S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

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INDEPENDENT AUDITOR'S REPORT

To the Members of Zuari Cement Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Zuari Cement Limited ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

S.R. Batliboi & Associates LLP Bengaluru

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

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

(b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) The Balance Sheet, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

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

(e) On the basis of written representations received from the directors as on December 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on December 31, 2017, from being appointed as a director in terms of section 164 (2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

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

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 30(c) & (d) to the standalone Ind AS financial statements;

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

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

S.R. Batliboi & Associates LLP
Bengaluru

S.R. BATLIBOI & ASSOCIATES LLP
Chartered Accountants

Other Matter

The comparative financial information of the Company for the transition date opening balance sheet as at January 01, 2016 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended December 31, 2015 dated February 15, 2016 expressed an modified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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

Kaustav Ghose

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 08, 2018

S.R. Batliboi & Associates LLP
Bengaluru

Annexure 1

Annexure referred to in clause 1 of Report on Other Legal and Regulatory Requirements paragraph of our report of even date

Re: Zuari Cement Limited ('the Company')

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) All fixed assets were physically verified by the management in the previous year in accordance with a planned programme of verifying them once in three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment / fixed assets are held in the name of the Company.

(ii) The inventory, except for goods in transit, stock lying with third parties and clinker included in work in progress, has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable and no material discrepancies were noticed on such physical verification. As explained to us, stock of clinker included in work in progress, is stored in sealed containers, the content of which cannot be verified.

(iii) (a) The Company has granted loan to one company covered in the register maintained under section 189 of the Companies Act, 2013. In our opinion and according to the information and explanations given to us, the terms and conditions of the grants and loans are not prejudicial to the company's interest.

The repayment of the principal and the interest on aforesaid loan is not yet due. Accordingly, para 3 (iii) (b) and 3 (iii) (c) of the Order is not applicable.

(iv) In our opinion and according to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act 2013 in respect of loans to directors including entities in which they are interested and in respect of loans and advances given, investments made and, guarantees, and securities given have been complied with by the Company.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules made by the Central Government for the maintenance of cost records under section 148(1) of the Companies Act, 2013, related to the manufacture of cement, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.

(vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.

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(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, duty of excise, value added tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, duty of excise , value added tax and cess on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount (INR in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Andhra Pradesh General sales Tax Act, 1957	Sales Tax	685.30	1994-95 and 1999-2000 to 2002-03	High Court
Andhra Pradesh General sales Tax Act, 1957	Sales Tax	18,669.80	2011-12 to 2012-13	Appellate Authorities
Andhra Pradesh Valued Added Tax Act, 2005	Entry Tax	178.30	2009-10 and 2010-11	High Court
Andhra Pradesh Valued Added Tax Act, 2005	VAT	12.51	April 2013 to Dec 2015	High Court
Central Excise Act, 1944	Cenvat Credit	36.20	1997-98	High Court
Central Excise Act, 1944	Excise duty/Cenvat Credit	4,132.10	April 2005 to June 2015	Tribunal(s)
Central Excise Act, 1944	Cenvat Credit	1,356.96	2007-08 and 2011-12 to 2016-17	Appellate Authorities
Central Sales Tax Act, 1956	Central Sales Tax	1,275.03	1997-98 to 1998-99	High Court
Central Sales Tax Act, 1956	Central Sales Tax	3,061.80	2002-03 to 2004-05	Tribunal(s)
Kerala VAT Rules, 2005 Total	Sales Tax	108.12	2012-13 to 2013-14	High Court
Odisha Entry Tax Act,1999	Entry Tax	29.00	2005-06 and 2011-12 to 2012-13	Tribunal(s)
Odisha Sales Tax Act,1947	Sales Tax	22.09	1992-93	High Court
Odisha Sales Tax Act,1947	Sales Tax	0.50	1991-92	Tribunal(s)
Odisha Sales Tax Act, 1947	Sales Tax	0.93	2004-05	Appellate Authorities

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Name of the statute	Nature of the dues	Amount (INR in lakhs)*	Period to which the amount relates	Forum where dispute is pending
Tamil Nadu General Sales tax Act,1959	CST	3.85	1993-94	High Court
Tamil Nadu General Sales tax Act,1959	Sales Tax	26.44	2011-12	Tribunal(s)
Tamil Nadu General Sales tax Act,1959	Sales Tax	11.89	1991-1993 and July 2012 to June 2013	Appellate Authorities
The Customs Act, 1962	Customs Duty	1,631.30	Jan 2012 to Dec 2012	Supreme Court
The Customs Act, 1962	Customs Duty	616.10	Feb 2012 to March 2013	Tribunal(s)
The Finance Tax ,1994	Service Tax	27.86	2014-15 to 2016-17	Appellate Authorities
The Income Tax Act,1961	Income tax	1,586.75	2008-09 and 2010-11 to 2011-12	Tribunal(s)
The Income Tax Act,1961	Income tax	7,754.62	2009-10 and 2013-14	AO/TPO
The Income Tax Act,1961	Income tax	1,679.91	2012-13	DRP, Bangalore

*net off of amount paid under protest

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to a financial institution, bank or government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of term loans for the purposes for which they were raised.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

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(xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the Company and, not commented upon.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

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

Kaustav Ghose

S.R. Batliboi & Associates LLP
Bengaluru

per **Kaustav Ghose**
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 8, 2018

Annexure 2

Annexure to the Independent Auditor's Report of even date on the standalone financial statements of Zuari Cement Limted

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

We have audited the internal financial controls over financial reporting of Zuari Cement Limited ("the Company") as of December 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and

S.R. Batliboi & Associates LLP
Bengaluru

dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at December 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Kaustav Ghose

S. R. Batliboi & Associates LLP
Bengaluru

per Kaustav Ghose
Partner
Membership Number: 057828
Place of Signature: Bengaluru
Date: February 8, 2018

Zuari Cement Limited
Balance sheet as at December 31, 2017
Rupees in lakhs, unless otherwise stated

Particulars	Notes	December 31, 2017	December 31, 2016	January 1, 2016
Assets				
Non-current assets				
Property, plant and equipment	3	185,036.33	191,351.06	178,576.25
Capital work-in-progress	3	2,240.04	5,128.36	21,833.84
Intangible assets	4	195.76	287.80	2,314.27
Investment in subsidiaries	5	15,221.64	13,613.55	13,519.56
Financial assets				
Investments	5	21.70	20.60	17.20
Loans	6	11,746.26	12,923.89	12,528.96
Other financial assets	6A	1.03	37.71	37.71
Other assets	7	11,239.78	11,967.56	16,259.52
		225,702.54	235,330.53	245,087.31
Current assets				
Inventories	8	14,926.05	16,479.13	18,252.25
Financial assets				
Trade receivables	9	11,114.18	12,420.15	9,439.19
Cash and bank	10	19,308.39	19,974.32	12,898.03
Loans	6	485.06	506.92	404.45
Other financial assets	6A	87.83	132.59	211.51
Other assets	7	7,278.19	5,629.45	4,196.15
		53,199.70	55,142.56	45,401.58
Total assets		278,902.24	290,473.09	290,488.89
Equity and liabilities				
Equity				
Equity share capital	11	27,496.14	27,496.14	27,496.14
Other equity	12	121,048.27	118,736.04	109,209.59
		148,544.41	146,232.18	136,705.73
Non-current liabilities				
Financial liabilities				
Borrowings	13	58,513.41	8,621.16	57,884.24
Other financial liabilities	14	-	2,300.00	2,300.00
Provisions	15	5,652.35	5,739.73	6,597.52
Deferred tax liabilities (net)	16	18,068.01	16,803.50	16,187.10
Other liabilities	14 A	693.57	726.60	759.63
		82,927.34	34,190.99	83,728.49
Current liabilities				
Financial liabilities				
Borrowings	13	-	4.35	541.61
Trade payables	17	30,063.36	49,249.76	34,233.65
Other financial liabilities	18	12,676.86	56,081.92	31,776.17
Provisions	15	449.71	581.84	984.21
Other liabilities	18 A	4,240.56	4,132.05	2,519.03
		47,430.49	110,049.92	70,054.67
Total liabilities		130,357.83	144,240.91	153,783.16
Total equity and liabilities		278,902.24	290,473.09	290,488.89
Summary of significant accounting policies	2			

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 08, 2018

S.R. Batliboi & Associates LLP Bengaluru

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

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Sushil Kumar Tiwari
Director
DIN - 03265246

R.Ramakrishnan
Director
DIN - 00680202

K.Varaprasad
Chief Financial Officer

L.R.Neelakanta
Company Secretary

Place: Gurugram
Date: February 08, 2018

Zuari Cement Limited
Statement of profit and loss for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

Particulars	Notes	December 31, 2017	December 31, 2016
Income			
Revenue from operations (gross)	19	203,313.84	211,902.92
Other income	20	3,477.06	2,978.79
Total Income (I)		206,790.90	214,881.71
Expenses			
Cost of raw material and packing material consumed	21	31,982.36	27,734.04
Change in inventories of traded goods, finished goods and work-in-progress	22	2,771.85	2,084.14
Excise duty on sale of goods		13,450.28	26,714.06
Employee benefits expense	23	7,619.21	8,607.28
Finance costs	24	5,953.66	7,838.17
Depreciation and amortisation	25	11,905.04	16,005.43
Other expenses	26	115,648.50	113,638.32
Total Expense (II)		189,330.90	202,621.44
Profit before tax (I) - (II)		17,460.00	12,260.27
Tax expense			
Current tax	16	3,942.43	2,049.98
Deferred tax charge	16	1,252.76	639.74
Total tax expense		5,195.19	2,689.72
Profit for the year (III)		12,264.81	9,570.55
Other comprehensive income (OCI)			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurement gains/(losses) of net defined benefit plans		33.99	(67.44)
Income tax effect		(11.76)	23.34
Other comprehensive income for the year, net of tax (IV)		22.23	(44.10)
Total comprehensive income for the year, net of tax (III) + (IV)		12,287.04	9,526.45
Earnings per share [nominal value of share Rs 10 (31 December 2016: Rs. 10)]	27		
Basic		4.46	3.48
Diluted		4.46	3.48
Summary of significant accounting policies	2		

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose

S.R. Batliboi & Associates LLP Bengaluru

per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 08, 2018

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

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Sushil Kumar Tiwari
Director
DIN - 03265246

R.Ramakrishnan
Director
DIN - 00680202

K.Varaprasad
Chief Financial Officer

L.R.Neelakanta
Company Secretary

Place: Gurugram
Date: February 08, 2018

Zuari Cement Limited
Cash flow statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

