected value method.

(j) Foreign currency transactions and balances

The Ind AS financial statements are presented in INR, which is the Company's functional currency. Foreign currency transactions are initially recorded at functional currency spot rates at the date the transaction first qualifies for recognition.

Foreign currency monetary items are translated using the functional currency spot rates prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

Exchange differences arising on the settlement or translation of monetary items are recognized in the Statement of Profit and Loss in the period in which they arise.

(k) Retirement and other employee benefits

Retirement benefit in the form of Provident Fund and Superannuation Schemes are defined contribution schemes. The Company has no obligation, other than the contribution payable to the respective funds. The Company recognizes contribution payable to the scheme as an expenditure, when an employee renders the related service. 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.

Gratuity liability is a defined benefit obligation and is provided for on the basis of actuarial valuation done on projected unit credit method at the balance sheet date.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through Other Comprehensive Income in the period in which they occur. Re-measurements are not reclassified to Statement of Profit and Loss in subsequent periods.

The Company treats accumulated leaves 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 end of each financial year. The Company presents the leave as current liability in the balance sheet, to the extent it does not have an unconditional right to defer its settlement beyond 12 months after the reporting date. Where the Company has unconditional legal and contractual right to defer the settlement for the period beyond 12 months, the same is presented as non-current liability. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

(l) Taxes

Income Tax

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to or recovered from the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or 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 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 relating to items recognised outside Statement of Profit and Loss is recognised outside Statement of Profit and Loss (either in other comprehensive income or in equity).

Deferred tax liabilities are recognized for all taxable temporary differences. Deferred tax assets are recognized 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.

Minimum alternate tax (MAT) paid in a year is charged to the Statement of Profit and Loss as current tax for the year. The Company recognizes MAT credit available as deferred tax asset only to the extent it is probable that sufficient taxable profit will be available to allow all or part of MAT credit to be utilised during the specified period, i.e., the period for which such credit is allowed to be utilised. In the year in which the Company recognises MAT credit as an asset, it is created by way of credit to the Statement of Profit and Loss and shown as part of deferred tax asset. The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent that it is no longer probable that it will pay normal tax during the specified period.

The Company is entitled to tax holiday under the Income Tax Act, 1961 enacted in India. No deferred tax (asset or liability) is recognised in respect of temporary differences which reverse during the tax holiday period, to the extent the concerned entity's gross total income is subject to the deduction during the tax holiday period. Deferred tax in respect of temporary differences which reverse after the tax holiday period is recognised in the year in which the temporary difference originate.

(m) Segment reporting

Identification of segments

The Company's operating businesses are organized and managed separately according to the nature of products and services provided, with each segment representing a strategic business unit that offers different products and serves different markets. The analysis of geographical segments is based on the areas in which the customers of the Company are located.

Allocation of common costs

Common allocable costs are allocated to each segment on a case to case basis applying the ratio, appropriate to each relevant case. Revenue and expenses, which relate to the enterprise as a whole and are not allocable to segment on a reasonable basis, are included under the head "Unallocated".

Unallocated items

Unallocated items include general corporate income and expense items which are not allocated to any business segment.

Segment accounting policies

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

(n) Earnings Per Share

Basic earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. The weighted average number of equity shares outstanding during the period is adjusted for events such as bonus issue, bonus element in a rights issue, share split, and reverse share split (consolidation of shares) that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

(o) Provisions

A provision is recognized when the Company has a present obligation as a result of past event, 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. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost. These estimates are reviewed at each reporting date and adjusted to reflect the current best estimates.

(p) 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 Company 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 Company does not recognize a contingent liability but discloses its existence in the financial statements.

(q) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in 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.

(r) Employee stock options

Certain employees of the Company receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (equity-settled transactions).

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using an appropriate valuation model. The cost is recognised, together with a corresponding increase in reserves, over the period in which the performance and/or service conditions are fulfilled in employee benefits expense.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Company's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value.

When the terms of an equity-settled award are modified, the minimum expense recognised is the expense had the terms had not been modified, if the original terms of the award are met. An additional expense is recognised for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification. Where an award is cancelled by the entity or by the counterparty, any remaining element of the fair value of the award is expensed immediately through profit or loss.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

(s) 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.

<u>Financial assets</u>

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.

Subsequent measurement

Subsequent measurement of financial assets is described below -

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.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method.

Equity investments

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

If the Company decides to classify an equity instrument as 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 the Statement of Profit and Loss, even on sale of investment.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss .

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 Company's balance sheet) when:

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

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. The Company recognises a loss allowance for expected credit losses on financial asset. In case of trade receivables, the Company follows the simplified approach permitted by Ind AS 109 – Financial Instruments for recognition of impairment loss allowance.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities, at fair value through profit or loss or loans and borrowings or 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.

Subsequent measurement

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss when the liabilities are derecognised.

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.

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 and Loss

2.2 Standards issued but not effective

There are no standards issued but not yet effective up to the date of issuance of the Company’s financial statements.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

3 a. Property, plant and equipment

(₹ in Lacs)

	Freehold Land (a)	Factory Buildings	Non-Factory Buildings	Railway Sidings	Plant and Equipment	Furniture and Fixtures	Office Equipments	Vehicles	Computers	Total
Cost										
At 1st April 2018	**15,144.57**	**6,404.49**	**18,607.89**	**515.15**	**2,06,398.52**	**833.16**	**251.36**	**441.95**	**908.01**	**2,49,505.10**
Additions	140.31	8.63	6,107.39	5,740.50	11,366.18	221.56	95.88	20.62	60.16	23,761.23
Disposals	–	–	–	–	186.77	30.04	1.82	–	1.33	219.96
Other adjustments	(51.62)	–	–	–	(100.00)	–	–	–	–	(151.62)
At 31st March 2019	**15,233.26**	**6,413.12**	**24,715.28**	**6,255.65**	**2,17,477.93**	**1,024.68**	**345.42**	**462.57**	**966.84**	**2,72,894.75**
Additions	48.87	14.69	1,646.70	335.30	2,862.78	90.97	105.21	99.31	46.98	5,250.81
Disposals	–	–	–	–	1.89	23.47	4.86	27.60	0.09	57.91
At 31st March 2020	**15,282.13**	**6,427.81**	**26,361.98**	**6,590.95**	**2,20,338.82**	**1,092.18**	**445.77**	**534.28**	**1,013.73**	**2,78,087.65**
Depreciation										
At 1st April 2018	**–**	**554.73**	**2,377.90**	**192.56**	**26,496.57**	**443.61**	**109.09**	**218.97**	**539.29**	**30,932.72**
Charge for the year	–	225.21	1,397.14	47.37	10,876.53	62.48	47.67	26.83	123.15	12,806.38
Disposals	–	–	–	–	150.41	13.16	0.99	–	1.21	165.77
At 31st March 2019	**–**	**779.94**	**3,775.04**	**239.93**	**37,222.69**	**492.93**	**155.77**	**245.80**	**661.23**	**43,573.33**
Charge for the year	204.46	225.48	1,512.72	405.87	10,921.34	74.23	65.80	37.74	108.46	13,556.10
Disposals	–	–	–	–	0.56	10.23	3.75	9.15	0.04	23.73
At 31st March 2020	**204.46**	**1,005.42**	**5,287.76**	**645.80**	**48,143.47**	**556.93**	**217.82**	**274.39**	**769.65**	**57,105.70**
Net book value										
At 31st March 2020	**15,077.67**	**5,422.39**	**21,074.22**	**5,945.15**	**1,72,195.35**	**535.25**	**227.95**	**259.89**	**244.08**	**2,20,981.95**
At 31st March 2019	**15,233.26**	**5,633.18**	**20,940.24**	**6,015.72**	**1,80,255.24**	**531.75**	**189.65**	**216.77**	**305.61**	**2,29,321.42**

a. Includes ₹715.39 lacs (31st March 2019: ₹716.65 lacs) the mutation whereof in the Company's name is pending.

b. For charge created on Property, plant and equipment of the Company towards borrowings, refer Note 15.

c. For Property, plant and equipment existing on 1st April 2015 i.e its date of transition to Ind AS, the Company has used previous GAAP carrying values as deemed cost. Subsequent measurement is at cost.

