

HEIDELBERGCEMENT
INDIA



**PURPOSEFUL
C.H.A.N.G.E**

ANNUAL REPORT 2020-21

HEIDELBERGCEMENT INDIA LTD.

PURPOSEFUL C.H.A.N.G.E

Year 2020 will go down in the history as a year that ceased the world on its tracks. At its core, was the global health crisis caused by novel corona virus that posed adverse implications on human lives, livelihoods, businesses and economies around the globe. While the health crisis has grabbed maximum attention in every walk of life, another global challenge that warrants our attention is the compounding effect of climate change in the form of intense storms, heat waves, wildfires, floods etc.

The world today is punctuated by novel times and changing climes. For the life to smoothly navigate the future with peace, progress and predictability will remain pivotal for enterprises to succeed. At HeidelbergCement, business goals have always walked hand-in-hand with a sense of social accountability and environmental stewardship. This being the prime driver; the company is consciously pursuing the path of 'Purposeful Change'.

While the pandemic remained a challenging force, it only accelerated the digitalization of organizations and economies, exponentially. With digital transformation being a focus area of your company over the several years, the e-reforming of the processes felt like a natural transition for us and our people.

Be it our products, our processes or our people, the aim is to drive strategic transformation in order to align the Company with our Group's Purpose Statement – "Material to build our future". While the tenets of triple-bottom line excellence, continuous improvement and value maximization

have always been a way of life at HeidelbergCement India, we are now converging our efforts to usher in 'Purposeful Change'. The shift is towards promoting innovations that will go a long way in shaping a sustainable and inclusive future.

In FY21, the Company performed quite well despite a challenging environment and an extremely competitive market. The content that follows will provide in-depth

information about the Company's performance across all the key areas of C.H.A.N.G.E: **Cementing Bonds, Harnessing Innovation, Accelerating Excellence, Nurturing People, Generating Value, Enriching Ecology**

CONTENTS

TO OUR SHAREHOLDERS

- 02 Cementing Bonds
- 08 Harnessing Innovation
- 12 Accelerating Excellence
- 18 Nurturing People
- 26 Generating Value
- 30 Enriching Ecology
- 36 From the Desk of the Managing Director
- 38 Board of Directors
- 41 Messages from the Management Team

STATUTORY REPORTS

- 45 Board's Report
- 63 Management Discussion and Analysis
- 68 Business Responsibility Report
- 77 Corporate Governance Report
- 139 Notice of AGM

FINANCIAL STATEMENTS

- 91 Independent Auditors' Report
- 98 Balance Sheet
- 99 Profit and Loss Account
- 100 Statement of Change in Equity
- 101 Cash Flow Statement
- 102 Notes to Financial Statements

Cementing Bonds



The measure of an organisation's success lies in its ability to ensure enduring relationships with customers, investors, employees, channel partners, supply chain associates, and all other stakeholders. Stakeholder centricity is a strategic priority at HeidelbergCement India and we achieve the same through communication, collaboration and credibility.

FY2020-21: The Year of Facing Challenges Together

The Company managed the operational and financial impact of the pandemic in an assured manner. The operations in plants and mines were suspended during the last week of March 2020 until 20 April 2020 due to national lockdown directives of the Government to contain the spread of COVID-19, which adversely affected the business of the Company during the quarter ended 30 June 2020. We are pleased to share that despite the myriad challenges faced by the Company during the year under review it achieved highest ever profitability during FY21. The Company's Net Profit increased by 17.49% to INR 3,149.5 million from INR 2,680.6 million in FY20. Despite all odds, the EBITDA margin for FY21 stood firm at 25.6%.

These results were achieved through a focussed approach involving enhanced efficiency in consumption parameters, cost optimisation measures and operational excellence through process optimisation and digitalisation.

While doing so, the health of our employees, associates and customers remained our priority as always.

Glimpse of FY2020-21

Q1
June' 20

- To mitigate COVID-19 risks, as part of "Contingency Management and Business Continuity Plan" the Company undertook various measures to ensure safety of Manpower, security of Plant and Machinery, securing Materials and conservation of resources.
- Crisis Management Teams monitored health status of employees through thermal scanning, verification of travel history and aligning policies relating to quarantine, 'work from home' etc., as per the need of the hour.
- As part of a community support project, "Annam", the Company contributed Re. 1 per bag for distributing food packets containing grains, rice and other edible items to the under privileged.
- Training of Channel Partners on e-Meet platforms and regular e-Meetings.
- Social Media Campaign "Stamps of the Times".