	December 31, 2017	December 31, 2016
Cash flow from operating activities		
Profit before tax	17,460.00	12,260.27
Adjustment to reconcile profit before tax to net cash flows		
Depreciation and amortisation	11,905.04	16,005.43
Interest income	(1,391.59)	(1,049.90)
Gain on Fair valuation of Investments through Profit or loss	(108.09)	(94.00)
Interest expense	5,843.55	7,603.38
(Profit)/Loss on sale of property, plant and equipment net	(8.44)	(2.17)
Provision for bad and doubtful debts, net	3.97	188.01
Sundry balances written off	5.59	-
Unrealised foreign exchange differences (gain)/loss	(46.90)	32.09
Fair value of Investment-Amortisation of Advance	293.41	294.22
Profit on sale of current investments, net	-	(470.53)
Provision no longer required written back	(1,729.61)	(981.34)
Operating profit before working capital changes	**32,226.93**	**33,785.46**
Movements in working capital:		
Increase / (decrease) in trade payables	(17,392.26)	15,964.61
Increase / (decrease) in long-term provisions	(53.39)	(925.23)
Increase / (decrease) in short-term provisions	(132.13)	(402.37)
Increase / (decrease) in other long-term liabilities	(33.03)	(33.03)
Increase / (decrease) in other financial liabilities	230.39	45.24
Increase / (decrease) in other short term liabilities	108.51	1,613.02
Decrease / (increase) in trade receivables	1,302.00	(3,168.97)
Decrease / (increase) in inventories	1,553.08	1,773.12
Decrease / (increase) in long-term loans and advances	1,869.46	230.76
Decrease / (increase) in short-term loan and advances	4.23	(101.72)
Decrease / (increase) in other financial assets	76.88	101.05
Decrease / (increase) in other non-current assets	245.64	257.09
Decrease / (increase) in other current assets	(1,942.15)	(1,727.52)
Cash generated from /(used in) operations	**18,064.16**	**47,411.51**
Direct taxes paid (net of refunds)	(3,738.82)	(2,618.02)
Net cash flow from/ (used in) operating activities (A)	**14,325.34**	**44,793.49**
Cash flows from investing activities		
Purchase of PPE, including CWIP and capital advances	(2,833.46)	(8,904.58)
Proceeds from sale of PPE	45.96	40.74
Purchase of non-current investments	(1.10)	(3.39)
Purchase of current investments	-	(39,000.00)
Proceeds from sale/maturity of current investments	-	39,470.53
Redemption/ maturity of bank deposits (having original maturity of more than twelve months)	37.16	(0.48)
Interest received	667.64	402.08
Net cash flow from/ (used in) investing activities (B)	**(2,083.80)**	**(7,995.10)**
Cash flows from financing activities		
Proceeds from long-term borrowings	50,000.00	-
Repayment of long-term borrowings	(50,117.72)	(21,934.46)
Dividends paid on equity shares (including Corporate Dividend Tax)	(9,974.81)	-
Interest paid	(2,810.11)	(7,250.86)
Net cash flow from/ (used in) in financing activities (C)	**(12,902.64)**	**(29,185.32)**
Net increase/(decrease) in cash and cash equivalents (A + B + C)	(661.10)	7,613.07
Cash and cash equivalents at the beginning of the year	19,969.49	12,356.42
Cash and cash equivalents at the end of the year	**19,308.39**	**19,969.49**

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Zuari Cement Limited
Cash flow statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

	December 31, 2017	December 31, 2016
Components of cash and cash equivalents		
Cash on hand	2.33	2.09
Balance with banks:		
- On current accounts	7,506.06	6,721.74
- Deposits with original maturity of less than three months	11,800.00	13,250.01
Less: Cash credit from banks	-	(4.35)
Total cash and cash equivalents (note 10)	19,308.39	19,969.49

Summary of significant accounting policies (note 2)

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership no.: 057828

S.R. Batliboi & Associates LLP Bengaluru

Place: Bangalore
Date: February 08, 2018

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

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Sushil Kumar Tiwari
Director
DIN - 03265246

R.Ramakrishnan
Director
DIN - 00680202

K.Varaprasad
Chief Financial Officer

L.R.Neelakanta
Company Secretary

Place: Gurugram
Date: February 08, 2018

Zuari Cement Limited
Statement of change in equity for the year ended December 31, 2017

a. Equity Share Capital:

Equity shares of Rs. 10 each issued, subscribed and fully paid	Numbers	Rs. in Lakhs
At 1 January 2016	274,961,400	27,496.1
At 31 December 2016	274,961,400	27,496.1
At 31 December 2017	**274,961,400**	**27,496.1**

b. Other equity:
For the year ended 31 December 2017

Rs. in Lakhs

Particulars	Other Equity			Total
	Reserves and Surplus		Items of OCI	
	Securities premium reserve	Retained earnings	Other item of OCI	
	(Note 12)	(Note 12)	(Note 12)	
As at 31st December 2016	**37,201.93**	**81,578.21**	**(44.10)**	**118,736.04**
Profit for the year	-	12,264.81	-	12,264.81
Dividend on equity and tax thereon (Note 12)		(9,974.81)	-	(9,974.81)
Other comprehensive income (Note 12)	-	-	22.23	22.23
At 31st December 2017	**37,201.93**	**83,868.21**	**(21.87)**	**121,048.27**

For the year ended 31 December 2016

Particulars	Other Equity			Total
	Reserves and Surplus			
	Securities premium reserve	Retained earnings	Other item of OCI	
	(Note 12)	(Note 12)	(Note 12)	
As at 1 January 2016	**37,201.93**	**72,007.66**	-	**109,209.59**
Profit for the year	-	9,570.55	-	9,570.55
Other comprehensive income (Note 12)	-	-	(44.10)	(44.10)
As at 31st December 2016	**37,201.93**	**81,578.21**	**(44.10)**	**118,736.04**

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose

per Kaustav Ghose
Partner
Membership no.: 057828

S.R. Batliboi & Associates LLP Bengaluru

Place: Bangalore
Date: February 08, 2018

For and on behalf of Board of Directors of
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Jamshed Naval Cooper
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R.Ramakrishnan
Director
DIN - 00680202

K.Varaprasad
Chief Financial Officer

L.R.Neelakanta
Company Secretary

Place: Gurugram
Date: February 08, 2018

1. Corporate Information

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

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

2. Significant accounting policies

The Significant accounting policies applied by the Company in preparation of its financial statements are listed below. Such accounting policies have been applied consistently to all the periods presented in these financial statements and in preparing the opening Ind AS Balance sheet as at January 1, 2016 for the purpose of transition to Ind AS, unless otherwise indicated.

2.1 Basis of preparation

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act").

For all periods up to and including the year ended 31 December 2016, the company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 December 2017 are the first the company has prepared in accordance with Ind AS. Refer to note 39 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

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

2.2 Summary of significant accounting policies

a. 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

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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.

b. Foreign currencies

The Company's financial statements are presented in INR, which is also the Company's functional currency.

Transaction and balances

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

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

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

c. Fair Value Measurement

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

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

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

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

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

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

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

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

- Level 1: Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2: Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3: Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

d. Revenue Recognition

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

However, sales tax/value added tax (VAT)/Goods and Service tax (GST) is not received by the Company on its own account. Rather, it is collected on value added to the commodity by the seller on behalf of the government. Accordingly, it is excluded from revenue.

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates.

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Interest Income

For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

e. Taxes

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognised for all taxable temporary differences.

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

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

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

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

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

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All amounts are in Rupees Lakhs, unless otherwise stated

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

f. Property, plant and equipment ('PPE')

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as at December 31, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment as on January 1, 2016.

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

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

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

Asset category	Useful lives estimated by the management (years)
Buildings	10-60
Plant and machinery	3-25
Railway sidings	15
Furniture and fittings	10
Motor vehicles	8
Office equipment	3 – 25
Computer hardware	5 – 6

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

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

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

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

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

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g. Intangible Assets

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as at December 31, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of intangible assets as on January 1, 2016.

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

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

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

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

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

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

h. Borrowing Cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

i. Government grants and subsidies

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

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

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measured at fair value and the government grant is measured as the difference between the initial carrying value of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities.

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

j. Inventories

Raw materials, packing materials, coal and fuel, stores and spares are valued at lower of cost and net realizable value. However, materials and other items held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. Cost of raw materials, packing materials, coal and fuel, stores and spares is determined on a weighted average basis and includes cost incurred in bringing the material to its present location and condition. Stores and spares which do not meet the definition of property, plant and equipment are accounted as inventories.

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

Traded goods are valued at lower of cost and net realizable value. Cost includes cost of purchase and other costs incurred in bringing the inventories to their present location and condition. Cost is determined on a weighted average basis.

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

k. Leases

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

Company as a Lessee

A lease is classified at the inception date as a finance lease or an operating lease. Leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Company is lessor

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

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l. 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. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

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

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

For assets excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses no longer exist or have decreased. If such indication exists, the 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 or loss unless the asset is carried at a revalued amount, in which case, the reversal is treated as a revaluation increase.

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

m. Provisions

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

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

Provision for mine reclamation expenses

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

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

n. Retirement and other employee benefits

Superannuation Fund (being administered by Trusts) and Employees' State Insurance Corporation (ESIC) are defined contribution schemes and the contributions are charged to the statement of profit and loss for the period when the contributions to the respective funds are due. There are no other obligations other than the contribution payable to the respective funds.

Retirement benefit in the form of provident fund is a defined contribution scheme. The Company has no obligation, other than the contribution payable to the provident fund. 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.

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

Remeasurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognised immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Remeasurements are not reclassified to profit or loss in subsequent periods.

Past service costs are recognised in profit or loss on the earlier of:

- The date of the plan amendment or curtailment, and
- The date that the Company recognises related restructuring costs

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset. The Company recognises the following changes in the net defined benefit obligation as an expense in the statement of profit and loss:

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements; and
- Net interest expense or income

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

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o. Financial instruments

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

Financial Assets

Initial recognition and measurement

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

Subsequent measurement

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

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

Debt instruments at amortised cost

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

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

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

Debt instrument at FVTOCI

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

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

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). However, the Company recognizes interest income, impairment losses & reversals and foreign exchange gain or loss in the P&L. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from

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the equity to P&L. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVTPL

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

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

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

Equity investments

All equity investments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognised by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVTPL. For all other equity instruments, the 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 at FVTOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to P&L, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

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

Derecognition

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

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

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

Impairment of financial assets

Financial assets, other than those at Fair Value through Profit and Loss (FVTPL), are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected, or a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment.

For all other financial assets, objective evidence of impairment could include:

- Significant financial difficulty of the issuer or counterparty;
- Breach of contract, such as a default or delinquency in interest or principal payments;
- It becoming probable that the borrower will enter bankruptcy or financial re-organisation; or the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables, assets are assessed for impairment on individual basis.

For financial assets that are carried at cost, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

For financial assets measured at amortised cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what e amortised cost would have been had the impairment not been recognized.

Financial Liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

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Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term.

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

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

Loans and borrowings

This is the category most relevant to the group. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.
Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

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

Derecognition

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

Offsetting of financial instruments

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

p. Cash and cash equivalents

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

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

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q. Segment reporting

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

r. 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.

s. Dividend Distributions

The Company recognizes a liability to make payment of dividend to owners of equity when the distribution is authorized and is no longer at the discretion of the Company and is declared by the shareholders. A corresponding amount is recognised directly in equity.

t. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders (after deducting preference dividends and attributable taxes) by the weighted average number of equity shares outstanding during the period.

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

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

3. Property, plant and equipment ('PPE')

	Freehold non mining land**	Freehold mining land#	Buildings	Plant and machinery	Railway sidings	Furniture and fittings	Motor vehicles	Office equipment	Computer hardware	Total	Capital work in progress
Cost or valuation											
At January 1, 2016	6,665.78	2,190.85	48,134.39	103,561.04	16,426.25	399.35	462.66	267.16	468.77	178,576.25	21,833.84
Additions/Adjustments*	-	3,978.34	5,281.53	10,039.67	7,119.44	32.36	165.22	32.51	136.53	26,785.60	10,080.12
Disposals	-	-	-	-	-	(3.72)	(46.11)	(1.16)	(1.12)	(52.11)	(26,785.60)
At December 31, 2016	6,665.78	6,169.19	53,415.92	113,600.71	23,545.69	427.99	581.77	298.51	604.18	205,309.74	5,128.36
Additions*	-	608.54	578.39	4,032.69	108.90	12.36	11.10	81.02	16.08	5,449.08	2,560.76
Transfer	-	-	-	135.54	-	127.87	(139.00)	(16.48)	(107.93)	-	-
Disposals	-	(4.48)	(36.39)	(13.64)	-	(1.64)	(22.06)	(1.21)	-	(79.42)	(5,449.08)
At December 31, 2017	6,665.78	6,773.25	53,957.92	117,755.30	23,654.59	566.58	431.81	361.84	512.33	210,679.40	2,240.04
Depreciation											
At January 1, 2016	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	216.57	1,974.59	10,204.41	1,218.03	55.03	119.72	36.10	147.77	13,972.22	-
Disposals	-	-	-	-	-	(0.39)	(12.50)	(0.32)	(0.33)	(13.54)	-
At December 31, 2016	-	216.57	1,974.59	10,204.41	1,218.03	54.64	107.22	35.78	147.44	13,958.68	-
Charge for the year	-	14.16	2,397.15	7,110.98	1,728.07	219.87	74.85	74.59	106.62	11,726.29	-
Disposals	-	-	(24.04)	(6.04)	-	(0.51)	(10.58)	(0.73)	-	(41.90)	-
At December 31, 2017	-	230.73	4,347.70	17,309.35	2,946.10	274.00	171.49	109.64	254.06	25,643.07	-
Net Block											
At January 1, 2016	6,665.78	2,190.85	48,134.39	103,561.04	16,426.25	399.35	462.66	267.16	468.77	178,576.25	21,833.84
At December 31, 2016	6,665.78	5,952.62	51,441.33	103,396.30	22,327.66	373.35	474.55	262.73	456.74	191,351.06	5,128.36
At December 31, 2017	6,665.78	6,542.52	49,610.22	100,445.95	20,708.49	292.58	260.32	252.20	258.27	185,036.33	2,240.04