3 b. Intangible assets

(₹ in Lacs)

	Computer software	Mining Rights	Total
Cost			
At 1st April 2018	**834.52**	**7,086.56**	**7,921.08**
Additions	97.90	–	97.90
At 31st March 2019	**932.42**	**7,086.56**	**8,018.98**
Additions	25.67	–	25.67
At 31st March 2020	**958.09**	**7,086.56**	**8,044.65**
Amortisation			
At 1st April 2018	**591.77**	**829.70**	**1,421.47**
Charge for the year	140.03	325.51	465.54
At 31st March 2019	**731.80**	**1,155.21**	**1,887.01**
Charge for the year	110.29	211.50	321.79
At 31st March 2020	**842.09**	**1,366.71**	**2,208.80**
Net book value			
At 31st March 2020	**116.00**	**5,719.85**	**5,835.85**
At 31st March 2019	**200.62**	**5,931.35**	**6,131.97**

a. For Intangible assets existing on 1st April 2015 i.e its date of transition to Ind AS, the Company has used previous GAAP carrying values as deemed cost. Subsequent measurement is at cost.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

Notes to 3 a. & 3 b. -During the year, the Company has capitalised the following expenses to cost of Property, plant and equipment / capital work-in-progress

(₹ in Lacs)

		31st March, 2020	31st March, 2019
a)	Pre-Operative Expenses:		
	Consultancy charges	16.82	10.63
	Interest cost	207.86	1,182.59
	Miscellaneous Expenses	2.97	1.87
		227.65	**1,195.09**
b)	Add:Balance brought forward from previous year	847.49	956.71
c)	Less: Allocated to Property, plant and equipment / Capital work-in-progress during the year / Charged to Statement of Profit and Loss	207.86	1,304.31
d)	Balance pending allocation included in Capital work-in-progress (a+b-c)	**867.28**	**847.49**

4. Right of Use Assets

(₹ in Lacs)

	Buildings
At 1st April 2019	**544.21**
Additions	–
At 31st March 2020	**544.21**
Depreciation	
Charge for the year	209.60
At 31st March 2020	**209.60**
Net book value	
At 31st March 2020	**334.61**

Refer Note No. 36 for the related disclosures

5. Loans and Deposits

(₹ in Lacs)

	31st March, 2020	31st March, 2019
At amortised Cost		
Non-current		
Unsecured, considered good		
Security deposits	1,235.63	1,286.41
Loans to employees and others	2.34	2.49
	1,237.97	**1,288.90**
Current		
Unsecured, considered good		
Loans to employees and others	8.86	8.78
	8.86	**8.78**
Total Loans and Deposits	**1,246.83**	**1,297.68**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

6. Other financial assets

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Non-current		
Deposit with original maturity for more than 12 months#	2,788.32	2,061.98
Interest accrued on loans, deposits etc.	6.01	7.35
	2,794.33	**2,069.33**
Current		
Interest accrued on loans, deposits etc.	79.79	124.93
Claims & other receivables*	1,633.38	1,853.35
	1,713.17	**1,978.28**
Total other financial assets	**4,507.50**	**4,047.61**

#Receipts for ₹2,788.32 lacs (31st March 2019: ₹2,061.98 lacs) are lodged with Government Departments/Banks as security.

*Includes ₹1,282.18 lacs (31st March 2019 : ₹1,282.18 lacs) receivable towards reimbursement of sales tax under Industrial Investment Promotion Policy (IIPP 2005-2010) Scheme of Andhra Pradesh.

7. Income tax assets (net)

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Advance payment of income tax and tax deducted at source (net of provision for taxation)	691.28	255.31
	691.28	**255.31**

8. Other assets

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Non-current		
Unsecured, considered good, except where otherwise stated		
Capital advances		
Considered good	169.07	286.74
Considered doubtful	43.27	43.27
	212.34	**330.01**
Less: Provision for doubtful advances	43.27	43.27
	169.07	**286.74**
Trade & other deposits	977.18	923.91
Deposits against demand under dispute	1,369.89	1,570.37
Prepaid expenses	438.48	500.68
	2,954.62	**3,281.70**
Current		
Unsecured, considered good, except where otherwise stated		
Advance to suppliers / service providers		
Considered good	2,313.75	3,429.43
Considered doubtful	94.36	94.30
	2,408.11	**3,523.73**
Less: Provision for doubtful advances	94.36	94.30
	2,313.75	**3,429.43**
Prepaid expenses	380.98	382.54
Balances with excise, customs, port trusts and other government authorities	611.58	333.35
Trade & other deposits	2.00	1.00
	3,308.31	**4,146.32**
Total other assets	**6,262.93**	**7,428.02**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

9. Inventories

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Valued at Lower of Cost and Net Realisable Value		
Raw materials	1,995.75	1,549.57
Work-in-progress	3,529.77	1,637.03
Finished goods	2,731.75	1,206.62
Packing Material	346.39	295.24
Stores and spares	7,632.96	7,714.98
Fuels	7,284.84	6,124.79
At net realisable value		
Scrap	139.94	68.54
	23,661.40	**18,596.77**
The above includes stock in transit:		
Raw materials	3.03	–
Work-in-progress	–	113.77
Stores and spares	20.32	30.93
Fuels	1,915.91	2,028.92
	1,939.26	**2,173.62**

a. Inventories are pledged against the borrowings of the Company as referred in Note 15.

10. Trade receivables

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Secured, considered good	4,522.40	3,935.17
Unsecured, considered good	11,656.09	14,016.77
Trade Receivable - credit impaired	190.08	177.19
	16,368.57	**18,129.13**
Less : Impairment Allowance (allowance for bad and doubtful debts)	190.08	177.19
	16,178.49	**17,951.94**

a. Trade receivables are generally on terms of 0 to 90 days.

b. Trade receivables are pledged against the borrowings of the Company as referred in Note 15.

c. For ageing analysis of trade receivables, refer Note 42.

d. No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

11. Cash and cash equivalents

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Balances with banks	1,943.55	471.15
Deposits with original maturity for less than 3 months	1,500.00	–
Cheques in hand	23.82	1,730.56
Cash in hand	2.68	2.41
	3,470.05	**2,204.12**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

Changes in liabilities arising from financing activities

(₹ in Lacs)

	1st April 2019	Cash Flows	Others	31st March 2020
Current borrowings (excluding items listed below)	5,892.64	(5,965.63)	8,250.92	8,177.93
Current obligations under deferred sales tax loan	461.41	(461.41)	918.98	918.98
Current lease liabilities	-	-	213.84	213.84
Non-current borrowings (excluding items listed below)	1,19,059.12	-	(8,166.12)	1,10,893.00
Non-current obligations under deferred sales tax loan	3,565.11	-	(918.98)	2,646.13
Non-current lease liabilities	-	(245.17)	379.35	134.18
	1,28,978.28	**(6,672.21)**	**677.99**	**1,22,984.06**

(₹ in Lacs)

	1st April 2018	Cash Flows	Others	31st March 2019
Current borrowings (excluding items listed below)	17,235.85	(16,782.33)	5,439.12	5,892.64
Current obligations under deferred sales tax loan	278.15	(278.15)	461.41	461.41
Non-current borrowings (excluding items listed below)	1,09,821.53	14,699.82	(5,462.23)	1,19,059.12
Non-current obligations under deferred sales tax loan	4,026.52	–	(461.41)	3,565.11
	1,31,362.05	**(2,360.66)**	**(23.11)**	**1,28,978.28**

The "Others" column includes the effect of reclassification of non-current portion of borrowings, including sales tax deferred loan to current due to the passage of time.

