



HEIDELBERGCEMENT

INDIA

Future**F**ortified

ANNUAL REPORT

2018-19

HEIDELBERGCEMENT INDIA LTD.

Future Fortified

The measure of an organisation's success lies not in its performance of the year gone by, but in its predictability of the years to come. At HeidelbergCement India it is 'excellence' that drives the status quo as well as strengthens the foundation of the future. The approach is to focus on future by maximising value of resources - financial, human, and natural.

The Financial Year 2018-19 turned out to be a great financial year for the Company. While we are proud of this fact, what gives us real pleasure are the highlights recorded beyond the financials. Higher standards of operational excellence, greater value creation & distribution, faster turnaround time, stronger relationships with stakeholders and enhanced safety measures to name a few.

Owing to the nature of our business, it is elemental to constantly raise the bar. The enablers that helped us fortify the future can be viewed through the prism of 5 Ps - Performance Excellence, Product Excellence, People Excellence, Process Excellence & Planet Excellence. The pages that follow entail in-depth information about the Company's performance across all the 5 Ps.

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Future is Excellence

Overview

Excellence is the cornerstone that strengthens the foundation for the future. It is the vital force that cements a brand's reputation and builds trust. An infallible strategy that ensures customer retention, opens new avenues for revenues and drives quality, reliability and sustainability.

It is the consistent quality assurance of our products that have enabled us to generate high level of customer satisfaction, resulting in establishing a leading position for our Company in the Country.

**Excellence is
what sets extra
apart from
ordinary.**

Be it strategic priorities to achieve a long-term roadmap or improvement programs to rationalise at each step, be it the culture at the boardroom or the culture at the operations –the pursuit of excellence is a common thread that binds the organisation. A defining factor that sets the company apart, adds value to each transaction, and ensures enduring relationships with customers, investors and all other stakeholders.

The financial year 2018-19 was marked by many firsts for HeidelbergCement India Limited (HCIL). Growth being one of the biggest driving forces for the

company, each and every function remained aligned to the business goals and continued to strive towards deriving maximum value for the stakeholders while staying rooted to the Group's unflinching thrust on sound business practices, ethics and sustainability. In a nutshell, FY2018-19 can be expressed as a year poised to fortify the organisation's future.

We believe that an outstanding company is known not only because of its market position but also by the robust corporate culture it demonstrates.

FY2018-19: The Year of Many Firsts

During FY2018-19, HCIL reported its highest ever annual production and sales volumes, sales revenue, EBITDA and net profit. HCIL also recorded highest ever annual EBITDA per ton, Realisation per ton and Waste Heat Recovery power generation.

Cement Produced

An increase of 4.6% 4.82 mn tonnes of cement in FY 19 compared to 4.61 mn tonnes in FY 18.



Cement Sales

An increase of 5.2% 4.90 mn tonnes in FY 19 compared to 4.65 mn tonnes in FY 18



Net Sales

An increase of 12.9% INR 21,333.5 mn in FY 19 compared to INR 18,894.7 mn in FY18



Net Profit

An increase of 65.7% INR 2,206.6 mn in FY19 compared to INR 1,331.8 mn in FY18



Dividend

An increase of 60% INR 4 per equity share (total dividend including the proposed final dividend) in FY 19 vis-à-vis INR 2.50 per share for FY18



Financial Highlights

Particulars	FY 15*	FY 16#	FY 17#	FY 18	FY 19
Sales Volumes (KT)	5,289	4,443	4,474	4,653	4,897
Total Revenue (net of Excise Duty/GST) (Rs. million)	20,581	16,708	17,412	19,094	21,682
EBITDA (Rs. million) (including Other income)	3,360	2,536	3,026	3,833	5,182
EBITDA Margin (%)	16.3%	15.2%	17.4%	20.1%	23.9%
EBT (Rs. million)	1,198	454	1,136	2,077	3,416
EBT Margin (%)	5.8%	2.7%	6.5%	10.9%	15.8%
PAT (Rs. million)	595	354	762.1	1,331.8	2,206.6
PAT Margin (%)	2.9%	2.1%	4.4%	7.0%	10.2%
EPS (Rs./Share)	2.6	1.6	3.4	5.9	9.7
Shareholders Fund (Rs. million)	8,716	8,949	9,670	10,464	11,712
Long Term Borrowings (Rs. million)	11,172	8,603	6,846	6,192	5,168
Short Term Borrowings (Rs. million)	-	700	-	-	-
Debt Equity Ratio	1.28:1	0.96:1	0.71:1	0.59:1	0.44:1
Cash and Cash Equivalents (Rs. million)	1463	78	142	2,122	3,371

Notes:

* FY15 has 15 months results due to change in accounting year.