* Includes interest cost capitalised aggregating Rs. Nil (December 31, 2016: Rs. Nil January 1, 2016: 2,409.29 Lakhs)

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

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

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Rupees in lakhs, unless otherwise stated

4. Intangible assets

	Computer software	Goodwill	Total	Capital work in progress
Cost or valuation				
At January 1, 2016	515.09	1,799.18	**2,314.27**	-
Additions/Adjustments	6.74	-	**6.74**	6.74
Disposals	-	-	-	(6.74)
At December 31, 2016	**521.83**	**1,799.18**	**2,321.01**	-
Additions/Adjustments	86.71	-	**86.71**	86.71
Disposals	-	-	-	(86.71)
At December 31, 2017	**608.54**	**1,799.18**	**2,407.72**	-
Amortisation/ Impairment				
At January 1, 2016	-	-	-	-
Charge for the year	234.03	1,799.18	**2,033.21**	-
Disposals	-		-	-
At December 31, 2016	**234.03**	**1,799.18**	**2,033.21**	-
Charge for the year	178.75	-	**178.75**	-
Disposals	-	-	-	-
At December 31, 2017	**412.78**	**1,799.18**	**2,211.96**	-
Net Block				
At January 1, 2016	**515.09**	**1,799.18**	**2,314.27**	-
At December 31, 2016	**287.80**	-	**287.80**	-
At December 31, 2017	**195.76**	-	**195.76**	-

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

5. Non-current investments

	December 31, 2017	December 31, 2016	January 1, 2016
Trade investments (valued at cost unless stated otherwise)			
Investment in subsidiaries			
Unquoted equity instruments			
A. 509,940 (December 31, 2016: 509,940, January 1, 2016: 509,940) equity shares of Rs. 10/- each fully paid up in Sitapuram Power Limited. [refer note (i)]	3,850.99	2,350.99	2,350.99
B. 22,496,691 (December 31, 2016: 22,496,691, January 1, 2016: 22,496,691) equity shares of Rs. 10/- each fully paid up in Gulbarga Cement Limited.[refer note (ii)]	10,541.93	10,541.93	10,541.93
	14,392.92	**12,892.92**	**12,892.92**
Preference shares (unquoted)			
A. 2,749,000 (December 31, 2016: 2,749,000, January 1, 2016: 2,749,000) 0.01% cumulative redeemable preference shares of Rs. 100/- each fully paid up in Sitapuram Power Limited redeemable after 20 years from the date of issue.[refer note (v)]	828.72	720.63	626.64
	828.72	**720.63**	**626.64**
	15,221.64	**13,613.55**	**13,519.56**
Other investments			
Unquoted equity instruments			
A. 22,460 (December 31, 2016: 22,460, January 1, 2016: 22,460) equity shares of Rs. 10/- each fully paid up of Energon Power Resources Private Limited. [refer note (iii)]	2.32	2.32	2.32
B. 44,962 (December 31, 2016: 33,962, January 1, 2016: 33,962) equity shares of Rs. 10/- each fully paid up of Echanda Urja Private Limited. [refer note (iv)]	4.50	3.40	-
	6.82	**5.72**	**2.32**
Preference shares (unquoted)			
A. 14,419 (December 31, 2016: 14,419, January 1, 2016: 14,419) cumulative compulsory non-participative preference shares of Rs. 100/- each fully paid up in Energon Power Resources Private Limited. [refer note (iii)]	14.88	14.88	14.88
	14.88	**14.88**	**14.88**
	21.70	**20.60**	**17.20**

(i). Investments in Sitapuram Power Limited and Power Arrangement Agreement

The Company has promoted a Special Purpose Vehicle (SPV) by entering into a Share Subscription Agreement (SSA) with KSK Energy Ventures Limited (KSK) by the name of Sitapuram Power Limited (SPL) to set up a 43 MW Captive Power Plant (CPP) in Sitapuram to cater to its power requirements. The Company's stake in SPL was 51% and balance is held by KSK.

KSK is engaged in the business of development of power projects and responsible for implementing and executing this project. During the intervening period till the power project commissioned, to procure uninterrupted power supply, the Company entered into a Power Arrangement Agreement (PAA) with KSK for the supply of 38 MW of power per annum and has paid an interest free advance of Rs. 2,300.00 Lakhs which shall be refunded by KSK after 10 years from commissioning of the plant (i.e.) March 2008.

In accordance with the SSA, the Company committed to purchase the balance 49% stake in SPL from KSK on expiry of 10 years from the date of commissioning of the plant. The consideration to be paid, though not ascertainable as at the balance sheet date, is Re. 1 plus the value of net assets as on the date of acquisition. The consideration will stand reduced to the extent of debts in SPL. Additionally, a sum of Rs. 2,300.00 Lakhs is payable to KSK for development efforts at the end of 10 years. Accordingly, the same has been provided in the books and debited to cost of investments in subsidiary.

During December 2017, the Company has executed a binding share purchase agreement with KSK for the purchase of balance non-controlling 49% equity stake held by them in SPL. Consequent to share purchase agreement entered on 25th December, 2017, the balance 49% equity stake was purchased by the Company from KSK for a consideration of Rs.1,500.00 lakhs. Further the 2,300.00 lakhs receivable and paybale to KSK was set off.

(ii). Investments in Gulbarga Cement Limited
Company has given long term loan to Gulbarga Cement Limited during the financial year 2011-12 & 2012-13 and carries an interest at SBI base rate plus 1% per annum. The loan is repayable in 12 quarterly instalments along with interest accrued after expiry of 10 years from the date of loan.

As interest is receivable after expiry of 10 years from the date of loan, the principal loan amount is fair valued to reflect the payment moratorium period. On fair valuation Rs. 2,067.60 lakhs representing the difference between the loan given and fair value of the loan is accounted as investment in accordance with Ind AS 109.

(iii). Investments in Energon Power Resources Private Limited

The Company, during the year ended December 31, 2014, had executed a Share Subscription and Shareholders Agreement (SSHA) dated June 2, 2014 with Energon Power Resources Private Limited ("EPRPL") and Energon Renewables Private Limited. Pursuant to the terms of SSHA, the Company has invested a sum of Rs. 17.20 Lakhs to acquire 2.89% equity stake in the Company in 2014. This will provide an entitlement of 6 MW dedicated wind energy capacity in EPRPL for the Company. This investment are carried at cost.

(iv). Investment in Echanda Urja Private Limited

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

(v). Investments in preference shares of Sitapuram Power Limited
As per Ind AS, difference between carrying value of investment in preference shares of SPL redeemable at the end of the agreement and its amortised cost balance are recognised as prepaid expenses under other assets in the balance sheet and the same is amortised and recognised in statement of profit or loss on a systematic and rational basis over life of the term of the relevant agreement. Interest income on the discounted value of investment is also recognised under Other Income.

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6. Loans

	Non-current			Current		
	December 31, 2017	**December 31, 2016**	**January 1, 2016**	**December 31, 2017**	**December 31, 2016**	**January 1, 2016**
Loan and advances to related parties						
Unsecured, considered good						
Inter-corporate loan to Gulbarga Cement Limited#	8,148.70	7,456.87	6,831.18	-	-	-
	8,148.70	**7,456.87**	**6,831.18**	-	-	-
Long term business advance	-	2,300.00	2,300.00	-	-	-
	-	**2,300.00**	**2,300.00**	-	-	-
Security deposit						
Unsecured, considered good						
Electricity deposits	2,311.70	2,153.79	2,446.29	-	-	-
Supplier deposits	1,285.86	1,013.23	792.49	-	-	-
Rental deposits	-	-	159.00	485.06	483.59	379.07
Other deposits	-	-	-	-	23.33	25.38
	3,597.56	**3,167.02**	**3,397.78**	**485.06**	**506.92**	**404.45**
	11,746.26	**12,923.89**	**12,528.96**	**485.06**	**506.92**	**404.45**

6A. Other financial assets

	Non-current			Current		
	December 31, 2017	**December 31, 2016**	**January 1, 2016**	**December 31, 2017**	**December 31, 2016**	**January 1, 2016**
Interest accrued on fixed deposits	-	-	-	87.83	55.71	33.58
Derivative asset	-	-	-	-	-	19.29
Non-current bank balances (note 10)	1.03	37.71	37.71	-	-	-
Due from related parties	-	-	-	-	76.88	158.64
	1.03	**37.71**	**37.71**	**87.83**	**132.59**	**211.51**

7. Other assets

	Non-current			Current		
	December 31, 2017	**December 31, 2016**	**January 1, 2016**	**December 31, 2017**	**December 31, 2016**	**January 1, 2016**
Capital advances						
Unsecured, considered good	86.40	359.33	4,962.25	-	-	-
	86.40	**359.33**	**4,962.25**	-	-	-
Other- unsecured, considered good						
Advance income tax, net of provision for tax	622.87	826.49	258.44	-	-	-
Balance with government authorities	125.35	154.84	114.61	1,105.64	1,113.40	744.66
Amount paid under protest	4,979.66	4,785.00	4,583.15	-	-	-
Employee advances	-	-	-	48.78	143.54	117.24
Advance to supplier	-	-	-	766.18	1,855.38	2,091.57
Prepaid Gratuity Fund	-	-	-	75.12	-	-
Prepaid expenses@	5,425.50	5,841.90	6,341.07	1,153.52	923.85	972.70
Other receivables	-	-	-	4,128.95	1,593.28	269.98
	11,153.38	**11,608.23**	**11,297.27**	**7,278.19**	**5,629.45**	**4,196.15**
	11,239.78	**11,967.56**	**16,259.52**	**7,278.19**	**5,629.45**	**4,196.15**

On adoption of Ind AS w.e.f January 01, 2016, the Company in compliance of Ind AS 109 has disclosed the loan given to its subsidiary to reflect the fair value of such loan given. The Company is recognising interest income on the discounted value with corresponding increase in loan value. The loan along with accrued interest is repayable in 12 equal instalments from the end of 10 years from the date of loan.

@ includes non-refundable premium paid to Cochin Port Trust for allotment of 2.40 hectares of land for a period of thirty years effective from September 24, 2013 amounting to Rs. 4,259.60 lakhs (31 December 2016: Rs. 4,302.47 lakhs, 1 January 2016: Rs. 4,467.43 lakhs) under non-current and Rs. 164.96 lakhs (31 December 2016: Rs. 164.96 lakhs, 1 January 2016: Rs. 167.00 lakhs) under current prepaid expenses.

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Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

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

	December 31, 2017	December 31, 2016	January 1, 2016
Raw materials	2,534.60	1,244.97	1,177.15
Packing materials	562.24	635.25	627.44
Work-in-progress	1,569.50	2,623.63	3,704.98
Finished goods	1,843.60	3,561.32	4,589.11
Stores and spares	4,382.95	3,817.06	3,579.50
Less: Provision for obsolete and slow moving inventories	(1,663.80)	(1,672.35)	(1,058.49)
	9,229.09	10,209.88	12,619.69
Coal and fuel*	5,696.96	6,269.25	5,632.56
	14,926.05	16,479.13	18,252.25

*Including goods in transit aggregating to Rs. Nil (December 31, 2016: Rs.3,150.54 lakhs, January 1, 2016: Rs. 30.13 lakhs).

