HEIDELBERGCEMENT

**HeidelbergCement India Limited**
CIN: L26942HR1958FLC042301
Registered Office
9th Floor, Infinity Tower "C",
DLF Cyber City, Phase-II,
Gurugram, Haryana 122002, India
Phone +91-124-4503700
Fax +91-124-4147698
Website: www.mycemco.com

HCIL:SECTL:SE:2019-20

22nd August 2019

BSE Ltd.
Listing Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort,
Mumbai - 400001

Scrip Code:500292

National Stock Exchange of India Ltd
Listing Department
Exchange Plaza, C/1, Block G,
Bandra Kurla Complex, Bandra (E)
Mumbai - 400 051

Trading Symbol: Heidelberg

Dear Sir,

**Sub: Notice of Annual General Meeting of the Company, Record Date and E-voting**

1. Notice of AGM: This is to inform you that the 60th Annual General Meeting (AGM) of the members of HeidelbergCement India Limited is scheduled to be held on Thursday, 19th September 2019 at 9.30 A.M. at Auditorium in Apparel House Buliding, Sector 44, Institutional Area, Gurugram, Haryana. The Annual Report 2018-19, *inter alia* containing Notice of the AGM is attached.

2. Record Date for AGM and Dividend: The final dividend on equity shares, if declared, at the AGM will be credited/despatched within thirty days from the date of AGM to those members whose names appear on the Company's Register of Members as on Record Date i.e., 12th September 2019. In respect of the shares held in dematerialised form the dividend will be paid to the members whose names are furnished by National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) as beneficial owners as on record date i.e., 12th September 2019.

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3. E-voting: In compliance with the provisions of Section 108 of the Companies Act, 2013 and the Rules made thereunder and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the Company is providing to its members facility to exercise their right to vote on resolutions proposed to be considered at the said 60th AGM by electronic means ("E-voting"). Detailed instructions for E-voting are given at Note No. 5 to the Notice of AGM. The E-voting period commences on 16th September 2019 (9.00 A.M.) and ends on 18th September 2019 (5.00 P.M.). During this period the members of the Company, holding shares either in physical form or demat form, as on the cut-off date of 12th September 2019 may cast their vote through E-voting facility being provided by NSDL.

This is for your information and record please.

Thanking you,

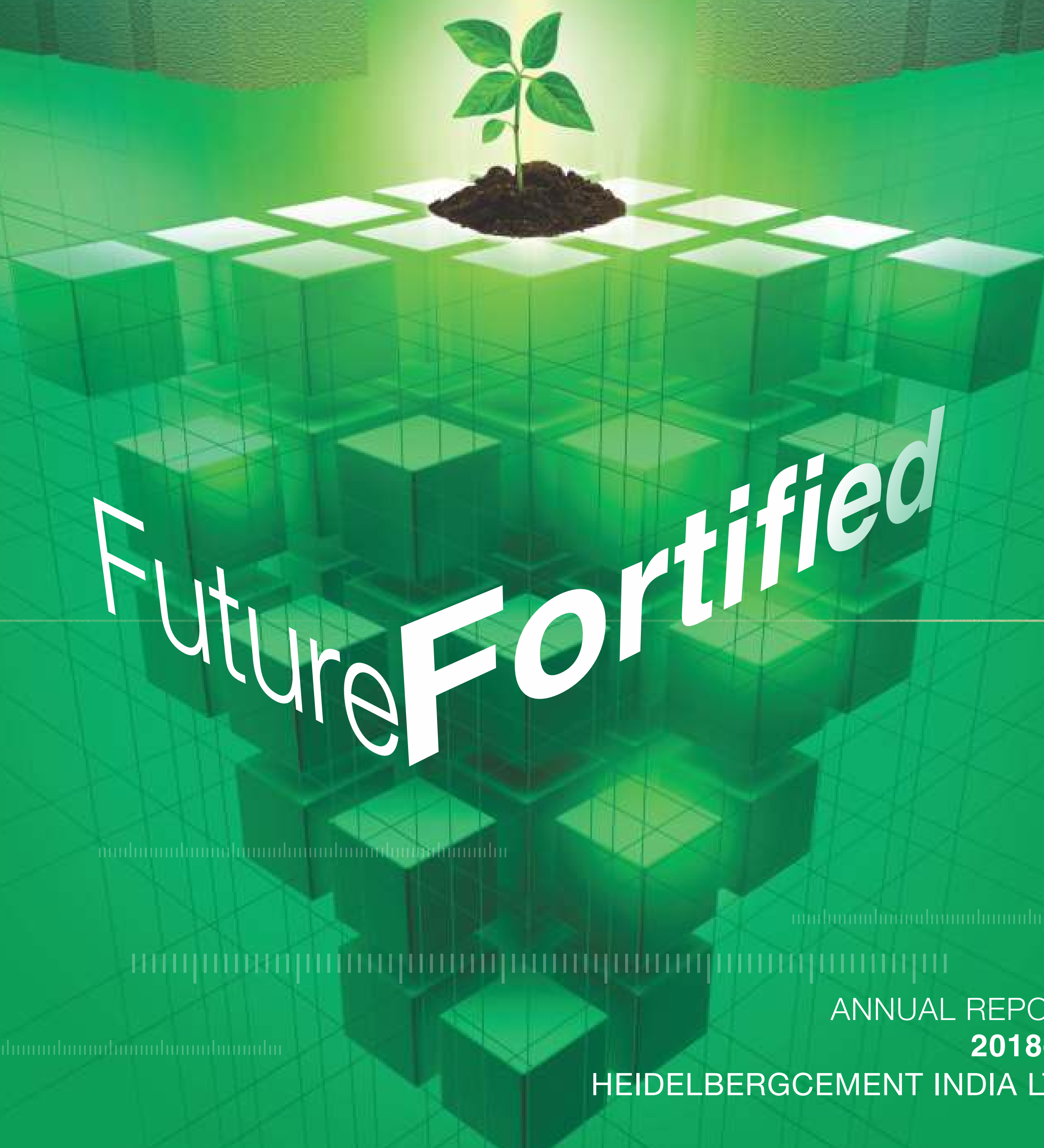
Yours faithfully,
For HeidelbergCement India Limited

Rajesh Relan

Rajesh Relan
Legal Head & Company Secretary

Encl.: a.a.

HEIDELBERGCEMENT
INDIA



# FutureFortified

ANNUAL REPORT
**2018-19**
HEIDELBERGCEMENT INDIA LTD.

HEIDELBERGCEMENT
INDIA

# 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.

# Contents

# 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.**

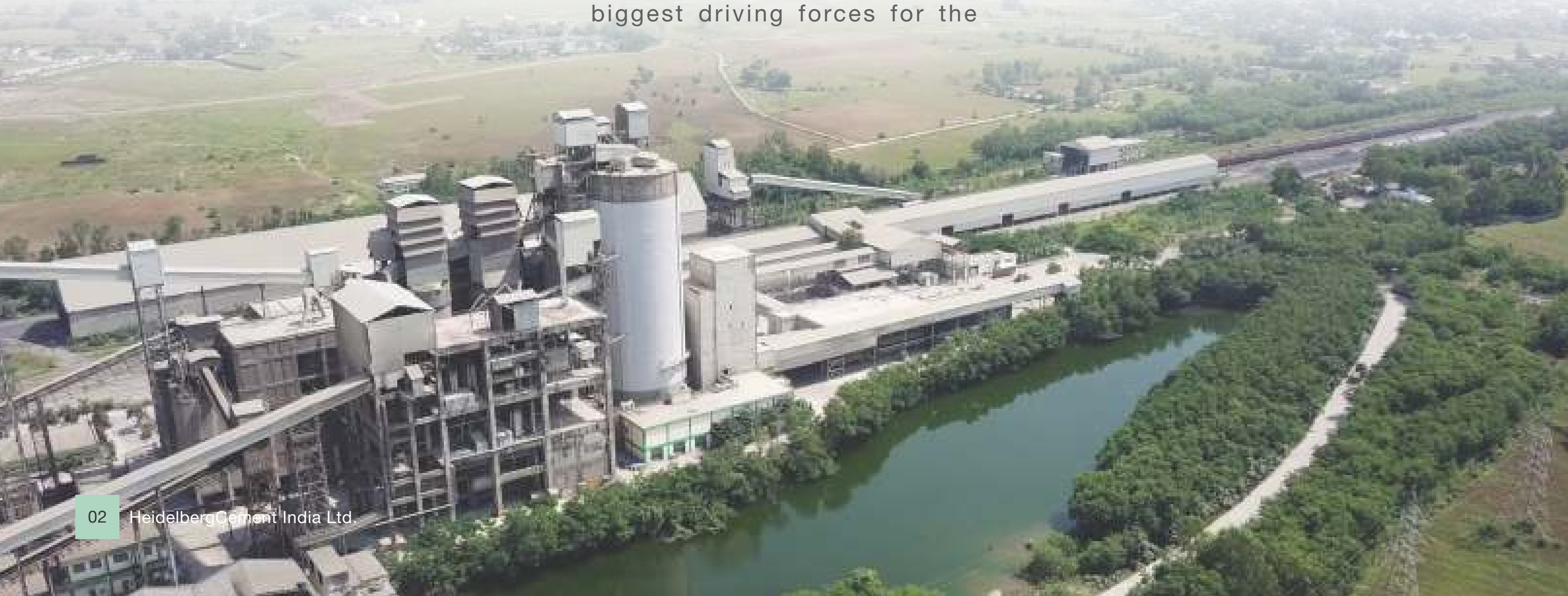
**It is the consistent quality assurance of our products that have enabled us to generate high level of customer satisfaction, resulting in establishing a leading position for our Company in the Country.**

**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.

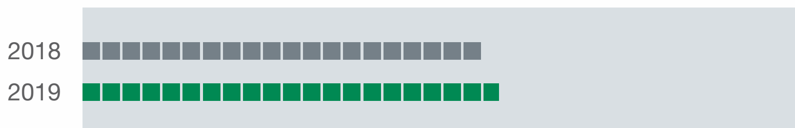
We believe that an outstanding company is known not only because of its market position but also by the robust corporate culture it demonstrates.



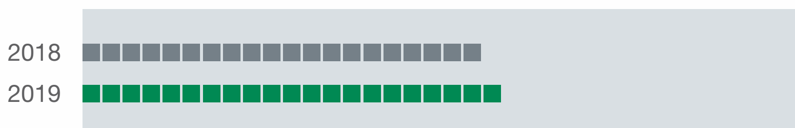
# FY2018-19: The Year of Many Firsts

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.

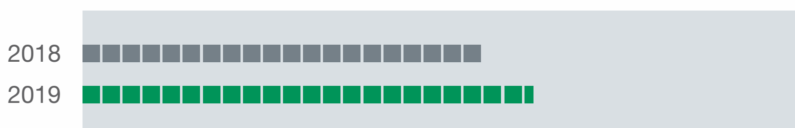
**Cement Produced**
An increase of 4.6% 4.82 mn tonnes of cement in FY 19 compared to 4.61 mn tonnes in FY 18.