Q2
Sep' 20

- Payment of higher final dividend of 60% for FY2019-20 to shareholders.
- Execution of a mining lease for setting up a greenfield project in Gujarat.
- The Company achieved ambient temperature reduction of 1.2°C at its plants as compared to that prevailing a kilometre away.
- Launched e-Banking project to increase usage of electronic fund transfers and optimisation of receivables.
- Launch of "Sambandh" App - aimed at digital maintenance of data pertaining to the points earned by masons.

Q3
Dec' 20

- Repayment of second tranche of NCD of INR 1,250 million.
- Introduction of a new sales method "Direct to Retail" ("D2R").
- The Company was conferred the recognition "Best Corporate" based on its contribution to Transformation in Rural Education Facilities and providing conducive learning environment.
- Model "Aanganwadi" development project through renovation, provision of necessities etc. at Damoh.
- Skill Development training to rural youth and ladies in association with CEDMAP (Centre for Entrepreneurship Development).

Q4
March' 21

- COVID-19 Vaccination camps across various locations for employees, contract workmen and their family members.
- The policy of "Work from home" was replaced with "Work from Anywhere" to provide moral comfort to employees.
- The Company was certified as 4.4x water positive by TUV SUD.
- Gold Award - Safe Workplace Award in Cement Sector - 2020 by Apex India Safe Workplace to Jhansi Plant.
- Initiated shifting of Registered & Corporate Office including allied infrastructure within Gurugram city to drive cost optimization.

Financial Highlights

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21
Sales Volumes (KT)	4,474	4,653	4,897	4,706	4,486
Total Revenue (Net of Excise Duty / GST) (Rs. million)	17,412	19,094	21,682	22,224	21,631
EBITDA (Rs. million) (including Other income)	3,026	3,833	5,182	5,805	5,531
EBITDA Margin (%)	17.4%	20.1%	23.9%	26.1%	25.6%
EBT (Rs. million)	1,136	2,077	3,416	3,981	3,912
EBT Margin (%)	6.5%	10.9%	15.8%	17.9%	18.1%
PAT (Rs. million)	762.1	1,331.8	2,206.6	2,680.6	3,149.5
PAT Margin (%)	4.4%	7.0%	10.2%	12.1%	14.6%
EPS (Rs./Share)	3.4	5.9	9.7	11.8	13.9
Shareholders Fund (Rs. million)	9,670	10,464	11,712	13,146	14,939
Long Term Borrowings (Rs. million)	6,846	6,192	5,168	4,051	2,945
Short Term Borrowings (Rs. million)	-	-	-	-	-
Debt Equity Ratio	0.71:1	0.59:1	0.44:1	0.31:1	0.20:1
Cash and Cash Equivalents (Rs. million)	142	2,122	3,371	4,697	4,303