9. Trade receivables

	December 31, 2017	December 31, 2016	January 1, 2016
Outstanding for a period exceeding six months from the date they are due for payment			
Secured, considered good	16.37	37.26	22.86
Unsecured, considered good	111.72	131.20	414.54
Doubtful	318.32	318.32	133.61
	446.41	**486.78**	**571.01**
Less: Provision for doubtful receivables	(318.32)	(318.32)	(133.61)
	128.09	**168.46**	**437.40**
Other receivables			
Secured, considered good	550.96	2,394.68	1,533.92
Unsecured, considered good	10,435.13	9,857.01	7,467.87
	10,986.09	**12,251.69**	**9,001.79**
	11,114.18	**12,420.15**	**9,439.19**

10. Cash and bank balances	**Non-current**			**Current**		
	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
Cash and cash equivalents:						
Cash on hand	-	-	-	2.33	2.09	3.50
Balance with banks:						
- On current accounts	-	-	-	7,506.06	6,721.74	6,285.92
- Deposits with original maturity of less than three months	-	-	-	11,800.00	13,250.01	6,608.61
	-	-	-	**19,308.39**	**19,973.84**	**12,898.03**
Other bank balances						
Deposits with remaining maturity for more than 12 months	1.03	37.71	37.71	-	-	-
Deposits with remaining maturity for less than 12 months	-	-	-	-	0.48	-
	1.03	**37.71**	**37.71**	-	**0.48**	-
Amount disclosed under non-current financial assets (note 6A)	(1.03)	(37.71)	(37.71)	-	-	-
	-	-	-	19,308.39	19,974.32	12,898.03

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

	Current		
	December 31, 2017	December 31, 2016	January 1, 2016
Cash and cash equivalents:			
Cash on hand	2.33	2.09	3.50
Balance with banks:			
- On current accounts	7,506.06	6,721.74	6,285.92
- Deposits with original maturity of less than three months	11,800.00	13,250.01	6,608.61
	19,308.39	**19,973.84**	**12,898.03**
Less: Cash credit from banks (note 13)	-	(4.35)	(541.61)
	19,308.39	**19,969.49**	**12,356.42**

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Notes to financial statements for the year ended December 31, 2017
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11. Share capital

	Equity Shares		Preference Shares	
	Numbers	Rs in lakhs	Numbers	Rs in lakhs
Authorized share capital				
At 1 January 2016	300,000,000	30,000.00	140,000,000	14,000.00
At 31 December 2016	300,000,000	30,000.00	140,000,000	14,000.00
At 31 December 2017	300,000,000	30,000.00	140,000,000	14,000.00

Terms/ rights attached to equity shares and preference shares
The Company has only one class of equity shares having par value of Rs. 10/- per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Issued equity capital

Equity shares of Rs. 10 each issued, subscribed and fully paid	Numbers	Rs in lakhs
At 1 January 2016	274,961,400	27,496.14
At 31 December 2016	274,961,400	27,496.14
At 31 December 2017	**274,961,400**	**27,496.14**

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

	December 31, 2017	December 31, 2016	January 1, 2016
Ciments Français S.A, the Holding Company	266,461,350	266,461,350	266,461,350
Compagine Pour I'Investment Financier En Inde	8,500,000	8,500,000	8,500,000
Investcim S.A.S	10	10	10
Sax S.A.S	10	10	10
Cafipar S.A.S	10	10	10
Tercim S.A.S	10	10	10
Menaf S.A.S	10	10	10

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

Equity shares of Rs.10/- each fully paid Ciments Français S.A, the Holding Company	Number of shares	% holding in the class
At 1 January 2016	266,461,350	96.91
At 31 December 2016	266,461,350	96.91
At 31 December 2017	**266,461,350**	**96.91**

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 ownerships of shares.

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12. Other equity

	December 31, 2017	December 31, 2016	January 1, 2016
A) Retained earnings			
At the commencement of the year (Refer note 39)	81,578.21	72,007.66	72,007.66
Add: Profit for the year	12,264.81	9,570.55	-
Less: Appropriations			
Dividend on equity shares (Refer note 34)	(8,248.84)	-	-
Tax on equity dividend (Refer note 34)	(1,725.97)	-	-
Closing balance (A)	**83,868.21**	**81,578.21**	**72,007.66**
B) Remeasurement gain/ (losses) of net defined benefit plans, net of tax			
At the commencement of the year	(44.10)	-	
Additions during the year	22.23	(44.10)	-
Closing balance (B)	**(21.87)**	**(44.10)**	-
Securities premium account	37,201.93	37,201.93	37,201.93
Closing balance (C)	**37,201.93**	**37,201.93**	**37,201.93**
Total (A+B+C)	**121,048.27**	**118,736.04**	**109,209.59**

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13. Borrowings

Non-current borrowings	Non-current portion December 31, 2017	Non-current portion December 31, 2016	Non-current portion January 1, 2016	Current maturities December 31, 2017	Current maturities December 31, 2016	Current maturities January 1, 2016
From related parties						
-Rupee denominated bonds ("masala bond")	50,000.00	-	-	-	-	-
Term loans						
Indian rupee loan from banks (secured)						
- BNP Paribas Bank	-	-	-	-	-	11,800.00
- HDFC Bank Limited***	-	-	20,833.33	-	41,666.67	4,166.67
- Axis Bank Limited***	-	-	7,695.00	-	7,695.00	855.00
- Hongkong and Shanghai Banking Corporation Limited	-	-	20,833.33	-	-	4,166.67
	-	-	**49,361.66**	-	**49,361.67**	**20,988.34**
Other loans and advances						
Deferred payment liability						
- Sales tax deferral loan**	8,513.41	8,621.16	8,522.58	966.74	756.05	946.13
Cash credit from banks (secured)	-	-	-	-	4.35	541.61
	8,513.41	**8,621.16**	**8,522.58**	**966.74**	**760.40**	**1,487.74**
The above amount includes						
Secured borrowings	8,513.41	8,621.16	57,884.24	966.74	50,122.07	22,476.08
Unsecured borrowings	50,000.00	-	-	-	-	-
current maturities of long term borrowings disclosed under the head "other current liabilities" (note 18)	-	-	-	(966.74)	(50,117.72)	(21,934.47)
	58,513.41	**8,621.16**	**57,884.24**	-	**4.35**	**541.61**

Details of repayment terms, interest and maturity	Security
Rupee denominated bonds ("masala bond") issued to HeidelbergCement AG, with a total outstanding balance of Rs. 50,000 lakhs [Non-current: 50,000 lakhs, Current: Rs. Nil]. The interest is payable semi -annually at the rate of 8.70% per annum. Bonds are redeemable at par in two tranches of Rs. 25,000 lakhs each at the end of 4th and 5th year from the date of allotment of 16 January, 2017.	Masala Bond issued to HeidelbergCement AG on unsecured basis.
Term loan from BNP Paribas Bank, with a total outstanding balance of Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 1,800.00 Lakhs) [Non-current: Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. Nil), Current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 1,800.00 Lakhs)]. The loan is repaid in full on September 30, 2016.	Term loans from banks are secured by hypothecation (pari-passu) over - Movable fixed assets (plant and machinery installed or not) at Chennai Grinding Unit including clinker and cement facilities existing on May 9, 2012 - Movable fixed assets (plant and machinery whether installed or not) at Yerraguntla - Clinker and cement facilities which currently exists and as they evolve on pari-passu basis with other banks. - Ciments Français S.A. has given an irrecoverable and unconditional corporate guarantee as additional security. Post repayment these securities have been released.
Term loan from BNP Paribas Bank, with a total outstanding balance of Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 10,000.00 Lakhs) [Non-current: Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. Nil) Current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 10,000.00 Lakhs)]. The rate of interest ranges from 9.50% to 10.50% per annum. The loan is repaid in full on October 31, 2016.	Term loans from banks are secured by hypothecation (pari-passu) over - Movable fixed assets of the Company at the plant in Yerraguntla and Chennai. - Ciments Français S.A. has given an irrecoverable and unconditional corporate guarantee as additional security.
Term loan from HDFC Bank Limited, with total outstanding balance of Rs. Nil (December 31, 2016: Rs. 41,666.67 Lakhs, January 1, 2016: Rs. 25,000.00 Lakhs) [Non-current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: 20,833.33), Current: Rs. Nil (December 31, 2016 Rs. 41,666.67 Lakhs, January 1, 2016: 4,166.67 Lakhs)] is repayable in 6 semi-annual instalments starting from July 2016. The rate of interest ranges from 9.40% to 9.75% per annum.	Term loans from banks are secured pari-passu charge over - All movables at Yerraguntla, Sitapuram, Chennai and Sholapur including movable plant and machinery, machinery spares, tools and accessories, and all other movable assets, present and future.
Term loan from Axis Bank Limited, with total outstanding balance of Rs. Nil (December 31, 2016: Rs. 7,695.00 Lakhs, January 1, 2016: Rs. 8,550.00 Lakhs) [Non-current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: 7,695.00 Lakhs), Current: Rs. Nil (December 31, 2016: Rs. 7,695.00 Lakhs, January 1, 2016: 855.00 Lakhs) , is repayable in 10 equal semi annual instalments starting from September 2016. The rate of interest ranges from 9.6% to 9.75% per annum.	Term loans from banks are secured pari-passu charge over - First pari-passu charge on the movable fixed assets of the Company, present and future located in Yerraguntla, Sitapuram, Chennai and Solapur.
Term loan from Hongkong and Shanghai Banking Corporation Limited, with total outstanding balance of Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 25,000.00 Lakhs) [Non-current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: 20,833.33), Current: Rs. Nil (December 31, 2016: Rs. Nil, January 1, 2016: Rs. 4,166.67 Lakhs)] is repayable in 6 semi-annual instalments starting from July 2016. The loan was transferred to HDFC Bank Limited during the year 2016.	Term loans from banks are secured pari-passu charge over - Plant and machinery at Yerraguntla. - Corporate Guarantee from Ciments Français S.A.
Cash credit from banks with total outstanding balance of Rs. Nil (December 31, 2016: Rs. 4.35 Lakhs, January 1, 2016: Rs. 541.61 Lakhs) carry interest ranging between 9% to 10% per annum computed on a monthly basis on the actual amount utilized and are repayable on demand.	These are secured by hypothecation of inventory of raw materials, work-in-progress, finished goods, stores and spares not relating to plant and machinery, bills receivable and book debts, both present and future, including goods in transit.

**To promote the industries in backward area (i.e. at Yerraguntla, Andhra Pradesh), Government of Andhra Pradesh, announced an interest free sales tax loan facility. To avail the facility, the Company has entered into an agreement with the Government of Andhra Pradesh for deferring payment of sales tax collected during the period February 15, 1999, to February 14, 2013 (fourteen (14) years). The deferred amount will be repaid by the year ended March 31, 2027. The amount repayable within a period of one year from the reporting date, i.e. Rs. 966.74 Lakhs (December 31, 2016: Rs. 756.05 Lakhs, January 1, 2016: Rs. 946.13 Lakhs), is included in current maturities of long-term borrowings. It is secured by way of movable and immovable properties of the Company.
As per Ind AS 109, Sales Tax Deferment Loan results into an interest-free loan from the government. Accordingly, the Company has retrospectively measured the Sales Tax Deferment Loan at its fair value which is the discounted amount of the loan computed using the market rate of interest for a similar loan for the period for which the entity is not required to deposit the sales tax amount with the government.

***The Company had issued Masala bond during mid of January 2017 to refinance all existing term Loans as on December 31, 2016. Accordingly, the entire term loan balance as at December 31, 2016 is classified as Current maturities of long-term borrowings (note 18).