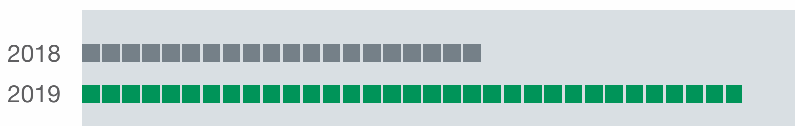

**Cement Sales**
An increase of 5.2% 4.90 mn tonnes in FY 19 compared to 4.65 mn tonnes in FY 18



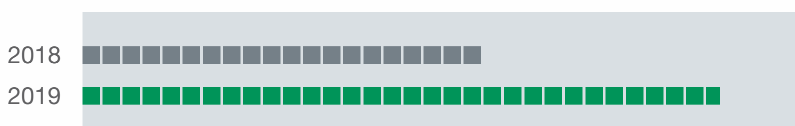

**Net Sales**
An increase of 12.9% INR 21,333.5 mn in FY 19 compared to INR 18,894.7 mn in FY18




**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

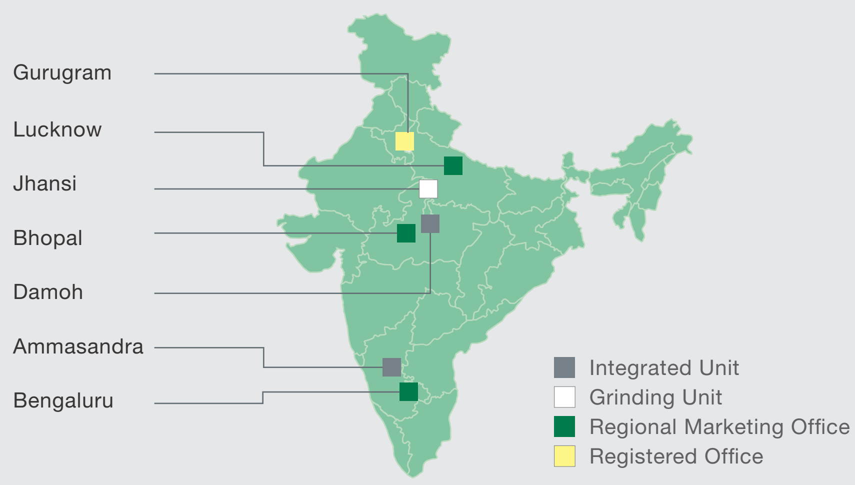
## HeidelbergCement in India

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

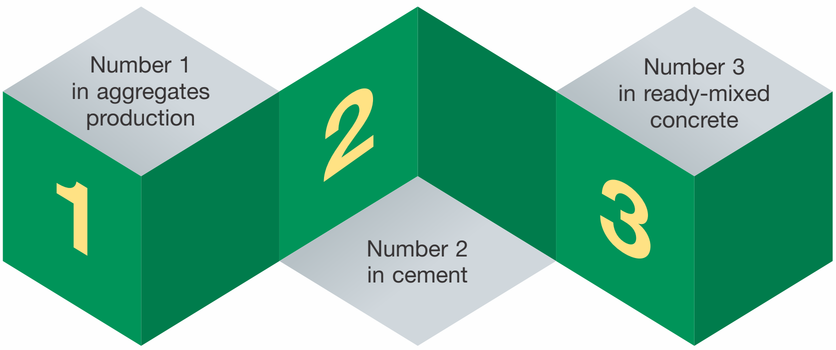
**Legal Head & Company Secretary**
Mr. Rajesh Relan

**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 $CO_2$ 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.

# Excellence Embedded –
# From Quarries to the Shop Floor

**Achieving highest ever sales, clocking highest ever EBITDA and PAT to creating new benchmarks - FY 2018-19 marked many firsts in terms of operational efficiencies for HCIL.**

Across every step of the production cycle, operational performance was enhanced. Here below are select few highlights:

**Plant Operations:** The major focus was on optimising the fuel mix. Due to the nimble footedness and adaptability of the operations team, we were able to absorb the shocks of fuel price fluctuations to a great extent.

**Procurement:** We continued to focus on embracing latest technology solutions to achieve best pricing from suppliers, optimum inventory levels, inclination towards sourcing of sustainable materials and most important, focus on renewable energy. During the financial year, the Company entered into a long-term contract for procurement of gypsum leading to reduction in cost by 5% over the previous year.

**Transportation:** While the fuel mix optimisation helped our operations, a balanced logistics mix reduced the transportation cost. Steps like route rationalisation, reduction in turnaround time and direct dispatches from plant instead of warehouse resulted in significant savings.

The transportation of limestone from Patheria Mines to Narsingarh Clinkerisation Plant is done in a sustainable manner via a 21 km long Over Land Belt Conveyor (OLBC). Despite being capital intensive, OLBC has helped in reducing our carbon footprint and transportation cost as well.

In FY 2018-19, the turnaround time of trucks improved tremendously. Going forward, we will be making almost half of our fleet trucks GPS-enabled.

**Debottlenecking:** The capacity utilization of our plants in Central India has crossed 90%. With an aim to achieve better operational efficiency and increase productivity, our technical teams have rolled out a debottlenecking plan in three phases. The first phase has been successfully completed with the second one to be completed by March 2020 and the third one by end of FY 2020.

A Thermal Power Plant would have consumed 57,041 tonnes of coal and emitted 59,266 tonnes of $CO_2$ for generation of equivalent units of power.

**Energy:** During FY 2018-19, we generated 72,726 MW of power from the Waste Heat Recovery (WHR) Power Plant at Narsingarh–which meets ~ 37% of the total power requirement of Narsingarh Clinkerisation Plant. The Company also entered into a 25-year solar power purchase agreement for its Ammasandra Unit, which will meet close to 50% of its energy requirements.

**Happiness Quotient:** Having leveraged technology and material resources in a significant manner, the human element too was nurtured. Hence, we pushed the pedal to increase the 'Happiness Quotient' of our people. Some key elements of boosting the happiness quotient included creating and maintaining a clean and green work environment and building the team spirit. For further details, refer People Excellence Section.

We created an industry-first Safety Manual with an aim to achieve zero harm by 2020.

# Continuous Improvement

Innovations never happen in isolation.This is why a culture of continuous improvement is fostered at HCIL to encourage small acts of innovation in every department, across every rung of the hierarchy, on an everyday basis. This year, we strengthened our Continuous Improvement Programme (CIP) by leaps and bounds:

Focused Training Programmes were organised for people across hierarchies and locations to ensure that every employee is a potential CIP Idea Initiator.

Systematically ramped up the improvement ideas across stages such as idea discovery, evaluation, acceptance, implementation, savings potential and sustenance.

The coveted Star Performer Awards conducted across operations to celebrate the organisation's outstanding talent and ideas gained further traction with participation of scores of CI Project entries.

**Continuous Improvement projects initiated across the plants lead to savings in various areas such as energy conservation, cost-optimisation, digitisation and improvement in controls.**

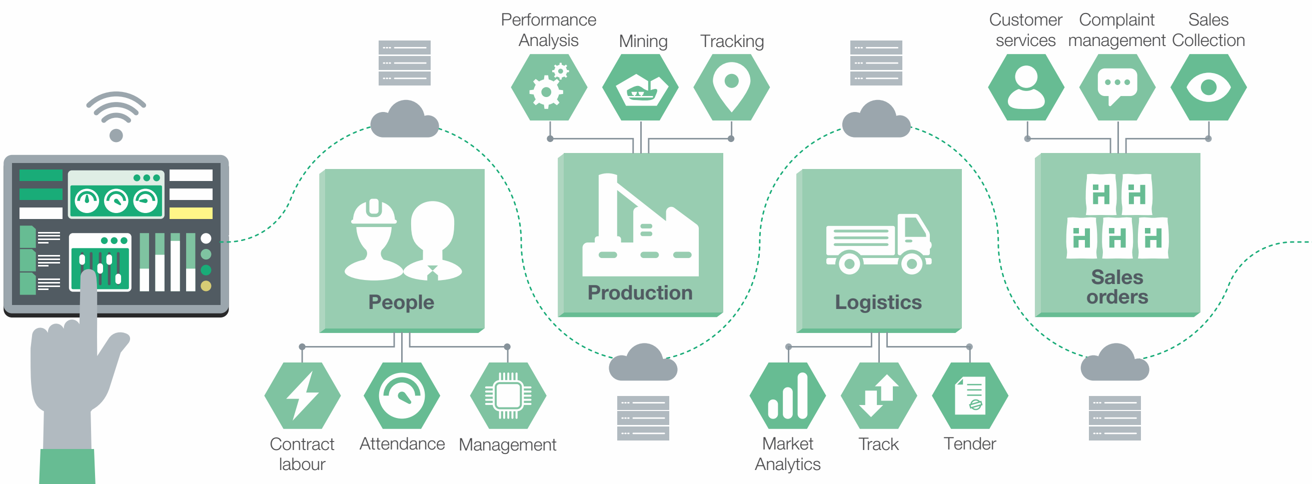
## Encouraging Small Actions to Drive Excellence

Our Narsingarh Plant introduced the use of steam dumping system in the Waste Heat Recovery Power Generation Plant. Advantages accrued include reduction in loss of steam and loading time, thereby saving around 1000 $m^3$ of demineralised water.

At Jhansi Plant, enhancement of Vertical Roller Mill (VRM) productivity and reduction in specific power consumption were achieved as a result of smart ideas. With minor modifications such as adjustments in roller pressure, increasing gas velocity, arresting false air and reducing the mill vibration stoppage, we could achieve higher plant availability with improved efficiencies.

The team at Imlai Plant was able to achieve considerable power savings by preventing idle running of spillage conveyors in clinker handling.

# Automation & Digitisation: Future Focus




The next technology wave of cement industry will be led by automation and digitisation. HCIL has been at the forefront of it.

## Digitisation:

All processes and systems at HCIL are gradually being digitised. The recently developed software makes available to our sales team all data in real time pertaining to sales, collection, prices, market analytics, complaint handling, MIS collection tools at the touch of the screen; while attendance management systems being installed at the Plants would facilitate in achieving greater contractor compliance. Digitisation in areas of channel management, logistics, procurement, Human Relations Department are under progress of implementation.

## Automation:

Automation has enhanced the efficiency and reliability of our plant and machinery and at the same time ensuring quality and consistency of our cement. Automation solutions in the Cement Industry extend from mining to packing. Here are some instances where automation was introduced:

Earlier the Line 1 and Line 2 Clinker Transport System was manually controlled by a site attendant. To ensure that the system does not rely completely on human intervention, we automated the transport system. The Clinker Transport System can now be operated from the Central Control Room (CCR) with all safety interlocks. Also the CCR operator gets real-time status of all equipment for faster troubleshooting and better control.

# Future is Reliable

## Overview

**At HCIL, our products and services are our brand ambassadors, they speak for themselves. 'mycem' and 'mycem Power' - our two brands – have rightfully gained a pride of place in the Indian Markets and have become synonymous with 'quality' and 'reliability', the two factors that distinguish good and great cement.**

**While reliability becomes the foundation of our robust brand equity, continuous innovation and use of state-of-the-art technology have helped the Company in delivering improved products of high standards to its discerning customers.**

Over the years, we have consistently and steadily increased the capacity utilisation from about 78% in FY15 to about 91% in FY19. Going ahead, the Government of India's focus on construction of roads (~83000 km to be built over the next five years) and affordable housing bodes well for cement demand. This roadmap will go a long way in supporting our cement sales and give us the opportunity to contribute towards nation-building.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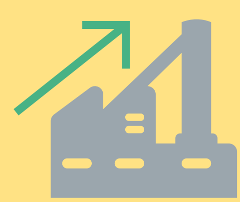
**In around 60 countries across the world, HeidelbergCement stands for competence, quality and reliability.**

**Plant Capacity Utilisation increased from about 78% in FY15 to about 91% in FY19**



# Customer Satisfaction

For HeidelbergCement, the objective of business extends beyond achieving outstanding financial results. It means cementing relations with our Channel Partners and Customers by delivering high product standards, leveraging the power of innovation, enhancing proximity to our customers and unmatched customer support services.

Placing customers at the centre of our business universe, we nurture an organisation-wide culture of customer-centricity through a slew of measures such as deploying a dedicated customer support services department, sensitising and training employees to better understand and address customers' needs. A series of customer meets throughout the year imparted knowledge on best construction practices and addressed the needs of our customers and influencers.

**Our belief in fairness, equality and transparency remained unflinching at all times.**

To strengthen our bond with our channel partners, our Annual Dealers' Conference, "Shaurya", is organised every year. At this event, we recognise the achievements of our channel partners by way of awarding them trophies for excelling under various business related activities.