12. Other bank balances

(₹ in Lacs)

	31st March, 2020	31st March, 2019
On unpaid dividend accounts *	102.37	89.60
Deposits with original maturity for more than 3 months but less than 12 months	29.88	13.13
Deposits with original maturity for more than 12 months	–	570.00
	132.25	**672.73**

* earmarked for payment of unpaid dividend only.

Receipts for ₹29.88 lacs (31st March 2019: ₹583.13 lacs) are lodged with Government Departments/Banks as security.

13. Equity Share Capital

	31st March, 2020		31st March, 2019	
	No. in Lacs	₹ in Lacs	No. in Lacs	₹ in Lacs
Authorized share capital	5,000.00	5,000.00	5,000.00	5,000.00
Issued, subscribed and fully paid-up	2,048.69	2,048.69	2,048.69	2,048.69

There is no change in the number of shares in current year and corresponding previous year.

a) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

During the year ended 31st March 2020, the amount of per share dividend recognised as distribution to equity shareholders was ₹0.75 per share (31st March 2019: ₹0.75 per share).

The Board of Directors, at its meeting on 22nd May 2020, have proposed a final dividend of ₹0.75 per equity share for the financial year ended 31st March 2020. The proposal is subject to the approval of shareholders at the forthcoming Annual General Meeting and if approved would result in a cash outflow of approximately ₹1,536.52 lacs. Proposed dividend is accounted for in the year in which it is approved by the shareholders.

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

Name of shareholder	31st March, 2020		31st March, 2019	
	No. in Lacs	% holding in the class	No. in Lacs	% holding in the class
Equity shares of ₹1 each fully paid				
Central India Industries Limited	491.44	23.99	491.44	23.99
HDFC Trustee Company Limited- A/c HDFC Balanced Advantage Fund	184.30	9.00	-	-
Shekhavati Investments and Traders Limited	123.21	6.01	123.21	6.01
Franklin Templeton Mutual Fund A/c Franklin India Focused Equity Fund	150.21	7.33	110.00	5.37
HDFC Trustee Company Limited- HDFC Equity Saving Fund	-	-	184.30	9.00

As per records of the Company, including its register of shareholders/members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

c) **For details of shares reserved for issue under the Employee Stock Option Plan (ESOP) of the Company, refer Note 35.**

14. Other Equity

(₹ in Lacs)

	31st March, 2020	31st March, 2019
General reserve	**71,056.95**	**71,056.95**
Employee Stock Options Outstanding (Note 35)		
Balance as per last financial statements	1,477.18	1,172.27
Add: Charge for the year	–	304.91
Less: Lapse during the year	125.35	–
Less: Transferred to Retained Earnings*	183.49	–
	1,168.34	**1,477.18**
Retained Earnings		
Opening Balance	30,767.80	27,934.35
Add : Profit for the year	8,658.97	4,755.17
Less : Other Comprehensive Income for the year	194.98	69.36
Less : Dividend	1,536.52	1,536.52
Less : Dividend distribution tax	315.84	315.84
Add : Transferred from Employee Stock Options Outstanding*	183.49	–
Closing Balance	**37,562.92**	**30,767.80**
Total	**1,09,788.21**	**1,03,301.93**

* in relation to options lapsed after the vesting period during the year

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

Employee Stock Options Outstanding: The Company has share option schemes under which options to subscribe for the Company's shares have been granted to certain executives and senior employees. The share based payment reserve

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

is used to recognise the value of equity-settled share-based payments provided to employees, including key management personnel, as part of their remuneration. Refer to Note 35 for further details of these plans.

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

15. Borrowings

(₹ in Lacs)

	Effective Interest rate	Maturity	31st March, 2020	31st March, 2019
Non-current borrowings				
Term loans				
From Banks				
Secured bank loans	8.56% - 9.37%	2017-2031	1,19,044.93	1,24,498.24
From other parties				
Deferred sales tax loan (Unsecured)		2012-2023	3,565.11	4,026.52
			1,22,610.04	**1,28,524.76**
Current maturity of long term loans				
Secured bank loans (Note 21)			8,151.93	5,439.12
Deferred sales tax loan (Unsecured) (Note 21)			918.98	461.41
Amount disclosed under the head "Other current financial liabilities"			**9,070.91**	**5,900.53**
Total non-current borrowings			**1,13,539.13**	**1,22,624.23**
Current borrowings				
Loan repayable on demand				
Cash credit from banks (Secured)			26.00	453.52
Total current borrowings			**26.00**	**453.52**

1. Term Loans from Banks are secured by way of a first ranking pari passu mortgage on all the immovable properties both present and future of Chittapur taluka unit at Gulbarga District, first ranking pari passu charge on all the movable fixed assets and a second ranking pari passu charge on the current assets of the aforesaid unit.

   The above loans are repayable in 56 quarterly instalments ranging from 1% to 2.5% of the loan amount and repayment starting from 30th June 2017 and ending on 31st March 2031. The above loans carry coupon interest @ 8.40% to 9.05% p.a (31st March 2019: 9.25% to 9.45%).

2. Deferred sales tax loan is interest free and payable in 26 unequal instalments, starting from February 2012 and ending on January 2023.

3. Cash credit from banks is secured by way of first charge on all the stock and book debts of the Company. The cash credit is repayable on demand and carries interest @ 8.20% to 8.70% p.a. (31st March 2019: 8.40% to 8.70%).

16. Other financial liabilities (Non-current)

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Capital creditors	–	36.57
Lease Liability (Note 36)	134.18	–
	134.18	**36.57**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

17. Provisions

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Non-current		
Provision for gratuity (Note 34)	2,323.92	1,586.72
Provision for mining restoration costs	493.20	375.55
Provision for rehabilitation & resettlement obligation relating to mines	1,176.09	2,336.71
	3,993.21	**4,298.98**
Current		
Provision for gratuity (Note 34)	170.95	134.93
Provision for leave benefits	1,271.93	1,112.63
Provision for mining restoration costs	13.16	148.72
Provision for rehabilitation & resettlement obligation relating to mines	2,729.94	1,735.82
	4,185.98	**3,132.10**

Provision for mining restoration costs

The activities of the Company involve mining of land taken under lease. In terms of relevant statutes, the mining areas would require restoration at the end of the mining lease. The future restoration expenses are affected by a number of uncertainties, such as, technology, timing etc. As per the requirement of Ind AS 37, the management has estimated such future expenses on best judgment basis and provision there of has been made in the accounts at their present value. The table below gives information about movement in mining restoration cost provisions.