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14. Other financial liabilities

	December 31, 2017	December 31, 2016	January 1, 2016
Payable to KSK Energy Ventures Limited [note 5(i)]	-	2,300.00	2,300.00
	-	2,300.00	2,300.00

14A. Other long term liabilities

	December 31, 2017	December 31, 2016	January 1, 2016
Income received in advance	693.57	726.60	759.63
	693.57	726.60	759.63

15. Provisions

	Long-term			Short-term		
	December 31, 2017	December 31, 2016	January 1, 2016	December 31, 2017	December 31, 2016	January 1, 2016
Provision for employee benefits						
Gratuity (note 31)	-	123.73	112.18	-	-	-
Compensated absences	-	-	-	449.71	581.84	984.21
	-	123.73	112.18	449.71	581.84	984.21
Others						
Provision for litigation [note 30(d)]	4,560.97	4,574.02	5,501.54	-	-	-
Provision for site restoration expense [note 30(e)]	1,091.38	1,041.98	983.80	-	-	-
	5,652.35	5,616.00	6,485.34	-	-	-
	5,652.35	5,739.73	6,597.52	449.71	581.84	984.21

16. Income Tax & Deferred Tax Liability

The major components of income tax expense for the years ended 31 December 2017 and 31 December 2016 are:

Statement of Profit or loss :	December 31, 2017	December 31, 2016
Current income tax:		
Current income tax charge	3,942.43	2,049.98
Deferred tax:		
Relating to origination and reversal of temporary differences	1,252.76	639.74
Income tax expense reported in the statement of profit or loss	5,195.19	2,689.72
Other comprehensive income:		
Deferred tax related to items recognised in OCI during the year:		
Net loss/(gain) on remeasurements of defined benefit plans	11.76	(23.34)
Income tax charged to OCI	11.76	(23.34)

Reconciliation of tax expense and the accounting profit multiplied by India's tax rate for 31 December 2017 and 31 December 2016:	December 31, 2017	December 31, 2016
Accounting profit before income tax	17,460.00	12,260.27
At India's statutory income tax rate of 34.61% (31 December 2016: 34.61%)	6,042.56	4,243.03
Adjustments in respect of current income tax of previous years	(31.04)	(1,701.00)
Deductible expenses for tax purposes	(906.27)	-
Non-deductible expenses for tax purposes:	41.29	88.21
Corporate social responsibility expenditure	48.65	59.48
At the effective income tax rate of 29.75% (31 December 2016: 21.94%)	5,195.19	2,689.72
Income tax expense reported in the statement of profit and loss	5,195.19	2,689.72

Deferred tax liabilities (net)

	December 31, 2017	December 31, 2016	January 1, 2016
Deferred tax liability			
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	23,766.44	22,368.69	21,017.61
Impact of expenditure allowed for tax purposes on payment basis but not charged to statement of profit & loss	192.12	-	-
Gross deferred tax liability	23,958.56	22,368.69	21,017.61
Deferred tax asset			
Unused tax credits (MAT credit entitlement)	5,345.56	4,461.22	2,489.46
Impact of expenditure charged to the statement of profit and loss in the current year but allowed for tax purposes on payment basis	-	292.79	735.05
Provision for doubtful debts and advances	110.17	110.17	46.24
Provision for employee related liabilities	434.82	701.01	1,146.12
Provision for obsolescence	-	-	413.64
Gross deferred tax asset	5,890.55	5,565.19	4,830.51
Net deferred tax liability	18,068.01	16,803.50	16,187.10

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Rupees in lakhs, unless otherwise stated

17. Trade payables

	December 31, 2017	December 31, 2016	January 1, 2016
Acceptances	-	-	2,064.38
Due to creditors other than micro and small enterprises*	26,786.10	35,552.53	22,970.12
Due to related parties	3,277.26	13,697.23	9,199.15
	30,063.36	**49,249.76**	**34,233.65**

*The Ministry of Micro, Small and Medium Enterprises has issued an Office Memorandum dated August 26, 2008, which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at December 31, 2017 has been made in the financial statements based on information received and available with the Company. Further in the view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprise Development Act, 2006 is not expected to be material. The Company has not received any claim for interest from any supplier under the said Act.

18. Other financial liabilities

	December 31, 2017	December 31, 2016	January 1, 2016
Current maturities of long-term borrowings (note 13)	966.74	50,117.72	21,934.47
Payable to KSK Energy Ventures Limited [note 5(i)]	1,500.00	-	-
Interest accrued but not due on borrowings	1,905.20	-	502.11
Interest accrued but not due on deposits	269.25	-	-
Dealer deposits	6,163.21	2,723.54	2,354.26
Capital creditors	953.66	1,412.58	4,833.21
Employee related liabilities	913.77	1,791.04	2,152.12
Derivative liability	5.03	37.04	-
	12,676.86	**56,081.92**	**31,776.17**

18 A. Other short term liabilities

	December 31, 2017	December 31, 2016	January 1, 2016
Advance from customer	2,321.94	2,693.85	1,765.44
Income received in advance	33.03	33.03	33.03
Statutory liabilities	1,885.59	1,405.17	720.56
	4,240.56	**4,132.05**	**2,519.03**

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Rupees in lakhs, unless otherwise stated

19. Revenue from operations

	December 31, 2017	December 31, 2016
Revenue from operations		
Sale of products		
Cement	191,870.71	196,921.26
Clinker	8,261.14	12,270.80
Others	213.76	601.87
	200,345.61	**209,793.93**
Other operating revenue		
Scrap sales	528.23	218.35
Revenue from disposal of hazardous waste	536.25	567.34
Sales tax incentive (refer note 32)	1,903.75	1,323.30
Revenue from operations (gross)	**203,313.84**	**211,902.92**

20. Other income

	December 31, 2017	December 31, 2016
Interest income		
On bank deposits	474.92	163.97
On inter-corporate loan	762.37	696.25
Others	154.30	189.68
Gain on Fair valuation of Investments through Profit or loss	108.09	94.00
Profit on sale of current investments, net	-	470.53
Provision no longer required written back	1,729.61	981.34
Rental income	47.49	57.80
Profit on sale of property, plant and equipment net	8.44	2.17
Foreign exchange gain, net	103.34	115.58
Miscellaneous income	88.50	207.47
	3,477.06	**2,978.79**

21. Cost of raw material and packing material consumed

	December 31, 2017	December 31, 2016
Inventory of materials at the beginning of the year	1,880.22	1,804.59
Add: purchases during the year	33,198.98	27,809.67
Less: Inventory of materials at the end of the year	3,096.84	1,880.22
	31,982.36	**27,734.04**

22. Change in inventories of finished goods and work-in-progress

	December 31, 2017	December 31, 2016
Opening stock		
Finished goods	3,561.32	4,589.11
Work-in-progress	2,623.63	3,704.98
	6,184.95	**8,294.09**
Less: closing stock		
Finished goods	1,843.60	3,561.32
Work-in-progress	1,569.50	2,623.63
	3,413.10	**6,184.95**
Excise duty on change in stock of finished goods	-	(25.00)
	2,771.85	**2,084.14**

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23. Employee benefits expense

	December 31, 2017	December 31, 2016
Salaries, wages and bonus	6,850.29	7,644.22
Gratuity expense (refer note 31)	134.51	67.33
Contribution to provident fund and other funds	446.62	538.74
Staff welfare expenses	187.79	356.99
	7,619.21	**8,607.28**

24. Finance costs

	December 31, 2017	December 31, 2016
Interest expense		
On term loans and cash credit from banks	411.29	6,113.03
On long term borrowings from related party	4,206.99	-
On others	1,225.27	1,490.35
Bank charges	110.11	234.79
	5,953.66	**7,838.17**

25. Depreciation and amortisation

	December 31, 2017	December 31, 2016
Depreciation on tangible fixed assets	11,726.29	13,972.22
Amortisation/Impairment of intangible fixed assets	178.75	2,033.21
	11,905.04	**16,005.43**

26. Other expenses

	December 31, 2017	December 31, 2016
Power and fuel	50,090.91	51,744.74
Freight outward [after netting off freight recoveries from customers]	42,548.88	37,834.74
Consumption of stores, loose tools and spare parts	5,226.47	5,107.09
Rent	1,444.55	1,341.91
Rates and taxes	491.28	552.97
Legal and professional	226.19	386.07
Payment to auditor*	66.73	60.00
Repairs and maintenance:		
- plant and machinery	3,557.22	3,226.67
- buildings	118.31	29.19
- others	416.93	704.59
Technical know how	4,896.15	5,110.97
Provision for bad and doubtful debts, net	3.97	188.01
Sundry Balances written off (gross)	5.59	-
Selling and distribution expenses	1,746.72	2,105.89
Sales commission	969.86	1,425.57
Advertisement and sales promotion	851.51	823.39
Corporate social responsibility (refer note 33)	140.58	171.86
Insurance	508.12	670.09
Traveling and conveyance	761.25	723.84
Communication	303.94	223.38
Site restoration expenses (refer note 30 (e))	49.40	58.18
Miscellaneous expenses	1,223.94	1,149.17
	115,648.50	**113,638.32**

***Payment to auditor**

	December 31, 2017	December 31, 2016
As statutory auditor	32.00	27.00
Other matters	32.50	30.00
Reimbursement of expenses	2.23	3.00
	66.73	**60.00**

27. Earnings per share (EPS)

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

	December 31, 2017	December 31, 2016
Profit after tax available to equity shareholders	12,264.81	9,570.55
Net profit for calculation of basic/Diluted EPS	**12,264.81**	**9,570.55**
Weighted average number of equity shares in calculating Basic/Diluted EPS (in lakhs)	2,749.61	2,749.61
Basic and diluted EPS (in Rs.)	**4.46**	**3.48**

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28. Significant accounting judgements, estimates and assumptions

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

Judgements

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

Contingent liabilities

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

Estimates and assumptions

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

(i) Useful Lives of Property, Plant & Equipment:

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

(ii) Defined benefit plans

The cost of the defined benefit gratuity plan and other post-employment defined benefits are determined using actuarial valuations. An actuarial valuation involves various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date. Further details about gratuity obligations are given in Note 31.

(iii) Fair value measurement of financial instrument

When the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. Refer Note 35 of the financials.

(iv) Mines reclamation expenses:

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

(v) Taxes

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

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

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Rupees in lakhs, unless otherwise stated

29. Related party disclosures

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

Ultimate holding Company	HeidelbergCement AG w.e.f. July 1, 2016 Italcementi S.p.A upto June 30, 2016
Holding Company	Ciments Français S.A
Subsidiary Companies	Sitapuram Power Limited Gulbarga Cement Limited

Related parties with whom transactions have taken place during the year

Fellow subsidiaries	Bravo Solutions S.p.A. CTG S.p.A. Interbulk Trading SA Suez Cement Company SAE Singha Cement (Pvt.) Limited Asia Cement Public Company Limited HeidelbergCement India Limited Cochin Cements Limited HC Trading Malta Ciments Calcia SA

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

Chief Financial Officer	Mr. Varaprasad Kalepalli, w.e.f. October 25, 2016 Mr. Sunnira Ly upto September 30, 2016
Company Secretary	Mr. L. R. Neelakanta
Key Management Personnel	Mr. Jamshed Naval Cooper, Managing Director, w.e.f August 1, 2016 Mr. Krishna Srivastav, Whole time director Mr.Nabil Paul Francis, Managing Director, upto July 31, 2016 Mr. R. Ramakrishnan, Independent director Mrs. Akila Krishnakumar, Independent director Mr. Kevin Gluskie, Non-executive director Mr. Juan-Francisco Defalque, Non-executive director Ms. Soek Peng Sim, Non-executive director Mr. Sushil Kumar Tiwari, Non-executive director

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

i. Transactions during the year:

Name of related party	Nature of transaction	December 31, 2017	December 31, 2016
Sitapuram Power Limited	Purchase of power	11,007.50	9,263.82
	Expenses recoverable	59.21	-
	Reimbursement of expenses	-	5.55
Gulbarga Cement Limited	Interest income on inter-corporate loan (gross)	762.37	696.23
	Cross charge of expenses	3.57	205.16
Singha Cement (Pvt.) Limited	Sale of manufactured products	260.28	1,744.29
	Reimbursement of expenses	0.56	-
	Expenses recoverable	202.98	1,715.05
HC Trading Malta	Purchase of materials	2,778.11	-
	Sale of manufactured products	772.88	-
	Expenses recoverable	215.60	-
Ciments Français S.A	Technical know how	-	981.27
	Sub license fee	-	293.93
	Expenses recoverable	3.52	490.43
	Guarantee fee	-	15.45
Italcementi S.p.A	Technical know how	3,767.12	2,958.87
	Sub license fee	1,129.03	876.90
	Procurement fee	-	8.09
	Information Technology recharges and other technical services	100.92	229.17
	Agency commission	-	-
Bravo Solutions S.p.A.	E-Procurement Consultancy and other services	-	42.49
CTG S.p.A.	Consultancy charges	-	11.67
Interbulk Trading SA	Purchase of fuel	3.09	6,282.54
Suez Cement Company SAE	Expenses recoverable	23.38	50.93
Asia Cement Public Company Limited	Expenses recoverable	-	-
HeidelbergCement AG	Expenses recoverable		25.95
	Masala bonds issued	50,000.00	-
	Interest expenses on masala bonds	4,206.99	-
	Management charge back	134.31	-
	Reimbursement of expenses	13.63	-
HeidelbergCement India Limited	Sale of manufactured products	2,364.29	138.62
	Services received	297.80	-

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i. Transactions during the year (Contd.)