**The Company's sales force has been empowered with latest technology that helps them in:**

- Customer visit planning,tracking and analysing performance of Channel Partners
- Sales orders and outstanding management
- Customer services, market intelligence, complaint management

## INITIATIVES

- Engineer Meets
- Mason Meets
- Retailer Meets
- Contractor Meets
- GST Training Program
- Mini Marathon

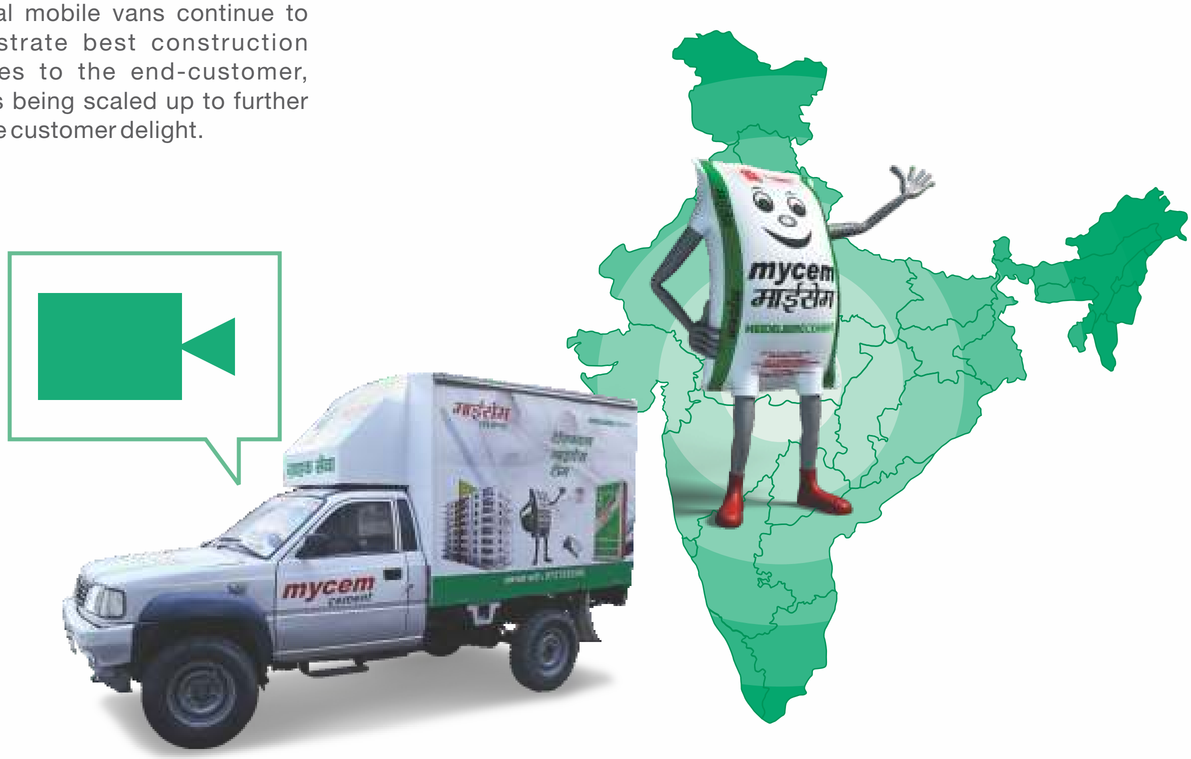
# Concrete Promise

The Company's consistent emphasis on sustaining high quality standards and ensuring excellent service delivery has won the trust of customers, placing 'mycem' amongst the most premium cement brands of Central India, bestowing the Company with high customer retention quotient.

Putting quality first, has always been our motto as we have converged our energy to deliver value for money for the customers. Our brand mascot 'Chutkoo' is now extensively recognised in the Central India markets. During the financial year, we produced a series of videos with the objective to educate home owners, masons and contractors in an entertaining and engaging format. These videos will serve as a guide to use of best construction practices and help people build their dream homes economically and prevent them from making mistakes. It will not only reduce the life cycle cost of their construction but would also prevent National wastage of construction materials. Our technical mobile vans continue to demonstrate best construction practices to the end-customer, which is being scaled up to further enhance customer delight.

Processes have been rolled to introduce a Vendor Rating System in near future. As per this system, all vendors will be ranked on various parameters like trustworthiness, dependability, quality, and compliance. Basis the merit of the rating each vendor will be given business accordingly. This exercise will serve twin objectives - ensure best quality sourcing and achieve better negotiations.

The journey of delivering high quality cement begins at operations. We scrutinise our manufacturing processes on a continual basis and via various quality control techniques.



# Future is Inclusive

## Overview

**Thinking inclusively comes naturally to HeidelbergCement. Be it the people within our premises or around, we remain committed towards their wellbeing. Across all our facilities, dedicated teams ensure a continual stream of interventions in the areas of Occupational Health and Safety (OHS) and fulfill our Corporate Social Responsibilities (CSR).**

We have committed our time, efforts and resources to uplift the people living in the vicinity of our plants and mines. Health & safety being our foremost priority, well established processes ensure a secure work environment for our employees irrespective of their place in the organisation's pyramid. The Company is pursuing its goal to achieve "Zero Harm" by 2020 with unrelenting commitment from every employee. This year saw significant strides being made towards achieving this goal with Zero Fatality and Zero Lost Time Injuries.

We remain focused on accelerating the development of our employees through structured rewards and recognition programmes.

**Excellence is embedded in every action, intention and interaction of ours aimed to benefit the employees and communities as well.**

# People in our Premises

Our employees remain our growth engines. We learn, relearn, excel and grow together. Our HR Department covers multiple parameters of talent attraction, motivation and retention :

- Engagement Channels
- Health & Wellness
- Talent Appreciation
- Training & Development
- Reviews
- Rewards
- Recreation
- Recognition

## Health & Safety

The wellbeing of our people precedes all priorities at HeidelbergCement. The principles of occupational health & safety are deeply entrenched into the organisation comprehensively and uncompromisingly.

This permeation of safety culture is a result of years of constant dialogue with the workforce, focus on safety trainings, adoption of global best practices, and reinforcement of prevention culture. Be it, implementing safety standards or evaluating safety risks, senior leaders are driving safety accountability from the front and spreading awareness across the organisation right down to the workers.

All plants are ISO 45001:2018 certified for Occupational Health and Safety Management System. Our workforce is well equipped to adhere to the cardinal norms, guidelines, standards and legal requirements. To ensure well-rounded compliance, a schedule of 24 'critical safety hazards' relevant to the cement industry are being leveraged as a guideline to instil OHS mindfulness among the employees.

With an affirmative performance on record during FY2018-19 and a robust roadmap in action, we are confident towards upholding target to achieve 'Zero Harm' by 2020.

**"Someone is waiting for you at home" - this philosophy drives the safety narrative at HeidelbergCement India.**

0 harm

**Our goal is to address every equipment and location that even remotely could pose risk and safeguard it from causing harm.**

FY 2018-19 was a year of Zero Fatality and Zero Lost Time Injury at HCIL.

## Robust Protocols. Rigorous Practices

All management levels are accountable for occupational health and safety. Each plant at HCIL has been demarcated into safety zones. One of the Senior Employee takes on the responsibility for each zone along with other members to form a cross functional team. Safety conversations are effectively used to nurture and reinforce the importance of safety in all aspects of operations.Our efforts to embed safety by design has witnessed fruition over the years. This has been a result of a structured approach including processes, practices and protocols for safety at each stage of the operation.

The Line Managers ensure planning, clear safe work procedures and controls for an ongoing improvement process and thus prevent accidents.

| | | |
|---|---|---|
| Gate pass System | Training & Awareness | Hazard identification, Risk Assessment & Control |
| Safety Inspection & Audits | Fire Prevention & Protection | Accident reporting & investigation |
| Mock drills, Emergency Handling, Personal Protective Equipments (PPEs) | Continuous surveillance | Emphasis on continual improvement |

## Zero Compromise. Full Accountability

All actions at the operations start keeping in mind – safety first. Be it obtaining a work permit or entry in the Plant – an employee is allowed access only when all safety conditions are met. Leading from the front, the Top Management is the first to wear the safety helmet and other PPEs and follow the cardinal rules. All employees, contractors, vendors or visitors follow suit in assuming accountability towards adhering to the occupational safety regulations.

## Empowered Workforce.
## Conducive Work Environment

OHS Training is organised for employees on a regular basis. Various modules covering operational risks and regulatory compliances are covered. Safety induction trainings, refresher courses and job specific trainings like firefighting, scaffolding safety, working at height and in confined spaces, to name a few of them. The employees are equipped and empowered to take corrective actions wherever they notice risks at the workplace.

The year 2018 was dedicated as a year of 'Compliance Reassurance' at HCIL. The year witnessed proactive measures by various departments who tested the controls and effectiveness of our compliance framework. Under this drive, employees reassured their commitment to ensure compliance at the workplace and conduct themselves in a manner that safeguards the interest of the Company.

### With Responsibility comes Recognition

Over the years, HCIL's commitment to provide a safe and healthy workplace to its employees has been acknowledged by external agencies conferring several awards and certifications on the Company. During FY19 the Company bagged the following prestigious safety recognitions:

- Narsingarh Plant was awarded the coveted 'Golden Peacock Award – Gold' for excellence in Occupational Health & Safety.
- Diamond Patharia Limestone Mines was awarded 3rd prize for overall performance by Directorate General of Mines Safety.

# People around our Premises

We drive CSR Projects with equal passion as we do for our business projects.

HeidelbergCement remains firmly committed to develop and elevate the communities surrounding its plants and addresses their needs and concerns through a number of systemic interventions. The developmental programmes are decided through a participatory approach involving people from local communities. This helps us prioritise the projects and investments, thus reinforcing the confidence of the community in our company. Our undeterred commitment to uplift the weaker section of the society around us has started to bear fruits and has facilitated in building a congenial relationship with the society at large.

**In FY 2018-19, the Company spent Rs. 29.20 million on various CSR activities / projects spanning education, healthcare, livelihood opportunities and rural infrastructure development.**

## Laying Strong Foundation through Education

Driven by the moto "Education for All", our CSR activities invested resources to augment the infrastructure facilities of the schools around our plants. Below are a select few examples:

**School Infrastructure:** We developed "MycemLabs" high-quality labs for the students to learn chemistry and physics with an explorative streak. Apart from this, we continue to enhance the infrastructure of Government schools by providing tables and benches for students, chairs for teachers, drinking water units and toilet facilities.

**Scholarship Schemes:** We also provide scholarship support to deserving students from nearby villages and equip them with quality tools of education.

## Healing Lives

We provide healthcare services to the underserved sections of the society. The Company organised free health check-up camps, provided mobile medical services and distributed medicines in the nearby villages. Most of the initiatives are directed towards meeting elementary health-related needs with focus on treating common local ailments.

## Enkindling Livelihoods

Complementing Government's Skill India Mission, we have set up a model Skill Development Centre known as 'Sakshamta Vikas Kendra' adjoining our Jhansi Plant. Its objective is to provide opportunities to rural youth for their skill enhancement that makes them employable. Adequately provided infrastructure provides opportunity to learn and sharpen their skills in the fields of – tailoring and stitching and use of computers.

Agriculture being the occupation of people around the Plant, we are imparting knowledge on latest techniques and practices of agriculture and are in the process of developing a state-of-the-art Knowledge Centre cum Model Agriculture Farm within the premises of our Sakshamta Vikas Kendra. This centre will educate farmers on the ways to improve their overall farming.


## Bonds that last forever

Access to safe clean drinking water, clean surroundings, access to motorable roads, water, sanitation are minimum requirements of every human being. Number of initiatives were undertaken to strengthen the infrastructure of the neighbouring villages. The initiatives by the company are well appreciated by the local community, thus building emotional bonds that will last a lifetime.

Construction of Boundary Wall, Dormitory and providing Furniture for local Government Schools.

Construction of **mycem** Block and Toilets in a Government Hostel.

Construction of Public Toilets at Schools, Hospitals,

Installation of Drinking Water Pumps in four Villages

Construction of Cement Concrete Roads

Installation of Solar Street Lights

Deepening the Pond Area for higher Water Harvesting outcomes at Imlai Plant

Distribution of school kits to students

# Future is Rejuvenation

## Overview

**Sowing the seeds for a greener future is no longer a moral responsibility, it's a business imperative. We acknowledge the nature of cement manufacturing and its implications on the environment. "Ecology" is one of the three pillars on which HeidelbergCement Group's business philosophy is based. Robust environment management measures have been mainstreamed to minimise impact at all stages right from mining to dispatch.**

Rejuvenation of the ecology forms the core of our conservation agenda closely followed by the commitment to reduce our carbon footprint and make our operations greener. Mines reclamation, conservation of natural raw materials, encouraging use of smart alternatives, and recycling waste to wealth are the key enablers to a greener future.

**We follow a three-pronged approach to fulfill our commitment towards sustainability: Prevention, Mitigation and Compensation.**

**Our commitment to comply with all applicable environmental laws remains steadfast. Our key areas of intervention include:**

- Water Management
- Green Belt Development
- Energy Efficiency
- $CO_2$ Emission Reduction
- Enriching Biodiversity
- Waste Heat Recovery Power Generation
- Alternative Fuel
- Alternative Raw Material

# Sustainable Mining

Sustainable practices form the core of our mining activities with due regard to pollution control, environment preservation and safe mining.

State-of-the-art mining equipment have been deployed with an aim to minimise air and noise pollution, conserve energy, reduce our carbon footprint and enhance productivity. Post mining, the land is reclaimed through back-filling and afforestation. Collectively, these measures lead to enhancement of air quality, prevention of soil erosion, conservation of flora and fauna and an overall improvement of the ecosystem.