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Opening balance	524.27	493.33
Add: Arisen during the year	–	–
Less: Utilized during the year	2.71	5.31
Add: Unwinding of discount	(15.20)	36.25
Closing balance	**506.36**	**524.27**
Current	13.16	148.72
Non-current	493.20	375.55

Provision for rehabilitation & resettlement obligation relating to mines

In terms of Environment clearance given by Ministry of Environment, Forest and Climate Change (MOEF) for the Company's integrated plant at Chittapur, Karnataka, the Company is required to spend ₹7,261.62 lacs on socio economic welfare measures. As per the requirement of Ind AS 37, provision thereof has been made in the accounts at their present value. The table below gives information about movement in rehabilitation & resettlement cost provisions.

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Opening balance	4,072.53	4,276.02
Add: Arisen during the year	–	–
Less: Utilized during the year	466.09	472.08
Add: Unwinding of discount	299.59	268.59
Closing balance	**3,906.03**	**4,072.53**
Current	2,729.94	1,735.82
Non-current	1,176.09	2,336.71

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

18. Income tax

Income tax expense in the Statement of Profit and Loss comprises:

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Current tax	2,393.03	1,620.84
MAT Credit	(2,393.03)	(1,620.84)
Deferred tax Charge	5,080.90	2,723.92
Income tax expense	**5,080.90**	**2,723.92**

Entire deferred / income tax for the year ended 31st March 2020 and 31st March 2019 relates to origination and reversal of temporary differences.

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Profit before Income Tax	13,739.87	7,479.09
Enacted Tax rates in India	34.94%	34.94%
Computed expected tax expense	4,801.26	2,613.49
Effect of non-deductible expenses		
CSR expenses disallowed under the Income tax Act, 1961	173.02	186.90
Charity & Donation	139.95	–
ESOP Reversal	64.12	–
Difference between tax depreciation and book depreciation estimated to be reversed during tax holiday period	(135.54)	(128.20)
Others	38.09	51.73
Income Tax expense	**5,080.90**	**2,723.92**

The applicable Indian statutory tax rate for fiscal 2020 is 34.94% and fiscal 2019 is 34.94%.

On 20th September 2019, the Government of India, vide the Taxation Laws (Amendment) Ordinance 2019, inserted Section 115BAA in the Income Tax Act, 1961, which provides a non-reversible option to the Company for paying corporate tax at reduced rates effective 1st April 2019 subject to certain conditions defined in the said section. The Company based on its assessment and evaluation has chosen not to exercise the option of lower tax rate of 25.17% (inclusive of surcharge and cess) under section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Law (Amended) Ordinance 2019 and continue to apply the applicable Indian statutory tax rate of 34.94 % for the year ended 31st March 2020.

The significant temporary differences that resulted in deferred income tax assets and liabilities are as follows:

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Deferred tax liability		
Property, plant and equipment and Intangible assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	38,214.25	37,349.31
Gross deferred tax liability	**38,214.25**	**37,349.31**
Deferred tax asset		
Impact of expenditure charged to the Statement of Profit and Loss in the current year but allowed for tax purposes on payment basis in future years	1,422.31	1,099.15
Impact of business loss and unabsorbed depreciation	17,677.88	22,116.79
Provision for doubtful debts and advances	114.51	110.00
MAT Credit entitlement	6,807.36	4,414.33
Gross deferred tax asset	**26,022.06**	**27,740.27**
Net deferred tax liability	**12,192.19**	**9,609.04**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

19. Contract Liabilities

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Advances from customers	2,676.70	2,852.25
	2,676.70	**2,852.25**

20. Trade payables

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Trade payables		
• total outstanding dues of micro enterprises and small enterprises (refer Note 40 for details of dues to micro and small enterprises)	168.24	251.74
• total outstanding dues of creditors other than micro enterprises and small enterprises	17,466.96	18,398.39
	17,635.20	**18,650.13**

Trade payables are non-interest bearing and normally settled on 0 to 45 day terms.

21. Other financial liabilities (Current)

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Current maturities of Long term loans (Note 15)	8,151.93	5,439.12
Current maturities of Deferred sales tax loan (Note 15)	918.98	461.41
Interest accrued but not due on borrowings	145.17	184.86
Unpaid dividend	102.37	89.60
Trade & other deposits	7,845.10	7,882.57
Capital creditors	1,492.60	2,317.35
Employee Benefits payable	1,307.99	1,493.89
Lease Liability (Note 36)	213.84	–
Other miscellaneous payable	0.78	0.78
	20,178.76	**17,869.58**

22. Other liabilities (Current)

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Statutory dues payable	3,543.76	7,530.33
	3,543.76	**7,530.33**

23. Current Tax Liabilities (net)

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Provision for income tax (net of advance income tax and tax deducted at source)	37.22	281.53
	37.22	**281.53**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

24. Revenue from operations

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Sale of products		
Finished goods	2,59,054.86	2,66,658.92
Semi-finished goods	198.30	137.19
	2,59,253.16	**2,66,796.11**
Less: Cash discount, rebates, incentives etc.	17,327.40	15,073.94
	2,41,925.76	**2,51,722.17**
Other operating revenue		
Scrap sales	239.10	310.49
Sale of power	14.86	184.27
	2,42,179.72	**2,52,216.93**

Disaggregated revenue information

a. The Company is primarily in the business of manufacture and sale of cement. The product shelf life being short, all sales are made at a point in time and revenue recognised upon satisfaction of the performance obligations which is typically upon dispatch/delivery. The amounts receivable from customers are generally on terms of 0 to 90 days. There is no significant financing component in any transaction with the customers.

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

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

d. The management determines that the segment information reported in Note 41 is sufficient to meet the disclosure objective with respect to disaggregation of revenue under Ind AS 115 Revenue from contract with customers.

25. Other income

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Interest income on		
Loans, deposits, others etc.	450.98	261.78
Other non-operating income		
Insurance & other claims	3.93	4.04
Rent & hire charges	14.31	11.25
Unspent liabilities and unclaimed balances adjusted	1,021.78	782.57
Profit on sale of fixed assets (net)	7.98	–
Gain on exchange rate fluctuations (net)	50.12	15.20
Profit on sale of Investment in Mutual Fund (net)	15.61	7.58
Other miscellaneous income	207.36	314.87
	1,772.07	**1,397.29**

26. Cost of raw materials consumed

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Inventory at the beginning of the year	1,549.57	2,113.29
Add: Purchases & procurement expenses	24,332.83	25,058.36
	25,882.40	**27,171.65**
Less: Inventory at the end of the year	1,995.75	1,549.57
	23,886.65	**25,622.08**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

27. Increase in inventories of finished goods and work in progress

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Inventories at the end of the year		
Work-in-progress	3,529.77	1,637.03
Finished goods	2,731.75	1,206.62
Scrap	139.94	68.54
	6,401.46	**2,912.19**
Inventories at the beginning of the year		
Work-in-progress	1,637.03	2,135.27
Finished goods	1,206.62	541.09
Scrap	68.54	52.99
	2,912.19	**2,729.35**
	(3,489.27)	**(182.84)**
Self Consumption	(73.07)	(191.30)
	(3,562.34)	**(374.14)**

