

HEIDELBERGCEMENT



BUILDING RESILIENCE

HEIDELBERGCEMENT INDIA LTD.

ANNUAL REPORT 2021-22

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**The ship as a metaphor for our organization
as we navigate ensuring that resilience remains
a key driving force for sustained results.**

We have a clear vision of the 'destination'

We remain steadfast and dedicated to our larger goals, even if it calls for change of direction mid-course. We 'chart our course' to reach the distant shores safely and efficiently – in corporate terms, we have a clear vision and the resources to execute the same.

We stay flexible and resilient

Unpredictable obstacles like sudden squalls, inclement weather, tsunamis and ice floes may 'rock the ship,' so to speak, forcing ships to change course in order to minimize damages. But, the moment the storm blows over, the Captain and his crew get back to forging ahead towards their destination. We too know that planning can go haywire with sudden and unforeseeable shifts in the economic environment. In such cases, we get 'all hands on the deck' to navigate 'troubled waters' and rechart 'course correction.' Nevertheless, our ultimate destination remains unchanged. 'Headwinds' may delay us reaching our destination; however, reaching there has always remained a certainty.

**We are privileged to have one of
the best 'crew' on board**

Similar to the crew on the ship, every member of our organization knows their responsibilities and what is expected of them and have always delivered under most demanding situations. Our 'crew' consists of people with relevant experience, knowledge and skills to deliver results be it marketing, sales, operations, procurement, human resources, finance and legal & compliance. Managements emphasis on speed has helped us steer through crises and emergencies to be able to remain on course.





We are organized into three distinct areas

A ship has three distinct areas: a bow, midship and stern; in other words, a front-end, a center and a back-end respectively. Like the bow of the ship breaking new water and leading it, our front-end - sales and marketing, leads our business. Like the stern propelling the ship forward, our - procurement, finance, human resource, secretarial and legal - deliver the much required thrust. Like the midship steering the ship, our production and logistics, provide the power to keep our ship moving forward.

The power of being together

Each of three distinct areas mentioned above are equally important. Each must perform its designated role well for us to be able to reach our chartered destination.

We remain in the state of readiness

Being a continuous process industry, our emphasis on preventive maintenance helps us deliver round the clock day after day. A close watch on our systems and processes enables us remain in the state of readiness.

We are driven by Speed, Strength and Stamina

Similar to the ship, our organization is driven by parameters that orient us to act with Speed using the intrinsic strengths to deliver momentum and the Stamina to sustain the growth trajectory.





HIGHLIGHTS

FY22 IN WORDS

Operational glimpses of the year gone by

FY 22 has been another year of sustained performance. The resilience of our business model helped us steer through the uncertain environment. Despite all odds, we stepped up our efforts to achieve our triple bottom line goals.

This year sales volume displayed an increase of 6.5%, from 4.49 million tonnes in FY 2020-21 to 4.78 million tonnes in FY 2021-22. This was achieved despite, the restrictions associated with the second wave of COVID-19 from April to June 2021, along with stiff competition which made demand erratic and dampened prices, especially in Central India - one of our key markets that has remained largely stable over time. With the general shortage of coal in the country and mining disruptions in Australia and South Africa, managing production operations was a challenge too.

To ride over the challenges beyond our control, we redoubled our efforts and refocused on cost management practices to keep costs under a tight rein. Robust risk management was key to softening the blows, so to speak, of unprecedented situations.

As always, we stood fully by our people and the society at large, committed to their wellbeing, come rain or shine.

Q1 FY 22

Community Support: In what could be termed 'the 2nd Covid Wave quarter,' the Company swung into action to support the community and vulnerable sections by

installing oxygen generating plants at government hospitals, providing oxygen cylinders, beds, sanitizers, masks, medicines and necessary medical equipment.

Nurturing Environment: Share of green power across all plants stood at around 23% and the Company continued to

produce 100% blended cement, lowering its carbon footprint.

Performance: In a difficult quarter, the Company demonstrated quite a lot of buoyancy and was able to prevent de-growth and manage a growth of 5%. The

Company continued to operate on negative net operating working capital.