Name of related party	Nature of transaction	December 31, 2017	December 31, 2016
Cochin Cements Limited	Sale of manufactured products	1,294.33	671.23
Ciments Calcia SA	Reimbursement of expenses	-	22.40

ii. Balance outstanding at the year end

Nature of transaction	Name of related party	December 31, 2017	December 31, 2016	January 1, 2016
Receivable	Gulbarga Cement Limited	-	-	145.81
	HeidelbergCement AG	-	25.95	-
	HeidelbergCement India Limited	802.69	138.62	-
	Cochin Cements Limited	615.74	413.16	-
	Singha Cement (Pvt.) Limited	87.73	475.85	406.58
	HC Trading Malta	218.61	-	-
	Suez Cement Company SAE	-	50.93	12.83
Payable	Sitapuram Power Limited	363.05	397.77	451.77
	Ciments Calcia SA	17.79	17.79	-
	Interbulk Trading SA	-	3.09	-
	Bravo Solutions S.p.A.	-	8.53	32.91
	Italcementi S.p.A	2,071.46	3,477.16	198.88
	Ciments Français S.A	374.02	9,748.84	8,251.56
	HeidelbergCement India Limited	297.80	-	-
	HeidelbergCement AG	2,050.89	-	-
	CTG S.p.A.	7.46	56.54	264.02
Loan Payable	HeidelbergCement AG	50,000.00	-	-
Inter-corporate loan given (refer note 6)	Gulbarga Cement Limited	8,148.70	7,456.87	6,831.18

iii. Transactions with key management personnel*

	December 31, 2017	December 31, 2016
Remuneration		
- Mr. Varaprasad Kalepalli	69.92	7.40
- Mr. Sunnira Ly	-	57.53
- Mr. L. R. Neelakanta	52.86	53.68
- Mr. Krishna Srivastav	72.83	317.14
- Mr.Nabil Paul Francis	-	58.42
Director sitting fees	22.00	30.00

*As the liabilities for gratuity and leave encashment are provided on an actuarial basis for the Company as a whole, the amounts pertaining to the key management personnel are not included above.

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

30. Commitments and Contingencies

a) Capital Commitments

i. Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 811.75 lakhs (December 31, 2016 Rs. 1,083.05 lakhs, January 1, 2016: Rs. 1,151.36 lakhs).

ii. The Company is further committed as follows:
- Agreement with Sitapuram Power Limited for off take of 160 to 175 Million Kwh in one financial year as per Power Purchase Agreement dated July 21, 2005 and subsequent revised arrangement.

b) Other commitments (Leases)

i. Operating lease: Company as lessee

The Company is obligated under non-cancellable leases for office premises. Total rental expenses under such leases during the year amounted to Rs. 276.81 lakhs (December 31, 2016: Rs. 289.50 lakhs). Future minimum rentals payable under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Not later than one year	291.25	276.81	362.10
Later than one year but not later than five years	423.18	613.97	1,188.50
Later than five years	2070.92	2,171.38	2,091.09

The Company has also taken cancellable operating leases for office premises, godowns, residential apartments and guest houses, which are renewable at the option of both the lessor and lessee. Total rental expense under cancellable leases amounted to Rs. 1,167.74 lakhs (December 31, 2016: Rs. 1,052.41 lakhs).

ii. Operating lease: Company as lessor

The Company has leased out railway sidings under non-cancellable lease. Total rental income under such leases during the year amounted to Rs. 45.92 lakhs (December 31, 2016: Rs. 45.92 lakhs). Future minimum lease payments expected to receive under non-cancellable operating leases are as follows:

	December 31, 2017	December 31, 2016	January 1, 2016
Not later than one year	45.92	45.92	45.92
Later than one year but not later than five years	183.68	183.68	183.68
Later than five years	780.60	826.52	872.44

The Company has also leased out its office premises and godowns during the year under cancellable operating lease agreements. Total rental income under cancellable leases amounted to Rs. 1.57 lakhs (December 31, 2016: Rs. 11.88 lakhs).

c) Contingent Liability

	December 31, 2017	December 31, 2016	January 1, 2016
Sales Tax/Trade Tax/Entry Tax	9,864.16	4,563.35	4,462.77
Excise Duty/Service Tax/CENVAT Credit	3,247.09	3,487.59	15,544.08
Customs duty	942.07	942.14	942.14
Income tax matters	15,560.09	15,414.78	13,558.28
Electricity charges	2,173.89	-	4,727.46
Stamp duty and registration charges	3,096.48	1,514.62	1,514.62
Railway claims	-	-	25.85
	34,883.78	**25,922.48**	**40,775.20**

d) Provision for litigations

	Balance as at January 1, 2017	Additions during the year charged to respective expenses head	Amounts reversed/utilised during the year	Balance as at December 31, 2017
Electricity duty	124.76	-	22.98	101.78
	(245.38)	-	*(120.62)*	*(124.76)*
Sales tax matters	1,897.82	9.93		1,907.75
	(2,374.61)	-	*(476.79)*	*(1,897.82)*
Electricity charges	29.74	-	-	29.74
	(29.74)	-	-	*(29.74)*
Custom duty	1,377.89	-	-	1,377.89
	(1,377.89)	-	-	*(1,377.89)*
Employees State Insurance	-	-	-	-
	(127.93)	*(53.00)*	*(180.93)*	-
Life Tax	94.86	-	-	94.86
	(94.86)	-	-	*(94.86)*
Railway claims	-	-	-	-
	(301.13)	-	*(301.13)*	-
Additional power cost	1,048.95	-	-	1,048.95
	(950.00)	*(98.95)*	-	*(1,048.95)*
Total	**4,574.02**	**9.93**	**22.98**	**4,560.97**
	(5,501.54)	***(151.95)***	***(1,079.47)***	***(4,574.02)***

Note: Figures in brackets are for the previous year

Above provisions have been made against demands raised by various authorities. All these cases are under litigation and are pending with various authorities; expected timing of resulting outflow of economic benefits cannot be specified. Amount deposited under protest against these provisions are shown under other assets (note 7)

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

	December 31, 2017	December 31, 2016
Opening provision	1,041.98	983.80
Add: Provision made during the year	49.40	58.18
Less: Provision utilised during the year	-	-
Closing provision	1,091.38	1,041.98

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

31. Gratuity

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

Gratuity being administered by a Trust is computed as 15 days salary, for every completed year of service or part thereof in excess of 6 months and is payable on retirement/termination/resignation. The benefit vests on the employee after completing 5 years of service. The Gratuity plan for the Company is a defined benefit scheme where annual contributions as demanded by the insurer are deposited to a Gratuity Trust Fund established to provide gratuity benefits. The Trust Fund has taken a Scheme of Insurance, whereby these contributions are transferred to the insurer. The Company makes provision of such gratuity asset/liability in the books of accounts on the basis of actuarial valuation as per the projected unit credit method.

Retirement benefits in the form of Superannuation Fund (being administered by Trusts) are funded defined contribution schemes and the contributions are charged to the Statement of profit and loss of the year when the contributions to the respective funds are due. There are no other obligations other than the contribution payable.

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

Statement of profit and loss

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

	December 31, 2017	December 31, 2016
Current service cost	134.60	64.85
Interest cost on benefit obligation	(0.09)	2.48
Expected return on plan assets	-	-
Defined benefit cost included in Statement of Profit & Loss	**134.51**	**67.33**
Remeasurement recognised in other comprehensive income		
- changes in demographic assumptions	-	(30.06)
- changes in financial assumptions	(49.73)	187.58
- change in experience adjustments	90.05	(12.54)
-(Return) on plan asset (excluding interest income)	(74.31)	(77.54)
Amount recognised in OCI	**(33.99)**	**67.44**

Balance Sheet

(ii) Reconciliation of the net defined benefit (asset)/ liability

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

Reconciliation of present value of defined benefit obligation

Particulars	December 31, 2017	December 31, 2016
Balance at the beginning of the year	1,804.91	-
Current service cost	134.60	64.85
Interest cost on benefit obligation	117.79	60.62
Increase/(decrease) due to effect of any business combination etc.	-	1,630.95
Actuarial (gains) losses recognised in other comprehensive income		
- changes in demographic assumptions	-	(30.06)
- changes in financial assumptions	(49.73)	187.58
- experience adjustments	90.05	(12.54)
Benefit paid	(269.23)	(96.49)
Balance at the end of the year	**1,828.39**	**1,804.91**

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*

Rupees in lakhs, unless otherwise stated

Reconciliation of the present value of plan assets

Particulars	**December 31, 2017**	**December 31, 2016**
Balance at the beginning of the year	1,681.19	-
Interest Income	117.87	58.14
Contribution by employer	299.38	-
Increase/(decrease) due to effect of any business combination etc.	-	1,630.95
Return on plan assets recognised in other comprehensive income	74.31	77.54
Benefits paid	(269.23)	(85.44)
Balance at the end of the year	**1,903.52**	**1,681.19**

Details of provision for gratuity

	December 31, 2017	**December 31, 2016**
Present value of defined benefit obligation	1,828.39	1,804.91
Present value of plan assets	1,903.52	1,681.19
Net defined benefit liability/(assets)	**(75.13)**	**123.72**

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

	December 31, 2017	**December 31, 2016**	**January 1, 2016**
Discount rate	7.10%	6.70%	8%
Attrition rate	5.00%	5.00%	5.00%
Future salary increase rate	7.50%	7.50%	10% Management 7% Non-management

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

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

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

	Sensitivity level		**Impact on DBO**	
	December 31, 2017	**December 31, 2016**	**December 31, 2017**	**December 31, 2016**
Gratuity Plan				
Assumptions				
Discount rate	-1.00%	-1.00%	128.69	(118.67)
	1.00%	1.00%	(115.12)	133.13

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

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

	December 31, 2017	**December 31, 2016**	**January 1, 2016**
Investments with insurer and cash	100%	100%	100%

The principal plan asset consists of a scheme of insurance taken by the Trust, which is a qualifying insurance policy.

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

	December 31, 2017	**December 31, 2016**
Within the next 12 months (next annual reporting period)	105.51	93.85
Between 2 and 5 years	914.69	901.43
Beyond 5 years	1,569.23	1,468.10

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 December 2016: 5 years).

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32. Sales tax incentive

The Company is entitled to benefits under Package Scheme of Incentives - 2007 as notified by Government of Maharashtra for the Manufacturing set up for cement production facility at Solapur, Maharashtra w.e.f. September 1, 2015. Under the said policy, the Company is entitled for refund of Value Added Tax (VAT), exemption from electricity duty and waiver of stamp duty for a period of seven (7) years. Accordingly, as at December 31, 2017, the Company has recognised Rs. 1,903.75 lakhs (December 31, 2016: Rs. 1,323.30 lakhs) as income and disclosed under "Other operating revenue".