28. Employee benefits expense

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Salaries, wages and bonus	13,658.55	13,436.89
Contribution to provident and other funds	787.28	754.83
Gratuity expense (Note 34)	506.58	515.46
Employee Stock Option charge (Note 35)	–	304.91
Staff welfare expenses	533.71	484.21
	15,486.12	**15,496.30**

29. Finance costs

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Interest on borrowings (at amortised cost)	11,388.05	11,934.28
Interest on Deposits from Dealer	464.40	516.49
Interest Others	93.31	102.49
Other borrowing cost (includes bank charges, processing fees, etc)	160.78	174.42
Total interest expense	**12,106.54**	**12,727.68**
Unwinding of interest on provisions (Note 17 and Note 36)	333.37	304.84
Less: Transfer to Capital work-in-progress / Property, plant and equipment	207.86	1,182.59
	12,232.05	**11,849.93**

30. Depreciation and amortisation expenses

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Depreciation of property, plant and equipment (Note 3 a)	13,556.10	12,806.38
Amortisation of intangible assets (Note 3 b)	321.79	465.54
Depreciation of Right to Use Assets (Note 4)	209.60	–
	14,087.49	**13,271.92**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

31. Other expenses

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Royalty, Cess and other charges	7,538.35	8,158.13
Consumption of stores and spares	7,486.38	7,117.41
Handling & other charges to contractors	2,634.91	2,317.20
Rent & hire charges (Note 36)	4,638.97	5,107.85
Rates and taxes	484.47	468.91
Insurance	222.12	191.50
Repairs and maintenance		
Plant and machinery	4,685.70	4,330.27
Buildings	564.71	603.17
Others	800.25	746.34
CSR expenditure (Note 44)	495.14	534.85
Advertising and sales promotion	3,306.09	3,320.95
Commission on sales	1,709.49	2,022.47
Payment to auditor		
As Auditor:		
Audit fee	33.50	33.50
Limited review	28.50	25.50
Tax Audit fee	8.00	8.00
In other capacity:		
For certificates & other services	8.50	26.00
Reimbursement of expenses	1.75	4.46
Professional & consultancy charges	1,631.86	1,521.02
Charity & Donations	400.50	–
Director's commission	100.00	75.00
Directors' sitting fees	78.00	68.00
Bad debts / advances written off (net of reversals)	4.20	5.67
Provision for doubtful debts & advances	12.95	38.30
Loss on sale/discard of Property, plant and equipment (net)	–	0.54
Miscellaneous expenses	2,724.90	2,927.85
	39,599.24	**39,652.89**

32. Earnings per share (EPS)

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

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Profit after tax	8,658.97	4,755.17
Net Profit for calculation of basic and diluted EPS	**8,658.97**	**4,755.17**
Weighted average number of equity shares in calculating basic EPS	2,048.69	2,048.69
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	2,048.69	2,048.69
Earnings per equity share [nominal value of share ₹1] (31st March 2019 : ₹1)		
Basic	4.23	2.32
Diluted	4.23	2.32

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

33. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. 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.

The key assumptions concerning the future and other key sources of estimation 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 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 changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Taxes

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 including unabsorbed depreciation can be utilised. Significant management estimate and assumptions is required to determine the amount deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits together with future tax planning strategies. Further, details on taxes are disclosed in Note 18.

Provision for Restoration cost and Rehabilitation and resettlement cost obligations relating to mines

In determining the fair value of the Restoration cost and Rehabilitation and resettlement cost obligation relating to mines, assumptions and estimates are made in relation to discount rates, the expected cost to be incurred over the specified period and the expected timing of such costs. Also refer Note 17.

Useful Lives of Property, Plant & Equipment

The Company uses 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 yearly and revised, if appropriate. In case of a revision, the unamortised depreciable amount is charged over the remaining useful life of the assets

Defined benefit plans

The cost of defined benefit gratuity plan and its present value of the obligation are determined using actuarial valuations. An actuarial valuation involves making 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, an employee benefit obligation is highly sensitive to changes in these assumptions particularly the discount rate and estimate of future salary increase. All assumptions are reviewed at each reporting date.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds. The mortality rate is based on publicly available mortality tables. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases are based on expected future inflation rates.

Further details about gratuity obligations are given in Note 34.

Share-based payments

The cost of equity-settled transactions is determined by the fair value at the date when the grant is made using the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 35.

Impairment of non-financial assets

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a DCF model. The carrying amounts

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

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

34. Gratuity and other post-employment benefit plans

The Company has a defined benefit gratuity plan. 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 scheme is funded with an insurance company in the form of qualifying insurance policy for own employees and unfunded for contractor and school employees.

The following tables summarize the components of net benefit expense recognized in the Statement of Profit and Loss and the funded status and amounts recognised in the balance sheet for the plan.

Statement of Profit and Loss

Net employee benefit expense recognized in the employee cost (₹ in Lacs)

	Gratuity - Funded		Gratuity - Non Funded	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Service cost	226.46	218.46	173.40	153.62
Opening adjustment of defined benefit obligation in relation to a school considered under Corporate Social Responsibility expenditure	–	–	–	51.58
Net Interest cost / (income) on the net defined benefit liability / (asset)	20.49	77.07	111.49	89.61
Net benefit expense #	**246.95**	**295.53**	**284.89**	**294.81**
Actual return on plan assets	98.42	113.42	–	–

including amount of ₹25.26 lacs (31st March 2019 : ₹74.88 lacs) disclosed under CSR expenditure.

Other comprehensive income

(₹ in Lacs)

	Gratuity - Funded		Gratuity - Non Funded	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Actuarial (gains) / losses				
- change in demographic assumptions	0.13	–	0.13	–
- change in financial assumptions	164.08	–	164.07	–
- experience variance (i.e. Actual experience vs assumptions)	3.88	23.79	(59.28)	138.09
Return on plan assets, excluding amount recognised in net interest expense	26.70	(55.26)	–	–
Components of defined benefit costs recognised in other comprehensive income	**194.79**	**(31.47)**	**104.92**	**138.09**

Balance sheet

Benefit asset/ liability (₹ in Lacs)

	Gratuity - Funded		Gratuity - Non Funded	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Present value of defined benefit obligation	2,150.47	1,899.41	1,785.80	1,454.32
Fair value of plan assets	1,441.40	1,632.08	–	–
Net liability	**709.07**	**267.33**	**1,785.80**	**1,454.32**

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

Changes in the present value of the defined benefit obligation are as follows: (₹ in Lacs)

	Gratuity - Funded		Gratuity - Non Funded	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Opening defined benefit obligation	1,899.41	1,768.97	1,454.32	1,033.60
Opening adjustment of defined benefit obligation in relation to a school considered under Corporate Social Responsibility expenditure	–	–	–	138.69
Current service cost	226.46	218.46	173.40	153.62
Interest cost	145.61	135.23	111.49	89.62
Re-measurement (or Actuarial) (gain) / loss arising from:				
- change in demographic assumptions	0.13	–	0.13	–
- change in financial assumptions	164.08	–	164.07	–
- experience variance (i.e. Actual experience vs assumptions)	3.88	23.79	(59.28)	138.09
Benefits paid	(289.10)	(247.04)	(58.33)	(99.30)
Closing defined benefit obligation	**2,150.47**	**1,899.41**	**1,785.80**	**1,454.32**

Changes in the fair value of plan assets are as follows: (₹ in Lacs)

	Gratuity - Funded		Gratuity - Non Funded	
	31st March, 2020	31st March, 2019	31st March, 2020	31st March, 2019
Opening fair value of plan assets	1,632.08	760.86	–	–
Expected return / Investment Income	125.12	58.16	–	–
Employers contribution	–	1,000.00	–	–
Benefits paid	(289.10)	(242.20)	–	–
Return on plan assets, excluding amount recognised in net interest expense	(26.70)	55.26	–	–
Closing fair value of plan assets	**1,441.40**	**1,632.08**	**–**	**–**

The Company expects to contribute ₹400.00 lacs (31st March, 2019 : ₹350.00 lacs) to gratuity in the next year.