After excavating limestone, the land is backfilled with hard shale followed by layers of sub-soil and finally with top soil to restore its original state making it suitable for flora and fauna to flourish.

The transportation of limestone from Patheria Mines to Narsingarh Clinkerisation Plant is done in a sustainable manner via 21 km long Over Land Belt Conveyor (OLBC). This significantly reduces our carbon footprint and transportation cost.

14.50 Hectares were afforested in FY2018-19 by planting 8,000 trees of various species such as Bel, Rain Tree, Bargad, Arjun, Golden Bamboo, Pilkhan, Neem and Shisham.

**Rehabilitation of the mined area at Diamond Patharia Limestone Mines has resulted in development of two water reservoirs spread across 6.34 Hectares. These water bodies leveraged by the communities across the mines area are a site to behold in the monsoons.**

# Sustainable Operations

Judicious use of natural resources holds the key to secure the needs of generations to come. Our sustainability strategy therefore lays special emphasis on environment conservation and climate protection.

HeidelbergCement's environment approach has been crystallised into six key areas of actions which find perfect consonance with the green tools of the GreenCo Rating System as well as the Group's Sustainability Commitments 2030.

Systems are in place to ensure continuous monitoring and mitigation of potential environmental risks. Our manufacturing plants are certified as per the ISO-14001 Environment Management System and follow the laws of the land in letter and spirit.

**Being Water Positive:**
**The Company drew the distinction of being net water positive for the sixth year in the row. In FY 2018-19, despite drop in rainfall in the region, the teams at the Plants managed to harvest adequate water to become net water positive by ~ 5.7 times.**

**Mentioned below are some of the highlights of the financial year:**

Generated 72,726 MW power from Waste Heat Recovery Power Generation System – equivalent to 37% of the total power requirement of Narsingarh clinkerisation plant

Installed Selective Non-Catalytic Reduction (SNCR) Systems in the Kilns at Narsingarh plant in order to reduce $NO_x$ emissions

Reduction of specific water consumption by 49% at our Jhansi Plant - from 10.81 lit/ton of cement in 2017-18 to 5.46 lit/ton of cement in 2018-19, by optimising consumption of wet Fly Ash

Reduction in overall specific power consumption by 3.5% at our Jhansi Plant by optimising process parameters of voltage regulator module, replacement of conventional lights with LEDs, and introducing E-Chain arrangement for wagon loading machine

Met close to 50% of Ammasandra Unit's power requirement through renewable solar energy sourced by entering into a Power Purchase Agreement lasting for 25 years

## Leading by Sustainable Excellence

In September 2018, our Jhansi Plant was awarded the GreenCo Gold Rating and the Damoh Plant the GreenCo Silver Rating. The Green Company (GreenCo) Rating System advocates a performance-based approach. The rating system follows a detailed process including training programmes, data collection and support, on-site visits and feedback. The scores are evaluated based on green features of companies across multiple performance parameters.


## Enriching Green belts

Development of green belt in the plants and mines provides several benefits to the environment and the society at large in terms of release of oxygen, absorption of carbon di-oxide and prevention of soil erosion.

Our drive to develop "green belt" at our plants has been extremely rewarding as it has improved the happiness quotient of our employees, facilitated reduction in ambient temperature inside the plant. We have set target to achieve by 2020 a 2°C lower ambient temperature in our plants compared to the ambient temperatures a kilometre away from our plant.

Through the consistent efforts of the Plants' EHS Departments, over the years green cover has been extended to about 38% of the factory area.

# From the Desk of the Managing Director

**Dear Shareholders,**

With over 145 years of unparalleled experience in the Building Material Industry, HeidelbergCement Group is reckoned for its leading position in the Industry. We at HeidelbergCement India are proud of this global leadership status as it's highly inspiring. The core values of the Group provide us the direction to maximise value for our stakeholders. The uncompromising value system acts as a solid foundation making us synonymous with quality, reliability and integrity in the Indian Cement Sector.

Continuing our tradition, once again we created new benchmarks be it financial performance, social responsibility, governance or sustainability.

I am happy to inform that your company excelled across all frontiers to fortify its future. To make you believe that the Company is "Future Fortified" I place before you the following numbers:

- Highest ever Net Profit at Rs. 2206.6 Million, up 65.7% over previous year
- Highest ever EBITDA/Ton of Rs. 987, up 26.4% over previous year
- Highest ever Sales Volume of 4.9 Million Tonnes, up by 5.2 % over previous year
- Achieved ~ 90% Capacity Utilisation against industry average of ~70%
- Dividend increased by 60%. Rs. 4 per Equity Share (total Dividend including Proposed Final Dividend for FY19)

You would be happy to note that new milestones were achieved in production volume, cost optimisation and consumption parameters. Despite steep rise in fuel prices, nimble-footed adaptability of our operations team facilitated in altering the fuel mix and managed to absorb these fluctuations. Logistics team pushed the pedal and improved the turnaround time of trucks thus shielding us from freight increases to a great extent. Going forward, your company is in the process of further enhancing logistics efficiencies by deploying GPS capabilities and digitising the Fleet Management System.

Future Fortified, we continue to synergise our strengths and set higher standards for operational excellence to lead the next tech-wave in the Cement Industry through automation and digitisation. During the year, we empowered our field sales team with real time data using a digital mobile platform. The digital solution named "EMPOWER" has spearheaded our sales team by making available real time data including historical data. This platform is being loaded with additional features to take on board our customer services team for capturing construction site data and address their queries on the spot with follow-up flags.

Our steadfast commitment to CIP (Continuous Improvement Programme) has been a great success. It has triggered a culture of excellence across functions and is a compelling force behind generation and implementation of many innovative solutions. Employees now consider CIP as an opportunity to showcase their potential through unique ideas. The rewards and recognition that follow thereafter have turned out to be great motivators. I would say - the seed for innovation culture has already germinated.

Money, Machine and People are key elements for our business. Without people the other two would be of little use. We recognise this distinction and hence remain committed towards the wellbeing of our people. I wish to place on record - the performance we are delivering year after year has been possible due to the unrelenting commitment of our people and the harmonious industrial relations in our company. A perfect orchestration by people from mines to market has produced a pleasant rhythm in the form of value for all stakeholders. Our HR team has succeeded in delivering a safe and empowering workplace, which compels every employee to own their area of responsibility and collectively achieve the organisations goals.

Narsingarh Plant was bestowed the renowned 'Golden Peacock Award - Gold' for Excellence in Occupational Health & Safety

Our slogan "Safety is our foremost priority" came to life as the year recorded Zero Fatality and Zero Lost Time Injury. I am proud to say that "Safety Culture" has now become a way of life at HCIL and our ambition to achieve "Zero Harm by 2020" would become a reality earlier than we thought.

Our CSR interventions touched the lives of hundreds of people dwelling in and around our plant locations. The human factor, be it our employees or the communities dwelling around us, everyone deserves a respectable life. Believing in this philosophy, your Company invested Rs. 29.2 Million to provide Education, Healthcare and for Rural Development. I thank our employees who volunteered and contributed their time and effort on some of the CSR projects undertaken during the year.

Ecology and Environment are the lenses we wear through which every action and decisions are viewed under the light of sustainability. Despite shortfall in rains at our plant locations, the teams at HCIL still manged to make them net water positive. During the year, our Jhansi and Damoh Plants received the coveted GreenCo Gold Rating and GreenCo Silver Rating respectively. Our commitment to sustainability continues unrelenting. The growing green cover at our plant locations has been heartening and is supporting our target which aims to achieve by 2020 a two degree celsius lower ambient temperature in our plants compared to the temperature prevailing a kilometre away.

Customer retention is a reflection of brand reputation. I am happy to inform you that our sales team proved it - once our customer, always our customer. Carrying the hallmark of quality,'mycem' and 'mycem Power' - our two brands – have become the preferred choice of discerning customers and our products and services have become synonymous with 'quality' and 'reliability'.

The year was dedicated as the “Year of Compliance Reassurance”. Having remained compliant all through, it was time to recheck our systems and internal controls only to reassure ourselves of remaining compliant in the future too. Across all functions, individuals and teams tested the adequacy and effectiveness of our checks and balances. I am delighted to report that the outcome has reassured us about the existence of a strong compliance culture in the organisation.

While the organisation's future stands fortified, our Journey of excellence continues. The investments committed by the Government in infrastructure sector indicate a promising future for our industry. With cement demand expected to grow @7% per annum in the medium-term, the Industry's capacity utilisation is bound to improve.

On behalf of my team I reaffirm our commitment to create new benchmarks, be it operational and financial performance, social responsibility, governance or sustainability.

I thank the Board of Directors, Top Management of HeidelbergCement Group for their encouragement and unwavering vision for excellence. I feel privileged to be working with a team of talented and highly committed employees and thank them for their magnificent contributions including our Channel Partners and finally I express my sincere gratitude to all Investors for bestowing their trust in us and our principles.

Yours sincerely,

Jamshed Naval Cooper
**Managing Director**

# Board of Directors

**Ms. Akila Krishnakumar**
**Chairperson (Independent Director)**

Ms. Akila Krishnakumar is an alumnus of the Birla Institute of Technology and Sciences (BITS), Pilani. She is a Founding Partner of Social Venture Partners (India), a network of engaged citizens coming together to address complex social issues, particularly livelihood opportunities for disadvantaged women and youth.

Until February 2013, she was President of Global Technology and also Country Head for SunGard, a Fortune 500 Company and global leader in financial services software.

She is a recognised thought leader to technology-driven companies who are building large scale and diverse businesses across the world. Her unique focus on operational excellence, talent engagement and customer relevance has repeatedly delivered great returns for the many businesses she managed during a 30 year career.

She has held several key positions in national industry bodies and business chambers. She has also won several awards and accolades including being among the Top 5 Women Leaders in the Indian Technology Industry for many years and is also listed amongst the 50 Most Powerful Business Women in India.

**Mr. Ramakrishnan Ramamurthy**
**Independent Director**

Mr. Ramakrishnan Ramamurthy, is a graduate in Commerce, holds Diploma in Mechanical Engineering and Post–graduate Diploma in Business Management. He is also certified Mentor /Coach for Leaders and Family Business advisor.

He possesses vast experience, decisive leadership skills and quantifiable achievements in the areas of strategic planning, sales & marketing, manufacturing, product development, international business development, project management & HR in manufacturing, engineering, agri and infrastructure sectors.

He has good track record of strategising and driving successful projects and developed businesses from ground zero both in India and abroad. He demonstrated ability to plan turnaround of loss-making unit by empowering it with effective marketing strategy, manufacturing / operational excellence, improved processes and quality systems and building capability in the organisation & people skills.

He has been working with the Chairman of GMR Group as President - Business Integration for the last five years supporting business strategy, policies, systems, processes and integration of the various businesses in the Group.

He started his career with Bosch (India) as an apprentice and thereafter worked with Murugappa Group for around twenty years. He has been President of Mytrah Energy Ltd. (an IPP Renewable energy organization), Managing Director of GMR Industries Ltd. and Chief Executive of Sanmar Engineering.

**Mr. Kevin Gerard Gluskie**
**Non-executive Director**

Mr. Kevin Gerard Gluskie, aged 52 years, completed his Bachelor of Engineering (Honours) with a major in Civil Engineering from the University of Tasmania in 1988 and an Executive Master of Business Administration from the Australian Graduate School of Management in 2001. He had also completed an Advanced Leadership Program in 2007 conducted by McGill University, the Indian Institute of Management, and Lancaster University.

Mr. Gluskie joined Pioneer International (subsequently acquired by Hanson PLC) in 1990 and held a number of operational roles throughout Australia in the Readymix Concrete and Aggregates businesses. In 1999 he was appointed as Regional General Manager responsible for the Company's operations in the Victoria and Tasmania regions of Australia. In 2009, Mr. Gluskie was appointed as Chief Executive of Hanson Australia.

Mr. Gluskie was appointed as a member of the Managing Board of HeidelbergCement AG, on 01 February, 2016 and from 01 April, 2016 he assumed responsibility for HeidelbergCement Group's operations in the Asia-Pacific Region.

**Ms. Soek Peng Sim**
**Non-executive Director**

Ms. Soek Peng Sim, aged 50 years, is presently Finance Director for HeidelbergCement Asia Pacific. She holds a Bachelor Degree in Accounting from University of Malaya, Malaysia. She is also a CPA-registered with The Malaysian Association of Certified Public Accountants (MICPA) as well as a Chartered Accountant honoured by Malaysian Institute of Accounting (MIA). Prior to joining HeidelbergCement Group, she worked with Reckitt Benckiser Group, Philips Malaysia, HoHup Malaysia and The Lion Group, Malaysia. She has rich and vast experience in financial planning & analysis, business development and support, accounting & taxation, business process improvements and corporate structure optimisation. Other than extensive experience in construction materials industry, she also possess diversified industry exposure in FMCG, manufacturing and construction & property development.