33. Details of CSR expenditure:

a. Gross amount required to be spent by the Company during the year:

During the year, the gross amount required to be spent by the Company on activities related to Corporate Social Responsibility (CSR) amounted to Rs. 88 Lakhs (December 31, 2016: Nil).

b. Amount spent during the year

	December 31, 2017	December 31, 2016
Education, medical and community development	140.58	171.86
	140.58	**171.86**

34. Dividend paid and proposed:

	December 31, 2017	December 31, 2016
Dividend declared and paid during the year:		
Final Dividend for the year ended on 31 December 2016: Rs 3.00 per share	8,248.84	-
Corporate Dividend Tax on Final Dividend	1,725.97	-
	9,974.81	**-**
Proposed Dividends on equity shares:		
Proposed dividend for the year ended on 31 December 2017: Rs. 3.00 per share (31 December 2016: Rs 3.00 per share)	8,248.84	8,248.84
Corporate Dividend Tax on proposed dividend	1,695.57	1,725.97
	9,944.41	**9,974.81**

Dividends would attract dividend distribution tax when declared or paid. Proposed dividends on equity shares are subject to approval at the Annual General Meeting and are not recognised as a liability (including DDT thereon) as at 31 December 2017 and 31 December 2016.

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35. Fair Value

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

	Carrying			Fair Value		
	31-Dec-17	31-Dec-16	1-Jan-16	31-Dec-17	31-Dec-16	1-Jan-16
Financial assets						
Investment	850.42	741.23	643.84	850.42	741.23	643.84
Loans and advances	12,231.32	13,430.81	12,933.41	12,231.32	13,430.81	12,933.41
Other financial assets	88.86	170.30	249.22	88.86	170.30	249.22
Financial liabilities						
Borrowings	58,513.41	8,625.51	58,425.85	58,513.41	8,625.51	58,425.85
Other financial liability	12,676.86	58,381.92	34,076.17	12,676.86	58,381.92	34,076.17

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

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

36. Fair Value Hierarchy

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

Quantitative disclosures fair value measurement hierarchy for assets as at 31 December 2017:

Assets measured at fair value: **Fair value measurement using**

	Date of Valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
FVTPL financial investments					
Unquoted instruments	31-Dec-17	21.70	-	-	21.70
	31-Dec-16	20.60	-	-	20.60
	1-Jan-16	17.20	-	-	17.20

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

37. Financial risk management objectives and policies

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

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

A. Market risk

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

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency). As on December 31, 2017, the Company has following foreign currency exposures:

Derivative instruments and unhedged foreign currency exposure

a. Derivatives outstanding as at the reporting date

	Currency	December 31, 2017		December 31, 2016	
		in foreign currency (in lakhs)	Amount in INR (in lakhs)	in foreign currency (in lakhs)	Amount in INR (in lakhs)
Forward exchanged contracts (to hedge trade payables)	USD	25.14	1,601.42	69.82	4,744.73
		25.14	**1,601.42**	**69.82**	**4,744.73**

b. Particulars of unhedged foreign currency exposure as at the reporting date

	Currency	December 31, 2017		December 31, 2016	
		in foreign currency (in lakhs)	Amount in INR (in lakhs)	in foreign currency (in lakhs)	Amount in INR (in lakhs)
Capital creditors	USD	0.15	9.56	0.15	10.19
			9.56		**10.19**
Trade payables	EUR	0.17	12.71	0.71	50.85
	USD	45.96	2,929.89	0.09	6.20
			2,942.60		**57.05**
Advance to supplier	USD	0.04	2.62	1.13	76.99
	EUR	1.49	114.12	0.98	70.23
			116.74		**147.22**
Due to related parties	EUR	34.19	2,616.55	42.54	3,046.91
			2,616.55		**3,046.91**
Capital advances	CHF	-	-	0.69	46.34
	EUR	-	-	1.01	72.10
			-		**118.44**

*USD – US Dollar, EUR – Euro, CHF-Swiss Franc

Foreign currency sensitivity

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

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

	31-Dec-17	31-Dec-16
EUR	(124.68)	(147.56)
USD	(144.48)	3.03
CHF	-	2.32

Note: If the rate is decreased by 500 bps, profit will increase by an equal amount for December 31, 2017 and December 31, 2016.

Interest rate risk

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

B. Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations towards settlement of financial liabilities. Financial liabilities are settled by delivering cash or another financial asset. The Company's objective is to maintain a balance between continuity of funding and flexibility through use of bank overdrafts, bank loans and other similar credit facilities.

The table below summarises the maturity profile of the Company's financial assets and liabilities at the end of the reporting period based on contractual undiscounted payments.

As at 31 Dec 2017	<1 year	1-5 years	>5 years	Total
Financial Liabilities				
Borrowings*	966.74	54,935.17	9,342.30	65,244.21
Trade payables**	30,063.36	-	-	30,063.36
Other financial liabilities	11,710.12	-	-	11,710.12

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As at 31 Dec 2016	<1 year	1-5 years	>5 years	Total
Financial Liabilities				
Borrowings*	50,122.07	4,288.54	10,955.67	65,366.28
Trade payables**	49,249.76	-	-	49,249.76
Other financial liabilities	5,964.20	2,300.00	-	8,264.20

As at 1 January 2016	<1 year	1-5 years	>5 years	Total
Financial Liabilities				
Borrowings*	22,476.08	53,044.46	12,317.46	87,838.00
Trade payables**	34,233.65	-	-	34,233.65
Other financial liabilities	9,841.70	2,300.00	-	12,141.70

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

C. Credit risk

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

Trade receivables

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

Financial instruments and cash deposits

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

38. Capital management

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

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

	31-Dec-17	31-Dec-16	1-Jan-16
Borrowings	58,513.41	8,625.51	58,425.85
Current maturities of long term	966.74	50,117.72	21,934.47
Less: Cash and cash equivalents	(19,308.39)	(19,974.32)	(12,898.03)
Net debt	40,171.76	38,768.91	67,462.29
Equity attributable to equity share holder	148,544.41	146,232.18	136,705.73
Capital and debt	188,716.17	185,001.09	204,168.02
Gearing ratio	21.29%	20.96%	33.04%

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

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39. First-time adoption of Ind AS

These financial statements, for the year ended 31 December 2017, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 December 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 December 2017, together with the comparative period data as at and for the year ended 31 December 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 January 2016, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 January 2016 and the financial statements as at and for the year ended 31 December 2016.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

a) Deemed Cost for PPE and Intangible assets

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. This exemption has been used for intangible assets covered by Ind AS 38 and Intangible assets covered by Ind AS 40 investment properties.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at January 1, 2016 measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment and intangible assets.

b) Business Combination

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

c) Estimates

An Entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates are in error.

Ind AS estimates as at 1 January, 2016 are consistent with the estimates as at the same date made in conformity with previous GAAP.

d) Hedge accounting

The Company has forward contracts as at the transition date which were not designated as hedge under the India GAAP. These transaction which were entered before the date of transition are not retrospectively designated as hedge.

e) Investments in subsidiaries

A first-time adopter that subsequently measures an investment in a subsidiary at cost, may measure such investment at cost (determined in accordance with Ind AS 27) or deemed cost (fair value or previous GAAP carrying amount) in its separate opening Ind AS balance sheet. Selection of fair value or previous GAAP carrying amount for determining deemed cost can be done for each subsidiary. The Company has elected to apply previous GAAP carrying amount of its investment in subsidiaries as deemed cost on the date of transition to Ind AS.

Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

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Zuari Cement Limited

Notes to financial statements for the year ended December 31, 2017

Rupees in lakhs, unless otherwise stated

Reconciliation of equity as at 31 December 2016 and as at 1 January 2016 (date of transition to Ind AS)

Particulars	Notes to First time adoption	Balance Sheet as at 31 December 2016			Opening Balance Sheet as at 1 January 2016		
		IGAAP*	Effect of transition to Ind-AS	Ind AS	IGAAP*	Effect of transition to Ind-AS	Ind AS
Assets							
Non-current assets							
Property, plant and equipment	A	195,818.50	(4,467.44)	191,351.06	183,210.68	(4,634.43)	178,576.25
Capital work-in-progress		5,128.36	-	5,128.36	21,833.84	-	21,833.84
Intangible assets		287.80	-	287.80	2,314.27	-	2,314.27
Investment in subsidiaries	B	13,574.32	39.23	13,613.55	13,574.32	(54.76)	13,519.56
Financial assets							
Investments		20.60	-	20.60	17.20	-	17.20
Loans	C	12,315.71	608.18	12,923.89	11,811.97	716.99	12,528.96
Other financial assets		37.71	-	37.71	37.71	-	37.71
Other assets	D, B(ii)	13,947.83	(1,980.27)	11,967.56	14,864.40	1,395.12	16,259.52
		241,130.83	**(5,800.30)**	**235,330.53**	**247,664.39**	**(2,577.08)**	**245,087.31**
Current assets							
Inventories		16,479.13	-	16,479.13	18,252.25	-	18,252.25
Financial assets							
Trade receivables		12,420.15	-	12,420.15	9,439.19	-	9,439.19
Cash and bank		19,974.32	-	19,974.32	12,898.03	-	12,898.03
Loans	C	506.92	-	506.92	1,138.95	(734.50)	404.45
Other financial assets	D	132.59	-	132.59	521.11	(309.60)	211.51
Other assets	D, B(ii)	5,170.28	459.17	5,629.45	3,734.92	461.23	4,196.15
		54,683.39	**459.17**	**55,142.56**	**45,984.45**	**(582.87)**	**45,401.58**
Total assets		**295,814.22**	**(5,341.13)**	**290,473.09**	**293,648.84**	**(3,159.95)**	**290,488.89**
Equity and liabilities							
Equity							
Equity share capital		27,496.14	-	27,496.14	27,496.14	-	27,496.14
Other equity	Q	104,934.25	13,801.79	118,736.04	104,708.05	4,501.54	109,209.59
		132,430.39	**13,801.79**	**146,232.18**	**132,204.19**	**4,501.54**	**136,705.73**
Non-current liabilities							
Financial liabilities							
Borrowings	E	15,244.21	(6,623.05)	8,621.16	65,361.92	(7,477.68)	57,884.24
Other financial liabilities		2,300.00	-	2,300.00	2,300.00	-	2,300.00
Provisions		5,739.73	-	5,739.73	6,597.52	-	6,597.52
Deferred tax liabilities (net)	G	19,239.31	(2,435.81)	16,803.50	16,294.17	(107.07)	16,187.10
Other liabilities	F	828.70	(102.10)	726.60	836.37	(76.74)	759.63
		43,351.95	**(9,160.96)**	**34,190.99**	**91,389.98**	**(7,661.49)**	**83,728.49**
Current liabilities							
Financial liabilities							
Borrowings		4.35	-	4.35	541.61	-	541.61
Trade payables		49,249.76	-	49,249.76	34,233.65	-	34,233.65
Other financial liabilities		56,081.92	-	56,081.92	31,776.17	-	31,776.17
Provisions	H	10,556.65	(9,974.81)	581.84	984.21	-	984.21
Other liabilities	F	4,139.20	(7.15)	4,132.05	2,519.03	-	2,519.03
		120,031.88	**(9,981.96)**	**110,049.92**	**70,054.67**	**-**	**70,054.67**
Total liabilities		**163,383.83**	**(19,142.92)**	**144,240.91**	**161,444.65**	**(7,661.49)**	**153,783.16**
Total equity and liabilities		**295,814.22**	**(5,341.13)**	**290,473.09**	**293,648.84**	**(3,159.95)**	**290,488.89**