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	31st March, 2020	31st March, 2019
Investments with insurer	100%	100%

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	31st March, 2020	31st March, 2019
Discount rate	6.60%	7.65%
Expected rate of return on assets	6.60%	7.55%
Future salary increases:	7.00%	7.00%
Mortality Rate (% of IALM 2012-14) (31st March, 2019 : % of IALM 2006-08)	100%	100%

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.

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

Defined Contribution Plan : (₹ in Lacs)

	31st March, 2020	31st March, 2019
Contribution to Provident / Pension Funds	668.28	641.70
Contribution to Superannuation Fund	75.40	73.28
	743.68	**714.98**

Funded

A quantitative sensitivity analysis for significant assumptions is as below: (₹ in Lacs)

	31st March, 2020		31st March, 2019	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	(157.19)	181.95	(126.76)	145.46

(₹ in Lacs)

	31st March, 2020		31st March, 2019	
Assumptions	Future Salary		Future Salary	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	179.41	(158.02)	144.96	(128.61)

Non-Funded

A quantitative sensitivity analysis for significant assumptions is as below: (₹ in Lacs)

	31st March, 2020		31st March, 2019	
Assumptions	Discount rate		Discount rate	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	(157.53)	185.16	(120.45)	140.41

(₹ in Lacs)

	31st March, 2020		31st March, 2019	
Assumptions	Future Salary		Future Salary	
Sensitivity level	1% increase	1% decrease	1% increase	1% decrease
(Decrease)/Increase in gratuity defined benefit obligation	181.08	(157.74)	137.76	(121.56)

35. Employee stock option scheme

The Company provides share-based payment schemes to its employees. The Company had formulated an employee stock option scheme, namely Employee Stock Option Scheme 2015 (ESOP) in an earlier year. The relevant details of the scheme and grant are as below:

On 8th May 2015, the Board of Directors approved the Employee Stock Option Scheme 2015 for issue of stock options to the key employees of the Company. According to the scheme, the employee selected by the remuneration committee from time to time will be entitled to options, subject to satisfaction of the prescribed vesting conditions viz, continuing employment on the rolls of the Company as on 1st April 2015 as well as new employees who replaces the old eligible employee and joins the

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

employment of the Company before 30th June 2017 and continuing employment till grant date. The other relevant terms of the grant are as below:

Vesting Period	40% vest after 3 years 60% vest after 4 years
Exercise Period	4 Years
Expected Life	5.6 Years
Exercise Price (₹)	135
Market price as on 4th August, 2015 (₹)	183.25

The details of the activity under the scheme are as below::

	31st March, 2020	31st March, 2019
	No of options	No of options
Outstanding at the beginning of the year	14,73,900	14,73,900
Granted during the year	–	–
Lapsed during the year	3,67,900	–
Outstanding at the end of the year	11,06,000	14,73,900
Exercisable at the end of the year	11,06,000	5,89,560

No option has been exercised as on the year end under the above scheme.

The weighted average remaining contractual life for the stock options outstanding as at 31st March 2020 is 1.09 years (31st March 2019 2.09 years).

The weighted average fair value of the stock options granted was ₹105.64. The Black Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

	31st March, 2020	31st March, 2019
Dividend yield (%)	0.96%	0.96%
Expected volatility	44.90%	44.90%
Risk-free Interest rate	8%	8%
Weighted average share price (₹)	183.50	183.50
Exercise price (₹)	135	135
Expected life of options granted in years	5.6	5.6

The expected life of the stock is based on current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

36. Leases

Company as a lessee

The Company has applied Ind AS 116 Leases for the first time. The nature and effect of the changes as a result of adoption of this new accounting standard is described in the Note 2.(1) (d) of the Accounting Policies.

Impact on Balance Sheet (Increase / Decrease):

	31st March, 2020	31st March, 2019
Assets		
Right-of-use assets	334.61	544.21
Liabilities		
Lease liabilities	348.02	544.21

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

Impact on Statement of Profit and Loss (Increase in Profit):

	31st March, 2020
Depreciation and amortisation	209.60
Other expenses	(245.17)
Finance cost	48.98
Income Tax expense	(4.69)
Profit for the period	**8.72**

Impact on Statement of Cash Flows :

	31st March, 2020
Payment of principal portion of lease liabilities	196.19
Payment of interest portion of lease liabilities	48.98
Net cash flows used in financing activities	**245.17**

There is no material impact on other comprehensive income or the basic and diluted earnings per share.

The Company has lease contracts for various items of plant, machinery, vehicles and other equipment used in its operations. Leases of plant and machinery, motor vehicles and other equipment generally have lease terms between 1 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios.

The Company also has certain leases of machinery with lease terms of 12 months or less and leases of office equipment with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases.

Set out below are the carrying amounts of right-of-use assets recognised and the movements during the period:

	₹ in Lacs
As at 1st April 2019	544.21
Depreciation expense	209.60
As at 31st March 2020	**334.61**

Set out below are the carrying amounts of lease liabilities and the movements during the year:

(₹ in Lacs)

	31st March, 2020
As at 1st April	544.21
Accretion of interest	48.98
Payments	245.17
As at 31st March	**348.02**
Current	213.84
Non-current	134.18

The maturity analysis of lease liabilities are disclosed in Note 42.

The effective interest rate for lease liabilities is **9.0%**, with maturity between **2021-2022**

The following are the amounts recognised in Statement of Profit and Loss:

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Depreciation expense of right-of-use assets	209.60	–
Interest expense on lease liabilities	48.98	–
Expense relating to other leases (included in other expenses)	4,638.97	5,107.85
Total amount recognised in Statement of Profit and Loss	**4,897.55**	**5,107.85**

Notes to the Ind AS Financial Statements (Contd.)

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37. Capital and other commitments

Estimated amount of contracts remaining to be executed on Capital Account and not provided for (net of advances) ₹2,285.93 lacs (31st March 2019: ₹5,943.58 lacs).

38. Contingent liabilities

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Claims against the Company not acknowledged as debt :		
Excise Duty and Customs	714.15	758.45
Sales Tax (including Entry Tax)	1,064.48	782.21
Income Tax	942.90	587.07
Electricity Duty (Refer note 'a' below)	1,691.31	1,691.31
Bank Guarantee	600.00	600.00
Others (including power fuel surcharge adjustment, and towards certain vendors and employees)	1,580.36	1,651.46
	6,593.20	**6,070.50**

Note :

a. The plea by the Company challenging the constitutional validity of Electricity duty demand of ₹1,691.31 lacs had been dismissed by the Hon'ble High Court, Hyderabad in an earlier year. The Company, along with other industry members, had appealed the matter before Hon'ble Supreme Court of India with paying a protest money of ₹1,005.76 lacs, where the hearing is pending. Based on management's internal assessment and also considering advice of an external legal counsel, the Company believes that the demand shall not sustain under law.

b. Based on discussions with the solicitors/ favourable decisions in similar cases/legal opinions taken by the Company, the management believes that the Company has a good chance of success in above-mentioned cases and hence, no provision there against is considered necessary. The timing of outflow of resources in not ascertainable.