**Mr. Jamshed Naval Cooper**
**Managing Director**

Mr. Jamshed Naval Cooper, aged 62 years, is a science graduate with Post-Graduation in management specialising in marketing from the Institute of Management Studies, Indore University. During his professional career he has gained rich experience spanning over 34 years in the Cement Industry. He has also worked for consumer durables industry in the past.

Mr. Cooper joined HeidelbergCement India Limited as Head of Sales & Marketing in December 2006 soon after takeover of Mysore Cements. He is credited for revamping the Sales and Marketing setup of the Company and launching of 'mycem' brand which is now positioned as a premium category cement in Central India. He is also the Managing Director of Zuari Cement Ltd. (which is also a part of the HeidelbergCement Group).

Prior to joining HeidelbergCement India Ltd., Mr. Cooper served ACC Limited (now a Holcim Group Co.) for 22 years where he also worked for its joint ventures Float Glass and Bridgestone. Prior to ACC, he worked for Godrej & Boyce Manufacturing Co. Ltd. a consumer durables company.

Traversing his professional career, Mr. Cooper has gained experience in Corporate Management, Cost Leader-ship, Strategy Building, Brand Manage-ment, Logistics, Channel Management, Rural Marketing, Feasibility Studies & Project Implementation, Human Resource Management, IT Systems and Procurement. During his illustrious career, he pioneered the 25 kg cement packing and launched bulk cement for the first time in India. One of his achievements has been managing and minimising the risks arising out of spurious look-alike brands.

**Mr. Sushil Kumar Tiwari**
**Wholetime Director**

Mr. Sushil Kumar Tiwari, aged 64 years, holds degree in Engineering in two streams - Electrical and Electronics & Communication - from the Institute of Engineers, Kolkata. In his career spanning over 38 years, he has acquired rich and vast experience of over three decades in the Cement Sector. Prior to joining the Company he worked with the cement division of Raymond Limited, which was subsequently acquired by Lafarge India Private Limited.

Mr. Tiwari joined HeidelbergCement India Limited in April 2007 as Unit Head of the Company's Ammasandra Plant. In August 2008, he was appointed as Unit Head of the Company's Damoh and Jhansi units. Mr. Tiwari became Wholetime Director of the Company w.e.f. 29th April, 2011.

# Messages from the Management Team

**Mr. S.K. Tiwari,**
Wholetime Director

Technical Function at HCIL is excelling in performance at all fronts and in turn fortifying the future of HCIL.

FY 2018-19 has been a year of zero LTI at HCIL. We strongly believe in the philosophy that someone is waiting for you at home and constantly endeavour to provide a safe and secure working environment. We have organised safety trainings for senior management and for the employees on the shop floor. In fact each day begins with a safety gate meeting and each shift starts with a safety talk. Every month has a safety theme and our teams are constantly motivated with Safety Star Awards.

We have installed state-of-the-art production technology at our plants and are able to improve our performance indicators to reduce our costs.

We have religiously worked towards the reduction of our water foot prints and continue our journey of being water positive.

We are a 100% blended cement producer and we endeavour to maximise the usage of blending materials and have low carbon footprints thus saving mother earth.

In order to improve livelihood of our neighbours in the nearby villages, through our CSR initiatives we have provided vocational training, better education facilities, medical facility and improved hygiene conditions in most of the nearby villages.

We have taken various initiatives to ensure that proper systems are in place and we ensure compliance with the same. Integrated Management System has already been successfully implemented at all plants and corporate office. We are certified for ISO 9001:2015, ISO 14001:2015, ISO 45001:2018 and ISO 50001:2011 from TUV SUD and regular audits are being conducted to ensure that systems are followed and adhered to.

We are working towards achieving our Sustainable Development Goals to ensure overall development and ensure peace and prosperity for our people and the planet. We strongly believe that our actions highlighted above will fortify the Company's and its stakeholders future.

**Mr. Anil Kumar Sharma,**
CFO

I, Anil Kumar Sharma, stand committed to the ethos of HeidelbergCement India Ltd. to deliver value and quality products & services to all stakeholders.

A building is as strong as its foundation. The term 'Future Fortified' represents the solid foundation of HCIL that is standing firm and enabling us to build on it for a brighter future.

It gives me immense pleasure to share with you important milestones achieved by the Company during Financial Year 2018–19. The year stands out as the best year of operational and financial performance in its history. We have not only achieved the highest ever Volume, Turnover, EBITDA and Net Profit but also enhanced shareholders' value by giving an interim dividend and increasing the rate of final dividend. It is worth mentioning that we have repaid ECB of INR 1,500 million on the due dates, thus the Company has become Net Debt Free.

The business environment is changing at a rapid pace be it technology, processes, rules & regulations. Although the changes are intended towards ease of doing business yet their multiplicity and frequency often could impede the progress to an extent. We continue to strive and adapt to the dynamic business environment to ensure highest level of compliance and retain our competitive edge. A robust Internal Control System and Systematic Risk Assessment & Mitigation processes established by the Company go a long way to complement our business interests. In this age of digitisation, we are implementing various automation and digital platforms to support our Operations, Marketing and Accounting Systems. All of these are directed towards enhancing our efficiency and transparency thus enabling us to mitigate the risks in a systematic manner.

With the fortification of our processes and controls, we look forward to take on emerging challenges and opportunities as the future unfolds.

We thank all the stakeholders for standing by the Company and are confident of attaining commanding glories in the near future.

**Ms. Poonam Sharma**
Human Resources Director

'Change is the only constant' may not have been truer than it is in current times. However, no one would have imagined the speed at which it is happening today. The Country is reeling under the pressure of job market weakening and the debate today is whether this is due to lack of jobs or emergence of jobs requiring newer skill sets that are shifting from human intelligence to artificial intelligence.

Although cement sector has the conventional manufacturing set-up yet it cannot stay insulated from the rapid changes in the environment. My role, therefore, seems to be meta-morphing into that of a Facilitator and Leader in Change Management towards digitisation of the various processes in the Company. This year, the focus would be on standardisation of database through digital platforms providing real time access and centralisation of all the information existing/changing at any corner of the Organisation across entities. Implementation of a central Human Resource Information System and Contract Labour Management System are the key focus areas for us.

We have, for the first time, conducted an employee satisfaction survey 'My voice' involving all our white collar employees. Results and feedback received through the survey is being used to draw an action plan, which will be implemented in close coordination with all functional heads to further raise the level of employee satisfaction.

The ageing workforce at the plants also poses a challenge to the Organisation, considering that we need to gear up for growing demand in the market for cement. Replenishing the workforce with suitable young talent will be another key priority towards which the Organisation is also laying down policies and processes, in line with the proposed new labour code. To keep the employees motivated and equipped for future, consistent training and developmental workshops are being organised from time to time in the corporate office, plants and sales offices.

Last but not the least, among other things, employee health and safety continue to be of prime importance and will continue to receive impetus through employee healthcamps, yoga and stress management workshops.

**Mr. M. Purnachander,**
Procurement Director

Procurement function is being digitalised at a lightning speed here at HCIL. There are innovative technologies in action within the system. We firmly believe that we need to be always ahead of the curve and to keep pace with the ever-evolving business ecosystem, we need to be future-ready too. We are constantly striving towards automation of processes, well before others realise it. It will thus enables us to face challenges swiftly and efficiently. The Company's procurement operations are totally online on 'EASY SUPPLY' Portal with auctions being held for various procurement requirements of the Company.

We have well-developed systems (SAP, Celonis, Easy Procure, BI, MDG etc.) to keep track of vendors hygiene, operations, indexes and market behaviours to procure at best prices.

We have a lean and highly skilled team of professionals who continuously analyse the data, enabling them to control spends and enable savings. Global fuel prices have gone up by 52% from 2016 and 21% from 2017 levels. Fuels being a major cost for cement manufacturing companies, we have managed well within 14% by using various grades of indigenous fuel mix.

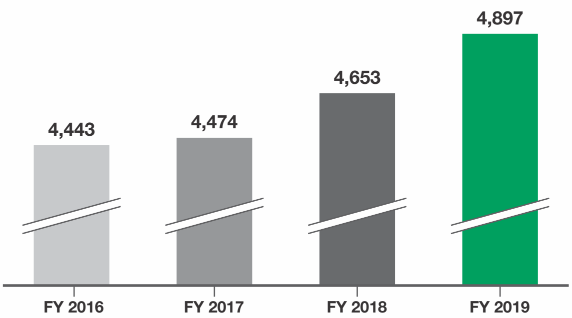
As a measure towards reducing fossil fuel consumption, our fuel mix is 65% pet coke, a byproduct of crude refineries which needs constant operational efficiency. To ensure long term sustainability, we are also exploring alternative fuels such as agricultural waste, municipal and plastic waste, RDF, etc. Apart from being sustainable, we are also confident that our fuel costs will also come down considerably in the future.

We endeavour our best to source additives from thermal plants to remain 100% blended cement producer. Despite facing a shortage of Fly Ash in the last FY, we have ensured new sources to fulfill our requirement and commitment. We have secured all our key raw materials and alternative byproducts with long-term contracts.

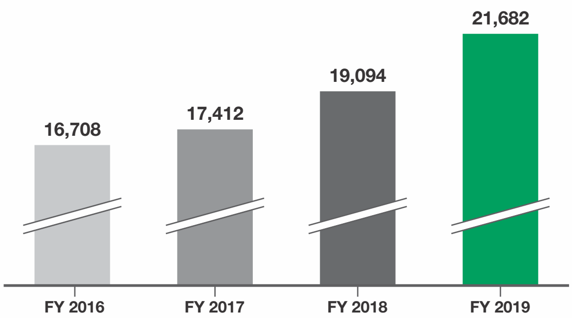
We have left no stone unturned to secure the Company's sustainable future and we are fully geared to implement technological innovations in order to take the best possible advantage of dynamic global prices.

# Operational Highlights

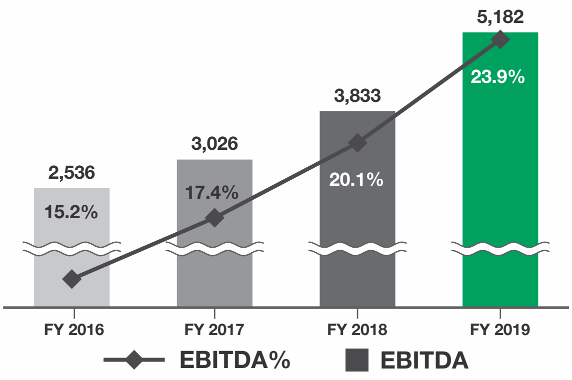
## Sales Volume ('000 Tonnes)



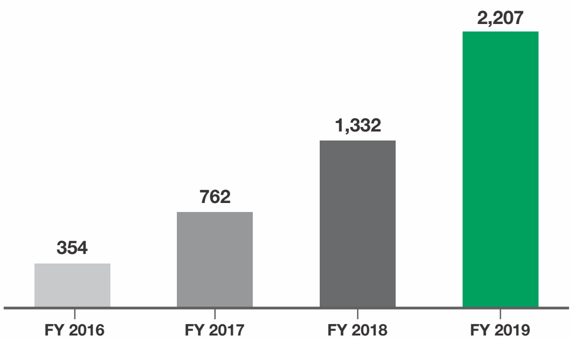

## Total Revenue (Rs. Million)



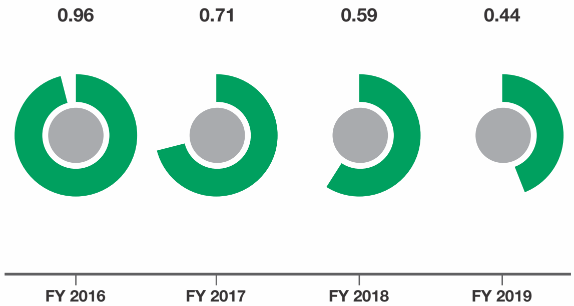

## EBITDA (Rs. Million and % of Total Revenue)



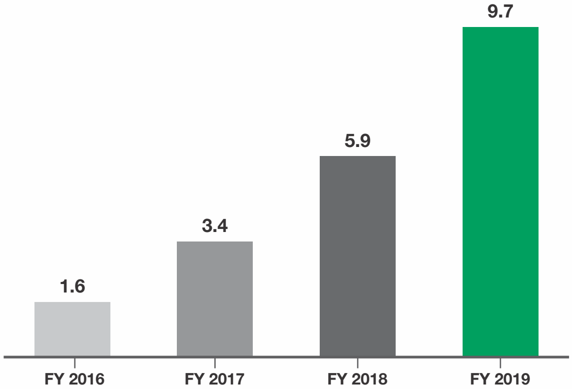

## PAT (Rs. Million)




## Debt Equity Ratio




## EPS (Rs. per Share)



# BOARD'S REPORT

To the Members,

The Directors are pleased to present the 60th Annual Report together with the audited accounts of the Company for the financial year ended 31st March 2019 (FY19).