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

S.R. Batliboi & Associates LLP
Bengaluru
*

Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

Reconciliation of total comprehensive income for the year ended 31 December 2016

Particulars	Notes to First time adoption	IGAAP* 31-Dec-16	Effect of transition to Ind-AS	Ind AS 31-Dec-16
Revenue from operations (gross)	I	212,529.12	(626.20)	211,902.92
Less: Excise duty	J	(26,714.06)	26,714.06	-
Revenue from operations (net)		185,815.06	26,087.86	211,902.92
Other income	K	2,893.94	84.85	2,978.79
Total Income (I)		**188,709.00**	**26,172.71**	**214,881.71**
Expenses				
Cost of raw material consumed		27,734.04	-	27,734.04
Increase in inventories of finished goods and work-in-progress		2,084.14	-	2,084.14
Excise duty on sale of goods	J	-	26,714.06	26,714.06
Employee benefits expense	L	8,674.72	(67.44)	8,607.28
Depreciation and amortization expense	M	16,172.43	(167.00)	16,005.43
Finance costs	N	6,983.54	854.63	7,838.17
Other expenses	O	113,835.77	(197.45)	113,638.32
Total Expense (II)		**175,484.64**	**27,136.80**	**202,621.44**
Profit before tax		**13,224.36**	**(964.09)**	**12,260.27**
Tax expenses	G	78.21	1,971.77	2,049.98
Deferred tax charge	G	2,945.14	(2,305.40)	639.74
Total tax expense		**3,023.35**	**(333.63)**	**2,689.72**
Profit for the year		**10,201.01**	**(630.46)**	**9,570.55**
Other comprehensive income	P			
Items that will not be reclassified subsequently to Profit & Loss				
Remeasurement gain/(losses) of net defined benefit plans	L	-	(67.44)	(67.44)
Income tax effect		-	23.34	23.34
Other comprehensive income for the year, net of tax		-	**(44.10)**	**(44.10)**
Total comprehensive income for the year, net of tax		**10,201.01**	**(674.56)**	**9,526.45**

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

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

Impact of Ind AS adoption on the statements of cash flows for the year ended 31 December 2016

	Notes	Previous GAAP	Adjustment	Ind AS
Cash flow from operating activities		44,793.49	-	44,793.49
Cash flow from investing activities		(7,995.10)	-	(7,995.10)
Cash flow from financing activities		(29,722.58)	537.26	(29,185.32)
Net increase/(decrease) in cash and cash equivalents		**7,075.81**	**537.26**	**7,613.07**
Cash and cash equivalents 1 January 2016		12,898.03	(541.61)	12,356.42
Cash and cash equivalents 31 December 2016	R	**19,973.84**	**(4.35)**	**19,969.49**

Notes to the reconciliation of equity as at 1 January 2016 and 31 December 2016 and profit or loss for the year ended 31 December 2016:

A. Property, plant and equipment and Depreciation
Under IGAAP, Leasehold Land were classified as Fixed Assets as the standard on leases excluded Land. However, as per Ind AS 17, where the substantial risks and rewards incidental to ownership of an asset has not been transferred in the name of Company, the Company has classified such land under Operating Leases. The amount paid towards such leases has been shown as prepaid expenses under other current/non-current assets.

This change has resulted in decrease in property plant and equipment and increase in other current/non-current assets as on 31 December 2016 by Rs. 4,467.44 lakhs (1 January 2016 Rs. 4,634.43 lakhs).
In addition, this change has resulted in an increase in other expenses and decrease in depreciation expenses for the year ended 31 December 2016 by Rs. 167.00 lakhs. There is no impact on the total equity and profit.

B. Investment in subsidiaries
(i) Long term loan to Gulbarga Cement Limited carries an interest at SBI base rate plus 1% per annum. Loan is repayable in 12 equal quarterly instalment along with interest from expiry of 10 years from the date of Loan.
As interest is receivable from expiry of 10 years from the date of loan, the principal loan amount is fair valued to reflect the payment moratorium period and subsequently carried at amortised cost. On fair valuation Rs. 2,067.60 lakhs representing the difference between the loan given and fair value of the loan is accounted as investment in accordance with Ind AS 109 as on transition date January 1, 2016, December 31, 2016 and December 31, 2017.

(ii) As per Ind AS 109, difference between carrying value of investment in preference shares of SPL redeemable at the end of the agreement and its amortised cost balance as on 31 December 2016 of Rs. 2,028.37 lakhs (1 January 2016: Rs. 2,122.36 lakhs) are recognised as prepaid expenses under Other assets [(Non-Current: 31 December 2016: Rs. 1,539.42 Lakhs, 1 January 2016: Rs. 1,833.64 lakhs) (Current: 31 December 2016: Rs. 294.22 Lakhs, 1 January 2016: Rs. 294.22 lakhs) in the balance sheet. This prepaid amount is amortised and is recognised in statement of profit or loss on a systematic and rational basis over life of the term of the relevant agreement. Therefore, other expenses for the year ended 31 December 2016 increased by 294.22 lakhs. On the other hand, interest income on the discounted value of investment is also recognised under Other Income and therefore interest income for the year ended 31 December 2016 increased by 94.00 lakhs. Thus, profit for the year ended December 31, 2016 is reduced by Rs. 200.22 Lakhs being differential amount of Interest income and amortisation of prepaid Advance.

C. Loans and advances
On adoption of Ind AS w.e.f January 1, 2016, the company in compliance of Ind AS 109 has disclosed the loan given to its subsidiary (Gulbarga Cement Limited) at amortised cost, computed based on market rates of interest. The Company is recognising interest income on the discounted value with corresponding increase in loan value. The loan along with accrued interest is repayable in 12 equal instalments after the end of 10 years from the date of loan. [also refer note B(i) above]. Accordingly, balance of long term loan to GCL as at December 31, 2016 has increased by Rs. 608.18 lakhs (January 1, 2016: decreased by 17.51 lakhs (including current portion of loan Rs. 734.50 lakhs under previous GAAP).

D. Other assets
(i) As interest on loan to subsidiary (GCL) is receivable from expiry of 10 years from the date of loan, the principal loan amount is fair valued to reflect the payment moratorium period [Refer Note B(i) and C above], therefore interest accrued on loan to Gulbarga Cement Limited amounting Rs. 3360.95 Lakhs as at Decembers 31, 2016 (January 1, 2016: Rs. 2,416.49 Lakhs under non-current and Rs. 309.60 lakhs under current) adjusted with investment and loan as per the IND AS 109 requirement.

(ii) As per Ind AS 12, the Company has considered MAT entitlement credit as deferred tax asset being unused tax credit entitlement. Therefore, in December 31, 2016 an amount of Rs. 4,461.22 lakhs (January 1, 2016: Rs. 2,489.46) has been shown as deferred tax asset.

(iii) The amount paid towards leases as explained in note 'A' above has been shown as prepaid expenses in December 31, 2016 Rs. 4,302.47 lakhs (January 1, 2016: Rs. 4,467.43 Lakhs) under non-current and in December 31, 2016 Rs. 164.96 lakhs (January 1, 2016: Rs. 167.00 Lakhs) under current assets.

E. Borrowings
Under IGAAP, sales tax deferment loan is recognized at the original amount without imputing interest and disclosed as borrowings. As per Ind AS 109, Sales Tax Deferment Loan results into an interest-free loan from the government. Accordingly, the Company has retrospectively measured the Sales Tax Deferment Loan at its fair value which is the discounted amount of the loan computed using the market rate of interest for a similar loan for the period for which the entity is not required to deposit the sales tax amount with the government.
On transition date, the Company has recognised the difference between the amount payable for Sales Tax Deferment Loan and its present value amounting Rs.7,477.68 Lakhs in retained earnings (31 December 2016: Rs. 6,623.05 Lakhs). As the carrying amount of a loan increases in each period to reflect the passage of time, this increase is recognised as finance cost in Statement of Profit and Loss. The finance cost recognised for the year ended December 31, 2016 is Rs. 854.63 lakhs and for December 31, 2017 is Rs. 858.99 lakhs.

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F. Other financial liabilities

Under Indian GAAP, Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight line basis over the non-cancellable lease term. Under Ind AS, the Company has ascertained that the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected general inflationary cost increases. Hence lease equalisation reserve has been reversed.

The reversal of Lease equalisation on January 1, 2016 impacts as decrease in other long term liabilities and such transition impact is adjusted in retained earnings by Rs. 76.74 Lakhs. As at December 31, 2016 other long term liabilities have been reduced by Rs. 109.25 Lakhs (including current portion of 7.15 lakhs) and expenses amounting Rs. 32.5 Lakhs have been reversed for the period ended December 31, 2016.

G. Deferred tax

As various Ind AS transitional adjustments lead to temporary differences, therefore according to the Ind AS 12, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities [net of unused tax credit as explained in note D(ii) above] as on December 31, 2016 is Rs. 2,435.81 lakhs (January 1 2016: Rs. 107.07 lakhs) and reversal of Profit by Rs. 2,305.40 lakhs.

H. Proposed Dividend

Under the previous GAAP, proposed dividend including corporate dividend tax (CDT), are recognised as liability in the period to which they relate, irrespective of when they are declared. Under Ind AS, proposed dividend is recognised as liability in the period in which it is declared by the Company, usually when approved by the shareholders in a general meeting, or paid. Therefore, proposed dividend including corporate dividend tax (CDT) liability as on December 31, 2016 amounting to Rs. 9,974.81 (January 1 2016: Rs. Nil) is derecognised on that date with the corresponding increase in the retained earnings. The same has been recognised in retained earnings during the year ended December 31, 2017 as declared and paid.

I. Cash Discount

Under the previous GAAP, cash discount was presented under other expenses. Under Ind AS revenue from sales of goods is recognised at fair value of consideration expected to be received. Accordingly revenue for the year ended December 31, 2016 is presented net of cash discount. This change has resulted in decrease in total revenue and total expense for the year ended December 31, 2016 by Rs. 626.20 Lakhs. There is no impact on total equity and profit.

J. Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended December 31, 2016 by Rs 26,714.06 lakhs. There is no impact on the total equity and profit.

K. Other Income

With reference to note B(ii) and C above, Other income is recognised in Statement of Profit and Loss for the year ended December 31, 2016.

L. Remeasurements of post-employment benefit obligations

As per Ind AS 19, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended December 31, 2016 increased by Rs 67.44 lakhs. There is no impact on the total equity as at December 31, 2016.

M. Depreciation

With reference to note A above, depreciation on leasehold land is reversed and charged as Rent expense in Statement of Profit and Loss for the year ended December 31, 2016.

N. Finance costs

As Ind AS 37 provides that where discounting is used, the carrying amount of a provision/borrowings increases in each period to reflect the passage of time. This increase is recognised as finance cost in Statement of Profit and Loss for the year ended December 31, 2016.

O. Other Expenses

With reference to note B(ii),F,I,M above, Other expenses is reversed in Statement of Profit and Loss for the year ended December 31, 2016.

P. Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of Other comprehensive income includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

Q. Retained earnings

Retained earnings as at January 1, 2016 and December 31, 2016 has been adjusted consequent to the above Ind AS transition adjustments.

R. Statement of cash flows:

The transition from previous GAAP to Ind AS has not had a material impact on the statement of cash flows.

Under Ind AS, bank overdrafts repayable on demand and which form an integral part of the cash management process are included in cash and cash equivalents for the purpose of presentation of statement of cash flows. Under previous GAAP, bank overdrafts were considered as part of borrowings and movements in bank overdrafts were shown as part of financing activities. Consequently, cash and cash equivalents have reduced by Rs. 4.35 Lakhs as at 31 December 2016 (1 January 2016: Rs. 541.61 Lakhs) and cash flows from financing activities for the year ended 31 December 2016 have also reduced by Rs. 537.26 Lakhs to the effect of the movements in bank overdrafts.

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Zuari Cement Limited
Notes to financial statements for the year ended December 31, 2017
Rupees in lakhs, unless otherwise stated

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

As per our report of even date attached
For S.R. Batliboi & Associates LLP
Chartered Accountants
Firm registration number: 101049W/E300004

Kaustav Ghose
per Kaustav Ghose
Partner
Membership no.: 057828

Place: Bangalore
Date: February 08, 2018

S.R. Batliboi & Associates LLP
Bengaluru

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

Jamshed Naval Cooper
Managing Director
DIN - 01527371

Sushil Kumar Tiwari
Director
DIN - 03265246

R.Ramakrishnan
Director
DIN - 00680202

K.Varaprasad
Chief Financial Officer

L.R.Neelakanta
Company Secretary

Place: Gurugram
Date: February 08, 2018