

34. Contingent liabilities and contingent assets

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
Contingent liabilities (Claims against the Company not acknowledged as debts)		
Other matters	55.71	55.92
	55.71	55.92

The Company does not have any contingent assets at the balance sheet date.

The Company is contesting the demands and the management believes that its position will likely be upheld in the various appellate authorities/courts. The management believes that the ultimate outcome of this proceeding will not have a material adverse effect on the Company's financial position.

In respect of the above contingent liabilities, the future cash outflows are determinable only on receipt of judgement pending at various forums/authorities.

The Supreme court of India in the month of February 2019 had passed a judgement relating to definition of wages under the Provident Fund Act, 1952. The management is of the view that there are interpretative challenges on the application of the judgement retrospectively. Based on the legal advice and in the absence of reliable measurement of the provision for earlier periods, the Company has made a provision for provident fund contribution pursuant to the judgement only from the date of the Supreme Court Order. The Company will evaluate its position and update its provision, if required, on receiving further clarity on the subject. The Company does not expect any material impact of the same.

35. Commitments

All amount in Indian Rupees in crores, except as stated otherwise		
	December 31, 2020	December 31, 2019
(a) Capital commitments		
Estimated amount of contracts remaining to be executed on account of capital commitments and not provided for (net of advances)	59.42	50.66
(b) Leases		

Effective January 1, 2020, the Company has adopted Ind AS 116, Leases (which replaces the earlier Lease standard) under the modified retrospective approach. Accordingly, the Company recorded the lease liability at the present value of the remaining lease payments discounted at the incremental borrowing rate as on the date of transition and has measured right of use asset at an amount equal to lease liability, adjusted for any related prepaid and accrued lease payments previously recognised. There is an impact of ₹ 1.06 crores (net of tax ₹ 0.34 crores) on transition to Ind AS 116 on opening retained earnings as on January 1, 2020. The comparative information continues to be reported under Ind AS 17.

The Company has lease contracts for building, leasehold land and vehicles used in its operations. Leases of building have lease terms between 2 and 9 years, land is 98 years and motor vehicles have lease terms between 4 and 5 years. The Company's obligations under its leases are secured by the lessor's title to the leased assets. Generally, the Company is restricted from assigning and subleasing the leased assets and some contracts require the Company to maintain certain financial ratios. Some of the lease agreements have escalation clause ranging from 0 percent to 6 percent (December 31, 2019: 5 percent to 15 percent). There are several lease contracts that include extension and termination options and variable lease payments.

The Company also has certain leases of machinery/Computer equipments with lease terms of 12 months or less and with low value. The Company applies the 'short-term lease' and 'lease of low-value assets' recognition exemptions for these leases. The Company applied a single discount rate to leases of similar economic environment with a similar end date and excluded the initial direct costs from the measurement of the right-of-use asset at the date of initial application.

Refer note 3 for carrying value of right of use assets recognised on date of transition and the movements thereof during the year ended December 31, 2020.

Below are the carrying amounts of lease liabilities and the movements during the year:

All amount in Indian Rupees in crores, except as stated otherwise		
Particulars	December 31, 2020	December 31, 2019
As at January 1	-	-
On account of transition to Ind AS 116	31.74	-
Additions	16.86	-
Accretion of interest	2.27	-
Payments	(11.80)	-
As at December 31	39.07	-