## THE YEAR IN RETROSPECT

Fy19 turned out to be a mixed bag for the Indian economy. It witnessed sharp rise in crude oil prices followed by a dramatic fall, INR depreciation, resolution of large NPAs under Indian Bankruptcy Code, liquidity problems surrounding NBFCs, subdued inflation led by lower food prices and farm loan waivers announced by few state governments etc.

The provisional estimates show that GDP growth for FY19 slumped to a five year low of 6.8%. Index of Industrial Production grew by 3.6% in FY19 compared to 4.4% in FY18. Overall, the macro-economic indicators are stable.

After eight years, cement production once again registered a double digit growth of ~13% as against ~6% in FY18 leading to an average capacity utilization of ~70 percent, an improvement of ~5 percent over last year. Demand growth has primarily been driven by infrastructure segment, scale up in execution of Government housing projects and boost from pre-election spending. Good monsoons ensured steady cement demand from the rural segment as well.

At the end of FY19, the overall installed cement manufacturing capacity stood close to 483million tonnes. Cement production during FY19 was about 337* million tonnes compared to 298 million tonnes in FY18.

* Source: Website of Office of Economic Adviser, Ministry of Commerce and Industry.

## FINANCIAL HIGHLIGHTS / REVIEW OF OPERATIONS

During FY19, the Company reported highest ever production and sales volume, sales revenue, EBITDA and net profit. The Company produced 4.82 million tonnes of cement compared to 4.61 million tonnes during the financial year ended 31st March 2018 (FY18), an increase of 4.6%. Cement sales during the year were 4.90 million tonnes compared to 4.65 million tonnes in FY18, an increase of 5.2%. Net sales in FY19 were INR 21,333.5 million compared to INR 18,894.7 million in FY18, an increase of 12.9%. The net profit for FY19 was INR 2,206.6 million compared to INR 1,331.8 million in FY18.

A snapshot of the Company's financial performance for FY19 vis-à-vis performance for FY18 is as under: -

**(Rs. in million)**

| Particulars | Financial Year ended 31 March 2019 | Financial Year ended 31 March 2018 |
|---|---|---|
| **Income** | | |
| Revenue from Operations (Net of Excise duty/GST) | 21,333.5 | 18,894.7 |
| Other Income | 348.2 | 199.3 |
| Total Revenue | 21,681.7 | 19,094.0 |
| Earnings before Interest, Tax, Depreciation and Amortization (EBITDA)- Including other income | 5,181.6 | 3,832.9 |
| Depreciation and Amortization | 1,017.7 | 1,011.7 |
| Finance Cost | 747.8 | 744.5 |
| Profit before Tax | 3,416.1 | 2,076.7 |
| Total Tax expense | 1,209.5 | 744.9 |
| Net Profit for the year | 2,206.6 | 1,331.8 |

We keenly observe the trends in local markets and movements in global indices and strive to achieve lowest possible cost and inventory levels.

One of the major input costs for cement Industry is fuel. During FY19 the global fuel price increased by 22%. The pet coke prices had more than doubled during FY18, despite which, the upward trend in pet coke price continued in FY19 as well. The sharp fall in Indian Rupee made the imported fuel increasingly costlier. In this backdrop, the Company actively juggled its fuel sourcing between domestic and international sources thereby minimising the adverse impact of global fuel price and currency depreciation. We have secured 158,000 tonnes of indigenous coal from Coal India through e-auction for next 5 years.

During FY19 there was a shortage of flyash in the region where the Company operates. The team managed to source the desired volume of flyash from multiple sources with an eye on containing its landed cost to the lowest possible. The Company has entered into a long term contract for procurement of gypsum leading to reduction in cost by 5% over the previous year.

The Company has entered into a 25 years solar power purchase agreement for Ammasandra Unit which will meet close to 50% of its power requirements. Generation/sourcing of renewable energy through non-conventional sources is a step towards sustainability.

The capacity utilization of the Company's plants in Central India has crossed 90% and the technical team is working on de-bottlenecking of plant and machinery to further increase production capacity.

For a cement consumer, more than quality, it's the consistency that matters. Our flagship brand -'Mycem' - is known for its unparalleled consistent high quality. Appropriate brand acceptance and visibility has enabled the Company to increase its sales volume by~ 5%. The Company organized events, training programs and conferences for its channel partners to foster a stronger bond with them. The efforts of the sales team were backed with additional support from teams of production, quality control and logistics.

## TRANSFER TO DEBENTURE REDEMPTION RESERVE

The Company had allotted 10.4% Non-Convertible Debentures aggregating to INR 3700 million on 16th December 2013. These debentures are redeemable in three instalments at the end of 6th, 7th and 8th year from the date of allotment. Accordingly an amount of INR 1250 million will become due for repayment on 16th December 2019. The Company has adequate bank balance to meet its obligations towards the redemption of debentures. It is proposed to transfer, an amount of INR 134.3 million (previous year INR 134.1 million) out of the profits for FY19 to the Debenture Redemption Reserve (DRR) which stands at INR 710.1 million as on 31st March 2019.

During the year the credit rating in respect of the aforesaid debentures has been reaffirmed as "IND AA+" (with stable outlook) by India Ratings and Research Pvt. Ltd.

## REPAYMENT OF EXTERNAL COMMERCIAL BORROWINGS

The Company had borrowed INR 1500 million in two tranches of INR 750 million each in the year 2013 by way of External Commercial Borrowings (ECB) for the purpose of financing import of capital goods for setting-up Waste Heat Recovery based Power Generation Project at Damoh; residual payments towards Damoh-Jhansi expansion project and certain other modernization projects. During FY19, the said ECB has been fully repaid.

## DIVIDEND

During FY19, the Company has already paid an interim dividend of INR 1.0 per share (10%). The Board has recommended a final dividend of INR 3.0 per share (30%), subject to the approval of the shareholders at the ensuing AGM. Thus the total dividend including the proposed Final Dividend, amounts to INR 4.0 per equity share (INR 2.50 per share for FY18) and the same will absorb INR 1092.8 million, including Dividend Tax of INR 186.3 million.

### Dividend Distribution Policy

Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, requires the top 500 listed companies based on the market capitalization to formulate a Dividend Distribution Policy. In compliance with the said requirement, the Board of Directors had formulated a Dividend Distribution Policy in FY17 and the same is posted on the Company's website. The web-link to access the said policy is as follows:

http://www.mycemco.com/sites/default/files/HCIL%20Dividend%20Distribution%20Policy.pdf

Unclaimed dividends: The respective due dates on which unclaimed amounts of dividends will be transferred to 'Investor Education and Protection Fund' (IEPF) are given below:

| S. No. | Financial Year | Dividend Per Share (INR) | Date of declaration | Date of transfer to IEPF |
|---|---|---|---|---|
| 1 | FY2016-17 | 2.00 | 22nd September 2017 | 28th October 2024 |
| 2 | FY2017-18 | 2.50 | 21st September 2018 | 27th October 2025 |
| 3 | FY2018-19 | 1.00 (Interim) | 25th October 2018 | 30th November 2025 |

## ENVIRONMENTAL SUSTAINABILITY

Committed to deliver on our Sustainability Goals 2030, we strive to excel in environment protection by reducing footprint on water, air and land and minimising $CO_2$ emissions, enabling circular economy through creating wealth by recycling and reusing waste materials. We remain committed to engage and deliver in the following key domain areas:

- Driving Economic Strength & Innovation
- Achieving excellence in Occupational Health and Safety
- Reducing our Environment Footprint
- Enabling Circular Economy
- Being Good Neighbour
- Ensuring Compliance and Transparency

The company drew the distinction of being net water positive for the sixth year in the row. In FY2018-19 despite drop in rainfall in the region, the teams at the plants managed to harvest adequate water to become net water positive by ~ 5.7 times.

The company's carbon footprint was 585 kg of $CO_2$ /ton of cement produced and the same remains lower than the industry average. Clinker incorporation factor of 63% was achieved by maximising utilisation of fly ash and other additives; a big step towards preserving natural limestone reserves for generations to come. During FY19 the company generated 72,726 Mega Watt of power from the Waste Heat Recovery Power Plant at Narsingarh, which caters to about 37% of its total power requirement. A thermal power plant generating this much amount of power would consume 57,041 tonnes of coal and would emit 59,266 tonnes of $CO_2$. The commissioning of Selective Non-Catalytic Reduction (SNCR) System has enabled the

Company to reduce Nitrogen Oxide emissions by 40% which occurs during clinkerisation process. The Company recycled waste materials as alternate fuels in its kilns with a view to promote green and clean environment. All the plants of the Company are ISO 14001 (Environment Management System) certified.

## ENRICHING BIODIVERSITY

The Company has increased the green cover to about 38% of the factory area. Water bodies too have been developed to support plantation. These water bodies and trees are home to a variety of flora and fauna. The enriched bio diversity provides shelter to thousands of parrots and numerous other bird species.

We strive to preserve and enhance the biodiversity across all plants and mines. The Company has taken several measures for improving air quality, prevention of soil erosion and conservation of flora and fauna. The residents in colonies across all plants have also developed small home gardens.

## MAKING A DIFFERENCE THROUGH CSR

The Company is committed to the well being of local communities and continues to make its contribution through variety of community development programmes and projects. Community development interventions are focusing on education, healthcare, sustainable livelihood, infrastructure development & social engagement programs. Our belief is to encourage community participation at all levels from planning, implementation, monitoring and maintenance of assets created under CSR projects. Our approach is to align our initiatives and efforts with other stakeholders like village institutions, village panchayats and local bodies of government. During FY19 the Company has spent INR 29.20 million on various CSR activities / projects which is greater than the obligations pursuant to Section 135 of the Companies Act, 2013.

Under education programme, our focus has been towards strengthening the basic infrastructure facilities in government schools and hostels located around the Plants. The Company has upgraded the infrastructure of a school near Narsingarh mines by constructing a boundary wall, kitchen shed and toilets and providing tables and benches, drinking water facilities and solar panels. Books and notebooks were also provided to economically weaker students in surrounding villages. At Jhansi a well-equipped chemistry and physics laboratory has been developed at a government residential school together with a model Mycem block in residential campus.

The Company's Central India plants are situated in water scarce region. To cater to the need of water, bore-wells with pump sets have been installed in villages near Narsingarh and Jhansi Plants. Water ATMs have been installed and maintained by the Company at places in Narsingarh to provide cool RO water to the community.

Under the healthcare programme, a team of doctors organized health camps in nearby villages. Extending this doorstep medical facility has been helpful especially to older people, expecting mothers and children.

Rural women, girls and youth are getting continuous support through quality skill development programmes organized at "Sakshamta Vikas Kendra" in Jhansi. Efforts are being made to develop a model agricultural farm at Jhansi which will demonstrate best agricultural practices and also provide training to farmers.

The Company continued to extend support for development of infrastructure around its plants and mines viz., construction of concrete roads for smooth connectivity, boundary walls, cremation sheds etc.

The Report on CSR activities together with brief outline of CSR Policy of the Company is annexed herewith as 'Annexure – A'.

## OCCUPATIONAL HEALTH & SAFETY

Safety of employees and all stakeholders is of paramount importance to us and has now become a part of our business DNA. "Someone is waiting for you at Home" is the message that's spoken most during all meetings. Driven by this philosophy, we promote a safe and healthy working environment.

Top Management accords foremost priority to safety and has set a target to achieve'zero harm' by 2020. Safety conversations and safety zones are effectively used for employee engagement and nurturing safety culture in all aspects of operations. Safety zones have been created at all plants with cross functional teams including contractual employees.