Company Profile

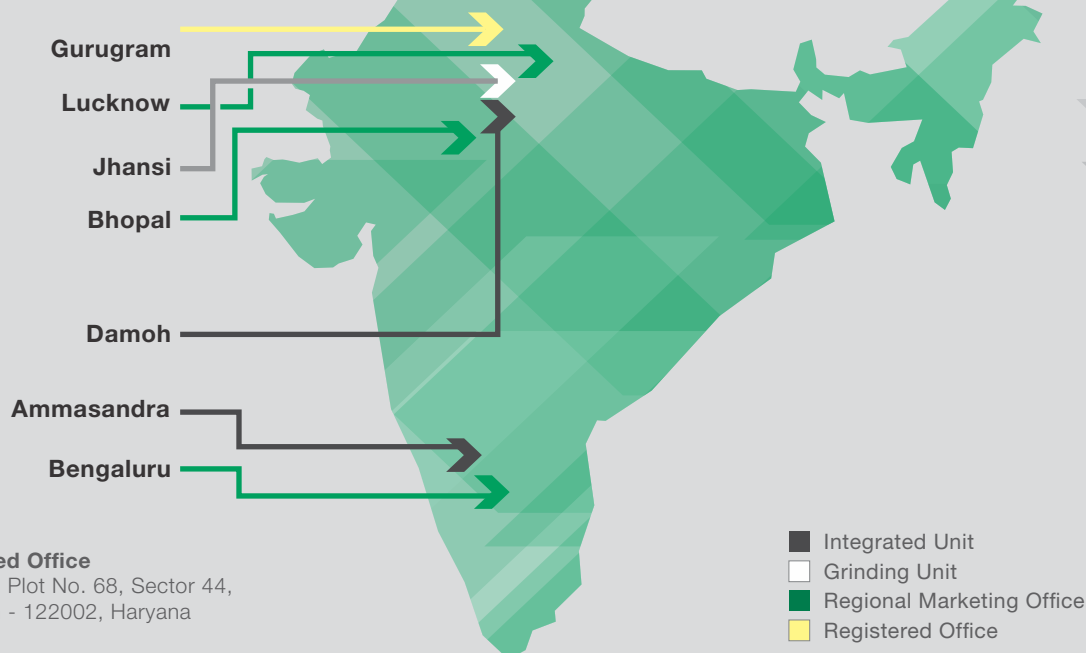
HeidelbergCement India

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 available in the growing markets of developing countries. As a part of its growth strategy, the Group acquired controlling stake in Mysore Cements Limited as well as 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 as 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 (MTPA) to 5.4 MTPA. Debottlenecking activities in last quarter of FY20 increased the grinding capacity at Imlai and Jhansi plants by 0.5 MTPA and 0.55 MTPA respectively. The aggregate cement grinding capacity of the Company now stands enhanced to 6.26 MTPA.

LOCATION OF PLANTS AND MAIN OFFICES

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



Registered Office
2nd Floor, Plot No. 68, Sector 44,
Gurugram - 122002, Haryana

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

HeidelbergCement is one of the world's largest building material Group. Post the acquisition of the Italian cement producer Italcementi, HeidelbergCement repositioned itself as number 1 in aggregates production, number 2 in cement, and number 3 in ready mix concrete. Both the companies complement each other perfectly: on one hand it is similarity of products and organization structure, and on the other hand it's the distinct geographical footprints with minimal overlaps. In the significantly expanded HeidelbergCement Group, around 53,000 employees work at more than 3,000 locations in over 50 countries generating global revenue of over 17 billion euros.



1

Number 1 in aggregates production



2

Number 2 in cement



3

Number 3 in ready-mixed concrete

Ratings Upgrade

Moody's has upgraded long term issuer rating of HeidelbergCement AG (HCAG) to Baa2 from Baa3. Prior to that S&P had also upgraded the rating by one notch to BBB from BBB-.

Ratings upgrade was based on resilient performance throughout 2020, leverage ratio (net debt to operating EBITDA) within the target corridor of 1.5x-2.0x etc.



Sustainability Initiatives

HeidelbergCement AG (HCAG) has recently signed business ambition undertaking thus committing itself to contain global warming by 1.5°C and achieving net zero carbon emissions by 2050. Thus, HCAG has joined the global “Race to Zero” campaign that supports in building a positive momentum to transit towards a decarbonised economy.

HCAG has also announced its intention to upgrade its cement plant in Sweden and has thus emerged as the World's first carbon-neutral cement plant to become operational by 2030. Deploying innovative technology at its plant to capture CO₂ which will transport the captured CO₂ several kilometres to be safely buried and stored permanently in sea beds.



German Innovation Award to first 3D-printed house

The first 3D concrete printed residential house in Germany has been awarded the German Innovation Award by the German Design Council under the “Building & Elements” Category. The two-storey single-family home in Beckum, with around 160 square meters of living space consists of multi-layered walls filled with insulating material or ready-mixed concrete.

HeidelbergCement provided the building material required for 3D-printing. Contributing as a strong and innovative partner in this project, HeidelbergCement has provided viable option over traditional concrete thus accelerating the use of 3D printing commercially by the construction industry.

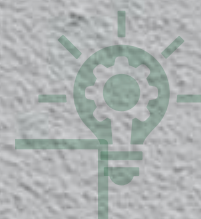


Harnessing Innovation



We encourage innovation - be it in any measure. We believe, every individual - in every department, across hierarchy, any stage of the process - is capable of generating surprising ingenious ideas. The power of innovation is exhibited in resource optimisation, customer retention, process efficiencies, quality enhancement, sustainability and cost optimisation.

The tools our teams leverage to realise such high outcomes are Continuous Improvement initiatives, Automation and Digitalisation.



An illustrious journey of 148 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 tread on the Group's footsteps relentlessly raising the standards of excellence while staying firmly

rooted and adhering to the laws of the land coupled with highest ethical conduct.