Q2 FY 22

Community Support: As is the norm with the Company, community health was accorded top priority. An Oxygen

Generation Plant was dedicated to the society at Jhansi. Rural Health Centers were also upgraded at Damoh.

Nurturing Environment: It 'rained' ESG initiatives this quarter. Trial runs of AFR (Alternate Fuel & Raw Materials) project were started. Our Ammasandra plant was the outperformer with around 90% green power utilization. Our Jhansi plant too progressed well on the ESG track by

signing a long-term Solar Power Purchase for 22 Giga Watt Hours per annum. Overall share of green power rose to about 27% from around 23% in the preceding quarter. The Company harvested 5.68 billion liters of water against 1.3 billion liters of consumption, making it about 4.4 times Water Positive.

Performance: Cement capacity utilization increased slightly to 78% over the preceding quarter's 74%. This was

in line with the 15% volume growth in the trailing twelve months. FY21 dividend of ₹ 8 per share (80%) was distributed in this quarter.

Q3 FY 22

Community Support: The primary thrust of this quarter was on Education & Health. Ordinary classrooms were converted into Smart Classrooms at Damoh and

Educational Kits were distributed at Ammasandra. Free rural health checkups, medicine distribution and blood donation camps were organized in Jhansi.

Nurturing Environment: 5.5 MW Solar Power Project at Patheria Mines reached final stage of commissioning. Jhansi

Plant achieved 2.2° C lower ambient temperature within a radius of 1 km from the plant as against a target of 2° C.

Sales Promotion: A targeted media strategy largely revolving around the Digital space, saw commendable Impressions of 3.7 Million, Reach of 2.2 Million and Engagement of 1 Million viewers in social media. In line with the digital push, our website mycemco.com went through a

more user-friendly makeover. However, mainstream media was not ignored. Following a targeted approach for our mainstay markets, two TVCs were created for news channels of MP and UP.

AWARDS



Diamond Patharia Limestone Mines received 1st prize in Mining Category from Honourable Chief Minister of Madhya Pradesh, Shri Shivraj Singh Chouhan on World Environment Day Celebration.



CII National Energy Management Award for 6th consecutive year to Jhansi plant



HIGHLIGHTS

FY22 IN WORDS

Q4 FY 22

Nurturing Environment: AFR and 5.5 MW Solar Power projects were launched during this quarter. Green power got a further 'charge' with the start of Solar Power supply of

~22 GWH p.a. for Jhansi plant under a long-term Power Purchase Agreement.

Performance: The quarter witnessed around 7% volume growth in the trailing twelve months. A market recovery and better volumes compared to the previous quarter spurred a rise in Cement Capacity utilization to about 76%. Even though the Company's Cash Flow was always good, a debt

repayment of ₹ 1.2 billion left it with an even more tenable position. Riding on the strength of consistent cash flow from operations, the Board has recommended a Dividend of ₹ 9 per share, i.e. 90% for FY 22 compared to Dividend of ₹ 8 per share declared for FY 21.

AWARDS

AWARDS AND RECOGNITIONS



5 Star Award to our Patharia Mines for Sustainable Development



"Amrit Puraskar" Award by Indian Bureau of Mines for our Patharia Mines



4th ICC Social Impact Awards 2022 for Transformation in Rural Education



Silver Category at CSR Times Award 2021 for Rural Development & Infrastructure for our "Integrated Community Asset Programme"