HeidelbergCement Group's cardinal norms, guidelines, standards and legal requirements along with stipulations under ISO 45001-Occupational Health and Safety Management System are being strictly adhered to at all the plants. Safety Leadership training programmes were conducted for top management, plant heads and department heads at all plants for implementing group's clean site and safe site initiatives, safety conversations and safety zone concepts. Employees were imparted safety induction trainings, refresher courses and job specific trainings like scaffolding safety, working at height and in confined space etc.

A schedule of twenty four most critical safety hazards relevant to cement industry has been compiled. These Safety themes are announced every month and all the aspects relating to the theme are dwelt upon throughout the month so as to firmly instill safety consciousness in the minds of employees. Drivers and helpers were also imparted training on defensive driving techniques. Monitoring of the workplace for noise, particulate matter, free silica and illumination level is being done as per the regulatory norms. All plants are ISO 45001 certified.

We are happy to inform that the Company has achieved safe business year with Zero lost time injury and therefore the Lost Time Incidents Frequency Rate (LTIFR) stood at zero compared to 0.2 in FY18. Narsingarh plant was awarded Golden Peacock Safety Award 2018.

## AWARDS AND ACCOLADES

The Company continues to pursue excellence in all areas of its operations, which is being recognized in the form of awards and honours.

- Jhansi Plant was given 'Greenco Gold' rating, in September 2018 valid for three years, by Confederation of Indian Industry under their Green Company Rating System.
- Jhansi Plant was awarded a commendation certificate by Ministry of Power in appreciation of its efforts for energy conservation.
- Jhansi Plant received 'Excellent Energy Efficient Unit' award from Confederation of Indian Industry at the 19th National Awards for Excellence in Energy Management.
- Damoh Unit was given 'Greenco Silver' rating, in September 2018 valid for three years, by Confederation of Indian Industry under their Green Company Rating System.
- Narsingarh Plant was given 'Golden Peacock Award – Gold' by Institute of Directors for excellence in Occupational Health and Safety.
- Narsingarh Plant was given first prize in 'Safety Excellence' by Quality Circle Forum of India at the National Cement Conclave.
- Diamond Patharia Limestone Mines was awarded 3rd prize for overall performance by Directorate General of Mines Safety.
- Diamond Patharia Limestone Mines continues to be accredited with Five Star Rating* by the Ministry of Mines, Government of India.

  * "Star Rating of Mines" is a scheme of the Ministry of Mines, Government of India, to recognise the performance of mines by giving them rating ranging from one to five stars. Under the scheme, mines bearing major minerals are evaluated on the parameters relating to sustainable development in accordance with sustainable development framework designed by Ministry of Mines and validated by Indian Bureau of Mines.

## CORPORATE GOVERNANCE

The essence of Corporate Governance lies in promoting and maintaining integrity, transparency and accountability. The Company believes in creating and sustaining relationship based on trust and transparency with all its stakeholders. The governance framework enjoins the highest standards of ethical and responsible conduct. All the Directors and employees consider it their personal responsibility to conduct themselves in accordance with the Code of Conduct set out by the organization.

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have further reinforced the governance regime in India. The Company remains fully compliant with the corporate governance requirements as prescribed under the said regulations. Pursuant to the provisions of the listing regulations, a certificate from M/s. Nityanand Singh & Co., a firm of Company Secretaries in Practice, confirms compliance with conditions of Corporate Governance and forms an integral part of this Report. The Company has also ensured compliance with applicable Secretarial Standards issued by the Institute of Company Secretaries of India pursuant to Section 118(10) of the Companies Act, 2013.

A certificate furnished by Mr. Jamshed Naval Cooper, Managing Director and Mr. Anil Kumar Sharma, Chief Financial Officer in respect of the financial statements and the cash flow statement for the financial year ended 31st March 2019 is annexed as Annexure 'B' to this Report.

Management Discussion and Analysis Report is also given as an addition to this Report.

## BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the SEBI Listing Regulations, a Business Responsibility Report forms part of this Annual Report.

## DIRECTORS

**End of tenure of Independent Directors:**

The tenure of five years for the three Independent Directors namely, Mr. P. G. Mankad, Mr. S. Krishna Kumar and Mr. Pradeep V. Bhide came to an end on 31st March 2019. Accordingly the aforesaid Independent Directors ceased to be directors of the Company with effect from close of business hours on 31st March 2019.

The Board places on record its appreciation for the valuable guidance provided by Mr. Mankad, Mr. Kumar and Mr. Bhide during their tenure as directors of the Company. The Board also places special thanks and appreciation for the guidance and direction provided by Mr. Mankad as Chairman of the Board since 2006.

**Appointment of new Independent Directors:**

- Ms. Akila Krishnakumar has been appointed as an Additional Director in the category of Independent Woman Director, with effect from 25th October 2018.
- Mr. Ramakrishnan Ramamurthy has been appointed as an Additional Director in the category of Independent Director, with effect from 12th February 2019.

The Board has appointed Ms. Akila Krishnakumar as its Chairperson with effect from 1st April 2019. In the capacity of additional directors, Ms. Akila Krishnakumar and Mr. Ramakrishnan Ramamurthy hold office up to the date of the ensuing Annual General Meeting. The Company has received notices under section 160(1) of the Companies Act, 2013 from members proposing their appointment as directors in the ensuing AGM. Their brief profile is given in the Notice of AGM. Ms. Akila Krishnakumar and Mr. Ramakrishnan Ramamurthy have submitted declarations to the Company that they fulfil the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.The Board recommends their appointment by the members in the ensuing AGM.

**Resignation of Directors:**

Mr. Juan-Francisco Defalque and Dr. Albert Scheuer, Non-Executive Directors of the Company resigned from the Board of Directors with effect from close of business hours on 11thMarch 2019 and 31stMarch 2019 respectively. The Board places on record its appreciation for the valuable guidance provided by Mr. Defalque and Dr. Scheuer during their tenure as Directors of the Company.

**Retirement by rotation:**

Mr. Kevin Gerard Gluskie and Ms. Soek Peng Sim retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment. Their brief profiles are given in the Notice of AGM. The Board recommends the reappointment of the aforesaid directors.

**Reappointment of Whole-time Director:**

The members of the Company at the Annual General Meeting held on 22nd September 2017 had reappointed Mr. Sushil Kumar Tiwari as Whole-time Director of the Company for a period of two years from 10th June 2017 till 9th June 2019. The Board at its meeting held on 24th May 2019 has reappointed Mr. Sushil Kumar Tiwari as Whole-time Director for a further period of two years from 10th June 2019 to 9th June 2021 subject to the approval of members in the ensuing AGM. The Board recommends the special resolution for reappointment of Mr. Tiwari as provided at Item No. 7 of the Notice of AGM.

## DISCLOSURES UNDER COMPANIES ACT, 2013

**Number of Board Meetings:** During FY19, four board meetings were held. The details of the same are given in the Corporate Governance Report.

**Composition of Audit Committee:** The Audit Committee of the Company until 31st March 2019 comprised four members namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. P. G. Mankad, Mr. Pradeep V. Bhide and Ms. Soek Peng Sim. Consequent to change in composition of Board of Directors the Audit Committee of the Company stands reconstituted with effect from 1st April 2019. It presently comprises three members namely, Mr. Ramakrishnan Ramamurthy (Chairman of the Committee), Ms. Akila Krishnakumar and Ms. Soek Peng Sim.

**Board Evaluation:** In accordance with the provisions of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has carried out an annual evaluation of its own performance, that of the directors individually and that of all the Committees constituted by it, namely, the Audit Committee, Nomination and Remuneration Committee, CSR Committee, Stakeholders Relationship Committee and Risk Management Committee. The manner in which the performance evaluation has been carried out has been explained in the Corporate Governance Report.

**Policy for appointment and remuneration of directors:** The Board has, on the recommendation of the Nomination and Remuneration Committee, framed a 'Nomination and Remuneration Policy'. The policy inter alia lays down the criteria for determining qualifications, attributes and independence of potential candidates for appointment as directors and determining their remuneration. The brief details of the Policy have been provided in Corporate Governance Report. The said Policy has been posted on website of the Company and the web link to access the said policy is as follows:

http://www.mycemco.com/sites/default/files/HCIL%20Nomination%20and%20Remuneration%20Policy.pdf

The Board has also adopted a 'Board Diversity Policy' which requires the Board to ensure appropriate balance of skills, experience and diversity of perspectives in its own composition.

**Annual Return:** The extract of the Annual Return in the prescribed form, MGT – 9 is annexed herewith as Annexure 'C'.

**Key Managerial Personnel:** No changes took place in the Key Managerial Personnel (KMP) during FY19. The following persons continue to be the KMP of the Company:-

- Mr. Jamshed Naval Cooper, Managing Director;
- Mr. Sushil Kumar Tiwari, Whole-time Director;
- Mr. Anil Kumar Sharma, Chief Financial Officer; and
- Mr. Rajesh Relan, Legal Head & Company Secretary.

**General:** The Directors state that no disclosure or reporting is required in respect of the following items as there were no transactions with respect to these items during FY19:

- Details relating to deposits covered under Chapter V of the Companies Act, 2013.
- Issue of equity shares with differential rights as to dividend, voting or otherwise.
- Issue of stock options or sweat equity shares.
- No significant or material orders were passed by the Regulators or Courts or Tribunals which impact the going concern status and the Company's operations in future.
- Loans, investments, guarantees and securities in terms of Section 186 of the Companies Act, 2013.

## INTERNAL FINANCIAL CONTROLS

The Company has in place various internal controls, policies and procedures to ensure orderly and efficient conduct of its business. Standard Operating Procedures (SOPs) and Risk Control Matrix (RCM) have been designed for all critical processes across its operations. The internal financial controls are tested for operating effectiveness through management's ongoing monitoring and review processes, and independently by the internal auditors. In our view the internal financial controls are adequate and are operating effectively.

## DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them and based on the assessment of the management, the Board of Directors makes the following statements in terms of Section134 of the Companies Act, 2013:

(a) that in the preparation of the annual accounts for the financial year ended 31st March 2019 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

(b) that such accounting policies have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31stMarch 2019 and of the profit of the Company for the financial year ended on that date;

(c) that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(d) that the financial statements for the financial year ended 31st March 2019 have been prepared on a 'going concern' basis;

(e) that proper internal financial controls were in place and that such internal financial controls were adequate and were operating effectively; and

(f) that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

## RELATED PARTY TRANSACTIONS

All the transactions entered into between the Company and its related parties during the financial year ended 31st March 2019 were in the ordinary course of business and on an arm's length basis. The particulars of such transactions have been disclosed in the notes to accounts of the Balance Sheet presented in the Annual Report. During the year under review, the Company has not entered into any related party transaction exceeding the threshold limit provided under the Companies Act, 2013/Rulesmade thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A statement of all the related party transactions is placed before the Audit Committee on a quarterly basis, specifying the nature and value of the transactions.

The Company has in place a Policy on Related Party Transactions and a framework for the purpose of assessing the basis of determining the arm's length price of relevant transactions. The said policy and the framework are annually reviewed by the Audit Committee and the Board of Directors. The same have been posted on the Company's website. The web-link to access the said policy and framework is as follows:

http://www.mycemco.com/sites/default/files/March-2019/RPT%20Policy%20w.e.f.%201.4.2019%20.pdf

## RISK MANAGEMENT

One of the factors that distinguish a company's journey to create sustainable value for its shareholders is its ability to manage the business risks. Many risks exist in the operating environment and may emerge from time to time. The Risk Management processes of the Company ensure that the risks are identified well in time and addressed proactively.

The business risks have been classified under the broad heads - strategic, operational, financial and legal & compliance risks. The Company's Risk Management Policy lays down a bottom-up process comprising risk identification, analysis and evaluation, treatment and controlling. Risk owners identify and analyse all risks in their area of operations. The business risks are reviewed by the Senior Management and critical risks are placed before the Risk Management Committee/Board of Directors for review.

The amended Regulation 21 of the SEBI Listing Regulations requires the top 500 listed companies, based on market capitalization, to constitute a Risk Management Committee. Accordingly the Board of Directors has constituted a Risk Management Committee. The details relating to composition of the Committee and its functions are provided in Corporate Governance Report.

## VIGIL MECHANISM/ WHISTLE BLOWER POLICY

The Company has established a vigil mechanism / whistle blower policy to deal with the instances of unethical behaviour, fraud, conflict of interest, mismanagement and violation of the Code of Conduct. During FY19 a complaint was received under the Vigil Mechanism from a contract employee which was dealt with in accordance with the provisions of the said Policy. The details of the vigil mechanism are given in the Corporate Governance Report and a copy of the Policy has been posted on the Company's website. The web link to access the same is as follows:

http://www.mycemco.com/sites/default/files/W.e.f.%201.4.2019%20HCIL%20Whistle%20Blower%20Policy.pdf

## PREVENTION OF SEXUAL HARASSMENT OF WOMEN AT THE WORKPLACE

The Company continues to remain compliant with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013, which aims to protect women at workplace against any form of sexual harassment and prompt redressal of any complaint. During FY19, no complaint has been received by the Company in this regard.