39. Related party disclosures

List of members of Board of Directors/key managerial personnel and other related parties

Chairman and Non-Executive Director	Mr. CK. Birla
Managing Director & Chief Executive Officer	Mr. Desh Deepak Khetrapal
Other Directors	Mrs. Amita Birla
	Mr. Rajeev Jhawar
	Mr. Vinod Kumar Dhall (Resigned w.e.f. 23rd March 2019)
	Mr. Rabindranath Jhunjhunwala
	Mr. Janat Shah
	Mr Swapan Dasgupta
	Mr. I.Y.R Krishna Rao
	Mrs. Varsha Vasant Purandare
Relatives of Director	Mrs. Nirmala Birla
	Ms. Avanti Birla
	Ms. Avani Birla
Chief Financial Officer	Mr. Sushil Gupta (Resigned w.e.f 29th Janaury 2020)
	Mr. Soumitra Bhattacharyya (Appointed w.e.f 29th January 2020)
Company Secretary	Mrs. Nidhi Bisaria
Firms in which a director, manager or his relative is a partner	Khaitan & Co LLP, New Delhi
	Khaitan & Co LLP, Kolkata
	Khaitan & Co, Mumbai
	Talwar Thakore & Associates
Public limited companies in which a director or manager is a director and holds along with his relatives, more than two percent of its paid-up share capital	Orient Paper & Industries Limited
	Orient Electric Limited

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as at and for the year ended 31st March, 2020

Investing Company	Central India Industries Limited
Post-employment benefit plan	Orient Cement Limited Employees Superannuation Fund
Other related entities	Birlasoft Limited
	CK Birla Corporate Services Limited
	Gmmco Limited
	HIL Limited
	National Engineering Industries Ltd

Related party transactions

The details of related parties transactions entered into by the Company for the year ended 31st March 2020 and 31st March 2019, and the details of amounts due to or due from related parties as at 31st March 2020 and 31st March 2019:

	Year Ended	Transaction during the period	Amount owed to related parties
Members of Board of Directors/key managerial personnel			
Sitting fees and Commission to Non-Executive Directors	31-Mar-20	178.00	100.00
	31-Mar-19	143.00	75.00
Dividend paid to Directors			
Dividend payment	31-Mar-20	26.56	–
Dividend payment	31-Mar-19	26.56	–
Managing Director & CEO			
Salary, bonus and contribution to PF	31-Mar-20	1,132.83	207.00
Share based payment	31-Mar-20	45.04	–
Salary, bonus and contribution to PF	31-Mar-19	986.13	180.00
Share based payment	31-Mar-19	171.85	–
Chief Financial Officer			
- Mr. Sushil Gupta			
Salary, bonus and contribution to PF	31-Mar-20	186.48	–
Salary, bonus and contribution to PF	31-Mar-19	198.46	36.39
Share based payment	31-Mar-19	35.88	–
- Mr. Soumitra Bhattacharyya			
Salary, bonus and contribution to PF	31-Mar-20	32.56	6.64
Company Secretary			
Salary, bonus and contribution to PF	31-Mar-20	29.00	2.95
Salary, bonus and contribution to PF	31-Mar-19	24.58	2.50
Enterprise in which a director or his/her relative has significant influence or is a Key management personal			
- Orient Paper & Industries Limited			
Payment of Rent	31-Mar-20	14.16	–
Payment of Rent	31-Mar-19	14.16	–
- Orient Electric Limited			
Purchase of Goods	31-Mar-20	8.42	2.55
Purchase of Goods	31-Mar-19	19.99	–

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

	Year Ended	Transaction during the period	Amount owed to related parties
- Khaitan & Co LLP - New Delhi			
Purchase of services	31-Mar-20	17.11	–
Purchase of services	31-Mar-19	6.00	–
- Khaitan & Co LLP - Kolkata			
Purchase of services	31-Mar-20	1.00	–
Purchase of services	31-Mar-19	1.00	–
- Khaitan & Co - Mumbai			
Purchase of services	31-Mar-20	0.20	–
Reimbursement of expenses	31-Mar-20	0.70	–
Reimbursement of expenses	31-Mar-19	2.88	–
- Talwar Thakore & Associates			
Purchase of services	31-Mar-20	–	–
Purchase of services	31-Mar-19	3.21	–
- C K Birla Corporate Services Limited			
Purchase of services	31-Mar-20	970.03	131.63
Purchase of services	31-Mar-19	768.07	37.50
- National Engineering Industries Limited			
Purchase of services	31-Mar-20	2.90	–
Payment of Rent and office maintenance*	31-Mar-20	60.22	–
Purchase of services	31-Mar-19	4.28	0.06
Payment of Rent and office maintenance	31-Mar-19	63.22	–
- HIL Limited			
Purchase of goods	31-Mar-20	13.56	–
Payment of Rent and office maintenance*	31-Mar-20	81.84	–
Purchase of goods	31-Mar-19	1.51	–
Payment of Rent and office maintenance	31-Mar-19	80.16	–
- GMMCO Limited			
Purchase of goods	31-Mar-20	2.04	–
Purchase of services	31-Mar-20	0.75	–
Payment of Rent and office maintenance*	31-Mar-20	27.53	–
Purchase of goods	31-Mar-19	10.67	(1.60)
Purchase of services	31-Mar-19	11.75	–
Payment of Rent and office maintenance	31-Mar-19	27.53	–
- Birlasoft Limited			
Purchase of services	31-Mar-20	7.98	3.17
Purchase of services	31-Mar-19	–	–
Relatives of Director			
Dividend payment	31-Mar-20	25.66	–
Dividend payment	31-Mar-19	25.66	–

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

	Year Ended	Transaction during the period	Amount owed to related parties
Enterprise having significant influence over the Company			
- Central India Industries Limited			
Dividend payment	31-Mar-20	368.58	–
Dividend payment	31-Mar-19	368.58	–
Entity that is a post-employment benefit plan for the benefit of employees of RE or it's parent			
- Orient Cement Limited Employees Superannuation Fund			
Superannuation Fund Contribution	31-Mar-20	78.19	–
Superannuation Fund Contribution	31-Mar-19	72.10	–

Note: The remuneration to the key managerial personnel does not include the provisions made for gratuity and leave benefits, as they are determined on an actuarial basis for the Company as a whole.

* Accounted as per Indian Accounting Standard 116 ('Ind AS 116'), Leases, with effect from 1st April 2019.

40. Details of dues to micro and small enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006

(₹ in Lacs)

	31st March, 2020	31st March, 2019
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	168.24	251.74
Interest due on above	–	–
	168.24	**251.74**
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	–	–
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 the MSMED Act 2006.	–	–
The amount of interest accrued and remaining unpaid at the end of each accounting period	–	–
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 the MSMED Act 2006	–	–

41. The management has considered that the Company has a single reportable segment based on nature of products, production process, regulatory environment, customers and distribution methods. Further, the Company is engaged in single product line of manufacturing and selling cement and its customers and non-current assets are located in India only.