Global CSR Awards 2022 for Integrated Community Development Project

FINANCIAL HIGHLIGHTS

Particulars	FY 17	FY 18	FY 19	FY 20	FY 21	FY 22	
Sales Volumes (KT)	4,474	4,653	4,897	4,706	4,486	4,777	
Total Revenue (net of Excise) (Rs. million)	17,412	19,094	21,682	22,224	21,631	23,460	
EBITDA (Rs. million) (including Other income)	3,026	3,833	5,182	5,805	5,531	4,836	
EBITDA Margin (%)	17.4%	20.1%	23.9%	26.1%	25.6%	20.6%	
EBT (Rs. million)	1,136	2,077	3,416	3,981	3,912	3,351	
EBT Margin (%)	6.5%	10.9%	15.8%	17.9%	18.1%	14.3%	
PAT (Rs. million)	762.1	1,331.8	2,206.6	2,680.6	3,149.5	2,522.6	
PAT Margin (%)	4.4%	7.0%	10.2%	12.1%	14.6%	10.8%	
EPS (Rs./Share)	3.4	5.9	9.7	11.8	13.9	11.1	
Shareholders Fund (Rs. million)	9,670	10,464	11,712	13,146	14,939	15,652	
Long Term Borrowings (Rs. million)	6,846	6,192	5,168	4,051	1,745	1,566	
Short Term Borrowings (Rs. million)	-	-	-	-	1,200	336	
Debt Equity Ratio	0.71:1	0.59:1	0.44:1	0.31:1	0.20:1	0.12:1	
Cash and Cash Equivalents (Rs. million)	142	2,122	3,371	4,697	4,303	3,690	



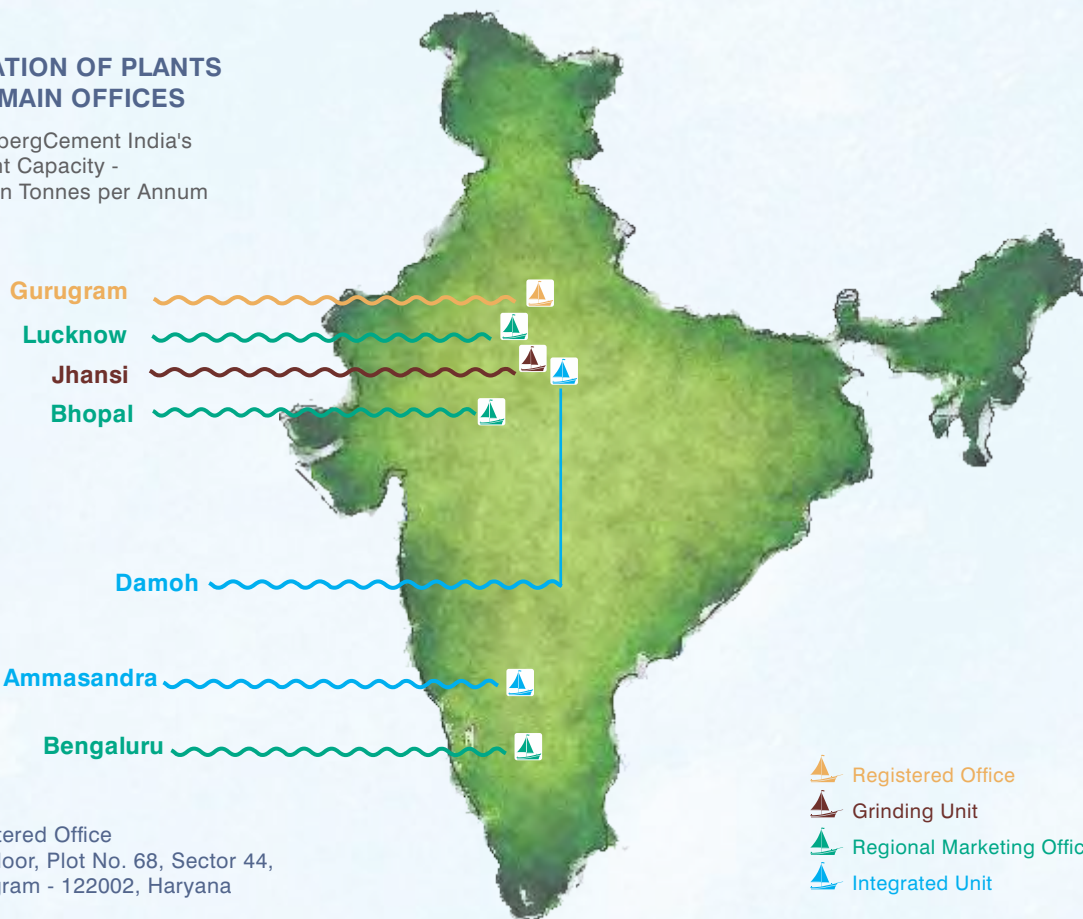
HeidelbergCement India Limited (HCIL) at a glance

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 stood at 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