Figures of FY17 are Ind-AS compliant and accordingly the corresponding figures for FY16 have been restated.

Company Profile

HeidelbergCement in India

One of the world's largest integrated manufacturers of building materials, HeidelbergCement Group made its foray into India in early 2006. The move was motivated by its pursuit for growth which emanated from the opportunities offered by the growing market in developing countries. As a part of this growth strategy, the Group

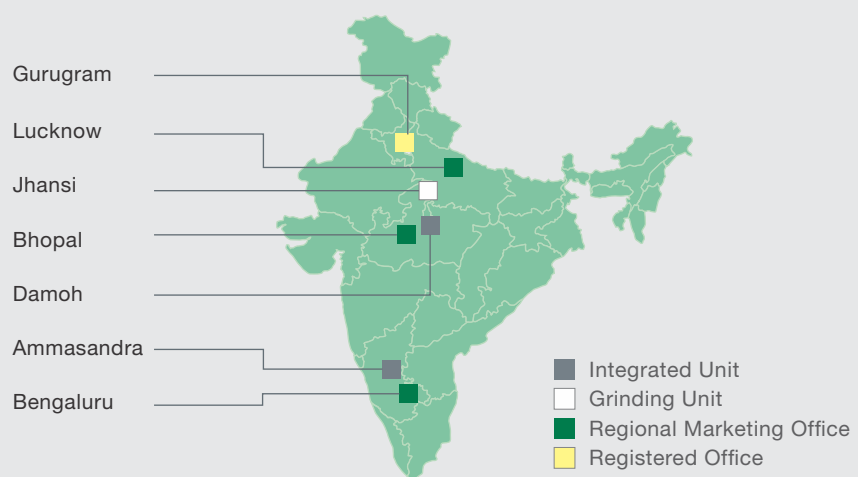
acquired controlling stake in Mysore Cements Limited as well as the Indorama Cement Limited Joint Venture, which in 2008 was converted into a complete acquisition.

After the merger of Indorama Cement with Mysore Cements, in 2009, Mysore Cements was

renamed HeidelbergCement India Ltd. Since then there has been no looking back. In 2009, the Company undertook a brownfield capacity expansion in Central India to increase its cement manufacturing capacity from 2.1 million tonnes per annum to 5.4 million tonnes per annum.

LOCATION OF PLANTS AND MAIN OFFICES

HeidelbergCement India's Cement Capacity – 5.4 Mn Tonnes per Annum



Registered Office

9th Floor, Infinity Tower "C",
DLF Cyber City, Phase-II,
Gurugram, Haryana-122 002

Chief Financial Officer

Mr. Anil Kumar Sharma

Legal Head & Company Secretary

Mr. Rajesh Relan

Statutory Auditors

S.N. Dhawan & Co. LLP.
Chartered Accountants

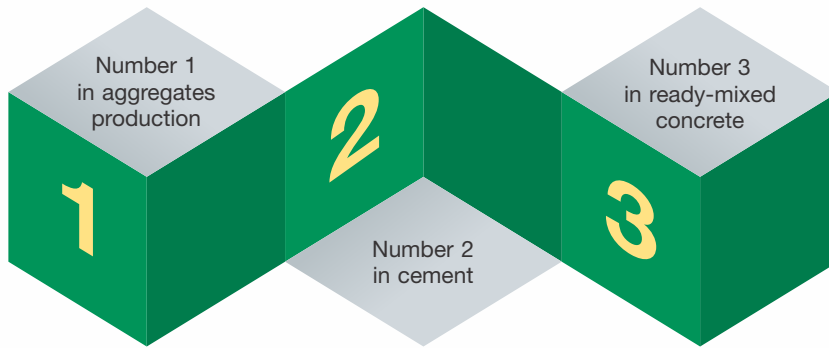
Registrars & Transfer Agents

Integrated Registry Management Services
Pvt. Ltd, 30, Ramana Residency,
4th Cross, Sampige Road, Malleswaram,
Bengaluru - 560 003