No customer individually accounted for more than 10% of the revenues from external customers during the year ended 31st March 2020 and 31st March 2019.

42. Financial risk management objectives and policies

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

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

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

Market risk

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

Commodity Price Risk

The Company is exposed to commodity price risk arising out of fluctuation in prices of raw materials (flyash, gypsum and laterite) and fuel (coal and pet coke). Such price movements, mostly linked to external factors, can affect the production cost of the Company. To manage this risk, the Company take steps such as monitoring of prices, optimising fuel mix and pursue longer and fixed price contracts, where considered necessary. Additionally, processes and policies related to such risks are controlled by central procurement team and reviewed by the senior management.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's debt obligations with floating interest rates.

Interest rate sensitivity

The following table demonstrates the sensitivity to a reasonably possible change in interest rates on that portion of loans and borrowings. With all other variables held constant, the Company's profit before tax is affected through the impact on floating rate borrowings, as follows.

(₹ in Lacs)

	Increase/ decrease in basis points	Effect on profit before tax
31 March 2020	50 basis points	600.15
31 March 2019	50 basis points	542.43

Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates is not significant.

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities (primarily trade receivables).

Trade receivables

Customer credit risk is managed by the respective department subject to Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on individual credit limits as defined by the Company. Outstanding customer receivables are regularly monitored.

An impairment analysis is performed at each reporting date on an individual basis. The calculation is based on historical data of credit losses.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

The ageing analysis of the receivables (net of provision) has been considered from the date the invoice falls due.

(₹ in Lacs)

Trade Receivable	< 30 days	31 - 90 Days	91 to 180 days	> 180 days	Total
Mar-20	7,139.76	7,754.26	540.26	744.21	16,178.49
Mar-19	11,892.51	5,268.56	320.54	470.33	17,951.94

Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations or at a reasonable price. The Company's treasury department is responsible for liquidity, funding as well as settlement management. In addition, processes and policies related to such risks are overseen by senior management. Management monitors the Company's net liquidity position through rolling forecasts on the basis of expected cash flows.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash credits, bank loans among others.

Maturity profile of Financial liabilities

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date based on contractual undiscounted payments.

(₹ in Lacs)

Financial Liabilities	0-1 year	2-5 year	6-10 year	Above 10 years	Total
Mar-20					
Borrowings *	19,180.91	72,514.18	84,127.16	14,350.56	1,90,172.81
Trade Payables	17,635.20	–	–	–	17,635.20
Other financial liabilities	11,107.85	134.18	–	–	11,242.03
Total	**47,923.96**	**72,648.36**	**84,127.16**	**14,350.56**	**2,19,050.04**
Mar-19					
Borrowings *	17,762.05	74,897.85	87,755.35	30,031.62	2,10,446.87
Trade Payables	18,650.13	–	–	–	18,650.13
Other financial liabilities	11,969.05	36.57	–	–	12,005.62
Total	**48,381.23**	**74,934.42**	**87,755.35**	**30,031.62**	**2,41,102.62**

* including future interest of ₹67,020.00 lacs (31st March 2019: ₹80,867.00 lacs) and gross of unamortised processing fees of ₹516.77 lacs (31st March 2019 : ₹601.59 lacs)

43. Capital management

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

The Company manages its capital structure and makes adjustments in light of changes in economic conditions and the requirements of the financial covenants. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, return capital to shareholders and issue new shares. The Company monitors capital using a gearing ratio, which is net debt divided by total capital plus net debt. The Company's policy is to keep the gearing ratio between 0.50 to 0.55. The Company includes within net debt, interest bearing loans and borrowings, less cash and cash equivalents.

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Interest bearing borrowings	1,19,070.93	1,24,951.76
Less : Cash and cash equivalents	(3,470.05)	(2,204.12)
Net debt (A)	**1,15,600.88**	**1,22,747.64**
Equity Share Capital	2,048.69	2,048.69
Other Equity	1,09,788.21	1,03,301.93
Total Capital	1,11,836.90	1,05,350.62
Total Capital plus Net debt (B)	**2,27,437.78**	**2,28,098.26**
Gearing Ratio ((A)/(B))	**0.51**	**0.54**

44. Details of CSR expenditure

(₹ in Lacs)

		31st March, 2020	31st March, 2019
(a) Gross amount required to be spent by the Company during the year		50.92	41.72
	In cash	Yet to be paid in cash	Total
(b) Amount spent during the year ending on 31st March 2020:			
i) Construction/acquisition of any asset	13.46	–	13.46
ii) On purposes other than (i) above	456.42	25.26	481.68
(c) Amount spent during the year ending on 31st March 2019:			
i) Construction/acquisition of any asset	37.68	–	37.68
ii) On purposes other than (i) above	422.29	74.88	497.17

45. Distribution of Dividend

(₹ in Lacs)

	31st March, 2020	31st March, 2019
Dividend on equity shares declared and paid :		
Final dividend for the year ended 31st March 2019 : ₹0.75 per share (31st March 2018: ₹0.75 per share)	1,536.52	1,536.52
DDT on Final dividend	315.84	315.84
	1,852.36	**1,852.36**
Proposed Dividend on equity shares :		
Proposed dividend on equity shares for the year ended on 31st March 2020 : ₹0.75 per share (31st March 2019 : ₹0.75 per share)	1,536.52	1,536.52
DDT on proposed dividend	–	315.84
	1,536.52	**1,852.36**

46. Fair Value

The fair value of the financial assets and liabilities approximates their carrying amounts as at the balance sheet date.

47. COVID 19 impact on business operations of the Company

a. The operations of the Company were impacted in the month of March 2020 due to temporary shutdown of all plants following nationwide lockdown announced by the Government of India because of COVID-19 outbreak. The management is monitoring the situation closely and has started operating its plants in a phased manner from the last week of April. The management has made an initial assessment, based on the current situation, of the likely impact of the

Notes to the Ind AS Financial Statements (Contd.)

as at and for the year ended 31st March, 2020

lockdown on overall economic environment and cement industry, in particular, based on which it expects the cement demand to stabilise in due course, as driven by measures expected to be taken by the Government; and further, does not anticipate any challenge in the Company's ability to continue as a going concern or meeting its financial obligations. The Company has additionally,on a prudent basis, assessed its property, plant and equipment for impairment and reassessed the realizability of MAT credit of ₹6,807.36 lacs as on 31st March 2020. Based on projections, future outlook and carrying value of property, plant and equipment, there is no impairment charge that needs to be recognised and further, the management is confident that it will be able to utilise MAT Credit against future tax liability.

b. The above evaluations are based on scenario analysis carried out by the management and internal and external information available upto the date of approval of these financial statements, which are subject to uncertainties that COVID-19 outbreak might pose on economic recovery.

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm registration number:301003E/E300005
Chartered Accountants

per Sanjay Kumar Agarwal
Partner
Membership No.: 060352

Place: Kolkata
Date: 22nd May 2020

For and on behalf of Board of Directors

CK. Birla
Chairman
(DIN 00118473)
Place: New Delhi

D.D. Khetrapal
Managing Director & CEO
(DIN 02362633)
Place: New Delhi

S. Bhattacharyya
Chief Financial Officer
(FCA 059004)
Place: Hyderabad

N. Bisaria
Company Secretary
(FCS 5634)
Place: Ghaziabad