HeidelbergCement Group Profile

Founded in 1873 in Heidelberg, a small town in Germany, HeidelbergCement has grown consistently spreading its footprint across the globe. HeidelbergCement is today one of the world's largest building materials companies. Its products remain aligned to meet the demands of a growing world population for housing, mobility and economic development. The Group remains:



With the takeover of the Italian cement producer Italcementi, HeidelbergCement expanded its global footprint and added to its R&D capabilities. In the significantly expanded HeidelbergCement Group, around 58,000 employees work at more than 3,000 production sites in around 60 countries on five continents ensuring that its slogan “for better building” is brought to life day after day.



Our Strategy for Sustainable Success

HeidelbergCement's core target is to increase its value over the long term through sustainable and result oriented growth. Inclusive and sustainable growth have been driving forces of our business model as we continue to strive and improve our products, services and business processes to attain the highest standards of efficiency. These form the fundamentals of our corporate culture and we are proud of it.

Operational excellence

- High level of customer orientation reinforced with service objective
- Ensuring a competitive cost structure in all areas
- Culture of continuous improvement

Sustainability Focus

- Health and safety of employees: "zero harm"
- Clear commitment to reduction of specific CO₂ emissions
- Support to neighbouring communities for their social and economic development

Growth Path

- Continuous development and maintenance of vertically integrated market position.

Financial performance

- Balance between short-term profitability and long-term value creation
- Disciplined investments



Leading the Sustainability Actions by Example

HeidelbergCementAG has improved its ESG ranking of the renowned ISS-oekom Corporate Rating agency to C+. As a result, HeidelbergCementAG is now one of the sustainability leaders in the construction materials sector and authorised to use the ISS-oekom Prime Label. The ISS-oekom rating considers environmental performance as well as social and governance aspects by evaluating more than 100 sector specific indicators with grades from A+ (best grade) to D-. Currently, about 700 companies worldwide are rated as "Prime". They form the ISS-oekom Prime universe.

Future is Automation

Overview

The culture of achieving excellence in everything we do is deeply entrenched in the DNA of HeidelbergCement, right from boardroom to shop floor. Emphasis on operational excellence therefore remains in strong focus across processes, policies and in practice. Automation acts as a key cog in accelerating excellence to produce and deliver high-quality cement consistently that keeps reinforcing the foundations for a sustainable future.

Over the years, the Company has continually invested in automation and digitisation of processes across the production chain right from mining and extending to packaging. This has helped us optimise usage of natural resources, improve workforce safety and productivity, ensure stringent environmental compliance, and affect cost-effective production.

We firmly believe that 'excellence is as much a journey as it is a milestone'. This philosophy is manifested in adoption of Continuous Improvement (CI) as a way of life at HeidelbergCement. Our talented workforce is on a constant pursuit to challenge status quo, drive innovation, and sow seeds of change, big or small, at various stages of production and across all parameters of performance. Improvement projects like reduction of waste,

inventory optimisation, quality assurance, energy conservation and higher throughput are all leading to greater efficiencies in our operations.

In the future we will continue to synergise strengths and raise the bar

in setting standards for operational excellence leveraging automation and digitisation that encompass processes, people, and performance.

Leveraging Lineage to Raise the Bar

An illustrious journey of 146 years, HeidelbergCement Group has achieved its goals while remaining steadfast to its values and maintaining a keen eye on research and innovation. In India, it has been our endeavour to continue on the Group's footsteps relentlessly raising the standards of excellence; while staying rooted in adhering to the laws of the land coupled with highest ethical conduct.

As we fortify our future and the infrastructure of this Country, we are determined to be as much a process-driven and innovation-led company as goal-oriented we remain.

A competitive edge in cement production comes from the technology used to produce it. Adoption of superior technology and continuous improvement besides increasing productivity and optimising cost, it also helps us reduce our carbon footprint and make our process more sustainable.