## AUDITORS

In accordance with the provisions of Section 139(1) of the Companies Act, 2013 the members had at the 58th Annual General Meeting (AGM) held on 22ndSeptember 2017 appointed S.N. Dhawan & Co. LLP., Chartered Accountants, as statutory auditors of the Company up to the conclusion of the 63rd AGM (FY2017-18 to FY2021-22).

The observations of the Auditors in their report on Accounts read with the relevant notes are self-explanatory. The Auditors' Report does not contain any qualification, reservation or adverse remark.

## COST AUDIT

The Company is maintaining cost records in accordance with provisions of Section 148 of the Companies Act, 2013 and the Rules made thereunder. The Cost Audit for FY18 was conducted by M/s R. J. Goel & Co., Cost Accountants, Delhi and as required Cost Audit Report was duly filed with the Ministry of Corporate Affairs, Government of India. The Audit of the cost accounts of the Company for FY19 is also being conducted by the said firm and the Report will be filed within the stipulated time.

In accordance with Section 148 of the Companies Act, 2013 and the Companies (Cost Records and Audit) Rules, 2014 the Board of Directors has on the recommendation of the Audit Committee, appointed M/s. R. J. Goel & Co., Cost Accountants as Cost Auditor of the Company for the financial year 2019-20 on a remuneration of INR 250,000. Pursuant to Section 148(3) of the Companies Act, 2013, a resolution seeking member's ratification for the remuneration payable to M/s. R. J. Goel & Co., Cost Accountants is included in the Notice convening the AGM. The Board recommends the aforesaid resolution for approval of the members.

## SECRETARIAL AUDIT

The Board had appointed M/s. Nityanand Singh & Co., a firm of Company Secretaries in Practice as Secretarial Auditor for carrying out secretarial audit of the Company for the financial year ended 31st March 2019 in accordance with the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Report of the Secretarial Auditor is annexed herewith as Annexure 'D'. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Secretarial Compliance Report: SEBI vide its circular dated 8th February 2019 has made it mandatory for listed companies to annually submit to stock exchanges, Secretarial Compliance Report within 60 days from the end of financial year. M/s. Nityanand Singh & Co. has furnished Secretarial Compliance Report for FY19. The said Report does not contain any qualification, reservation or adverse remark. The said Report has been placed on website of the Company and the web link to access the same is as under:
http://www.mycemco.com/sites/default/files/AnnualSecretarialComplianceReport31032019.pdf

## PARTICULARS OF EMPLOYEES

The particulars of employees required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 form part of this Report and is annexed as Annexure 'E'. In accordance with the provisions of Section 136 of the Act, the Board's Report and the financial statements for the financial year ended 31st March 2019 are being sent to the members and others entitled thereto, excluding the information on particulars of employees as required pursuant Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 which is available for inspection by the members at the Registered Office of the Company during business hours on all working days up to the date of the ensuing Annual General Meeting. If any member desires to have a copy of the same, he may write to the Company Secretary in this regard.

## ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The particulars relating to conservation of energy, technology absorption and foreign exchange earnings and outgo, as required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules 2014,form part of this Report and are annexed as Annexure 'F'.

## ACKNOWLEDGEMENTS

The Directors acknowledge the continued assistance and support of all stakeholders including Customers, Bankers, C&Fs, Dealers, Suppliers and Contractors. We also take this opportunity to express our sincere gratitude for the cooperation and support received by the Company from various agencies of the Central and State Government(s). The Directors wish to place on record their sincere appreciation to all employees for their commitment and continued contributions to the Company. We remain grateful to the shareholders for their confidence and faith reposed in the management.

For and on behalf of the Board

Place: Gurugram — Akila Krishnakumar
Date: 24th May 2019 — Chairperson

# ANNEXURE - A TO THE BOARD'S REPORT

## ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

| | | |
|---|---|---|
| 1 | A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programmes. | Pursuant to the provisions of Section 135 of the Companies Act, 2013 read with Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company has on recommendation of the CSR Committee approved a CSR Policy.<br>• The overall objective of the CSR Policy of the Company is to promote sustainable development of the local communities with set targets and timeframes. The Policy focuses on mitigating the adversities faced by the communities and guiding them towards helping themselves.<br>• The Company takes up CSR activities in key sectors including but not limited to, healthcare, education, rural infrastructure development and environment, giving maximum freedom to the local communities and employees to evolve meaningful initiatives.<br>• The Company believes that supporting the development efforts of local communities addresses the felt needs of the community and in return leads to greater ownership and involvement in maintaining the assets created.<br>• CSR initiatives are implemented through the Company's own employees. However, if required, the Company may also deploy appropriate agencies based on their proven credentials in the area of rural development to supplement its efforts.<br>• The CSR projects are implemented through committees comprising local Company officials at Damoh (covering Patharia, Narsingarh and Imlai), Jhansi and Ammasandra. The committees are chaired by the Plant Heads and have key officials representing Human Resources, Welfare and Administration functions at the local level as members.<br>• Proposals sent by the Implementation Committees are vetted by a committee at the Registered Office together with the financial allocation and thereafter the same are placed before the CSR Committee and the Board of Directors for consideration and approval.<br>The Policy is placed on the Company's website and the web link to access the same is:<br>http://mycemco.com/sites/all/modules/custom/shareholdingpattern/HCIL-CSR-Policy.pdf |
| 2 | Composition of the CSR Committee: | The composition of the CSR Committee is as under:<br>a) Ms. Akila Krishnakumar,<br>Chairperson of the Committee<br>(member and chairperson w.e.f. 01 April 2019);<br>b) Mr. Kevin Gerard Gluskie; and<br>c) Mr. Sushil Kumar Tiwari.<br>Note: Mr. S. Krishna Kumar was a member and chairman of the Committee up to 31 March 2019. He ceased to be a member of the committee at the end of his five years tenure as an Independent Director on 31 March 2019. |
| 3 | Average net profit of the Company for last three financial years (FY 2015-16 FY 2016-17 and FY 2017-18): | INR 1,216 million |

4 Prescribed CSR Expenditure (two percent of the amount as in item 3 above): INR 24.3 million

5 Details of CSR spent for the financial year 2018-19:

(a) Total amount spent for the financial year ended 31st March 2019: INR 29.1 million

(b) Amount unspent, if any: NIL

(c) Manner in which the amount has been spent on CSR activities during the financial year ended 31st March 2019 is detailed below:

**(Rs. in million)**

| S. No. | CSR project / activity | Sector in which the project is covered | Projects or programs (1) Local area or other (2) Specify the State and District where projects or programs were undertaken | Amount Outlay (budget) project or programwise (Apr 2018 - Mar 2019) | Amount spent on the project or programs | Cumulative expenditure up to the reporting period (i.e. March 31, 2019) | Amount spent: Direct or through implementing agency |
|---|---|---|---|---|---|---|---|
| 1 | Development of Training centre (Sakshamta Vikas Kendra) for skill enhancement and self employment | Rural Development | Jhansi (Uttar Pradesh) | 1.60 | 1.55 | 7.53 | 7.53 |
| 2 | Operation of Sakshamta Vikas Kendra for skill enhancement and self employment | Rural Development | Jhansi (Uttar Pradesh) Damoh (Madhya Pradesh) | 2.23 | 2.16 | 2.16 | 2.16 |
| 3 | Concreting of village approach Road | Rural Development | Damoh (Madhya Pradesh) | 1.48 | 1.10 | 1.10 | 1.10 |
| 4 | Development of Model Village | Rural Development | Jhansi (Uttar Pradesh) Damoh (Madhya Pradesh) | 4.43 | 4.47 | 4.47 | 4.47 |
| 5 | Providing support to water scarce areas by drilling borewells, providing water through tankers and deepening of ponds | Rural Development | Damoh (Madhya Pradesh) | 2.86 | 2.85 | 2.85 | 2.85 |
| 6 | Construction of Cremation shed and connecting road | Rural Development | Damoh (Madhya Pradesh) | 1.18 | 0.97 | 0.97 | 0.97 |
| 7 | Providing support for construction of community centre | Rural Development | Damoh (Madhya Pradesh) Ammasandra (Karnataka) | 0.45 | 0.66 | 0.66 | 0.66 |
| 8 | Expenditure towards Students in Company's schools coming from nearby villages | Education | Damoh (Madhya Pradesh) Ammasandra (Karnataka) | 6.00 | 5.56 | 5.56 | 5.56 |
| 9 | Providing infrastructure at Schools such as boundary wall, toilets, desks and benches, development of lab etc. | Education | Jhansi (Uttar Pradesh) Damoh (Madhya Pradesh) Ammasandra (Karnataka) | 8.12 | 8.51 | 8.51 | 8.51 |
| 10 | Distribution of Note books, study material and providing scholarships | Education/ Rural Dev. | Jhansi (Uttar Pradesh) Ammasandra (Karnataka) | 0.43 | 0.11 | 0.11 | 0.11 |
| 11 | Promotion of Sports in School and Youth of nearby villages | Education | Damoh (Madhya Pradesh) Ammasandra (Karnataka) | 0.62 | 0.90 | 0.90 | 0.90 |
| 12 | Organising Health check-up camps including deployment of mobile van and Provision for Medicines | Healthcare | Damoh (Madhya Pradesh) Jhansi (Uttar Pradesh) | 0.60 | 0.27 | 0.27 | 0.27 |
| | **Total** | | | 30.00 | 29.11 | 35.09 | 35.09 |

6. In case the company has failed to spend the two percent of the average net profits of the last three years or any part thereof, the company shall provide the reasons for not spending the amount in the Board's Report: Not Applicable.

7. RESPONSIBILITY STATEMENT

   The Responsibility Statement of the Corporate Social Responsibility Committee of the Board of Directors of the Company is given below:

   "The implementation and monitoring of Corporate Social Responsibility (CSR) Policy, is in compliance with CSR objectives and policy of the Company."

| | | |
|---|---|---|
| Place: Gurugram | Jamshed Naval Cooper | Akila Krishnakumar |
| Date: 24 May 2019 | Managing Director | Chairperson - CSR Committee |

# ANNEXURE - B TO THE BOARD'S REPORT

The Board of Directors
HeidelbergCement India Limited

Dear Sirs,

**Sub. : Managing Director & CFO's Certification**

1. We have reviewed the financial statements and the cash flow statement of the Company for the financial year ended 31st March 2019 and to the best of our knowledge and belief :
   (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
   (ii) these statements together present a true and fair view of the Company's affairs and are in compliance with the existing accounting standards, applicable laws and regulations.
2. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year ended 31st March 2019 which are fraudulent, illegal or violative of the Company's Code of Conduct.
3. We accept responsibility for establishing and maintaining internal controls for financial reporting and we have evaluated the effectiveness of Company's internal control systems pertaining to financial reporting. We have not come across any reportable deficiencies in the design or operation of such internal controls.
4. We have indicated to the Auditors and the Audit Committee :
   (i) that there were no significant changes in internal control over financial reporting during the financial year ended 31st March 2019;
   (ii) significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial statements; and
   (iii) there are no instances of fraud of which we have become aware.

| | | |
|---|---|---|
| Place : Gurugram | Jamshed Naval Cooper | Anil Kumar Sharma |
| Date : 24 May, 2019 | Managing Director | Chief Financial Officer |

# ANNEXURE - C TO THE BOARD'S REPORT

**Form No. MGT-9**

**EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31st March 2019

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i) CIN: L26942HR1958FLC042301

ii) Registration Date: 13th May 1958

iii) Name of the Company: HeidelbergCement India Limited

iv) Category/Sub-Category of the Company: Company having Share Capital

v) Address of the Registered office and contact details:

HeidelbergCement India Ltd., 9th Floor, Tower C, Infinity Towers, DLF Cyber City, Phase II,

Gurugram, Haryana – 122002.

Phone No. : 0124 – 4503700

vi) Whether listed company: Yes

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any:

Integrated Registry Management Services Private Limited

(Unit: HeidelbergCement India Ltd.)

30, Ramana Residency, 4th Cross, Sampige Road,

Malleswaram, Bengaluru - 560 003, Karnataka

Phone Nos.: 080-23460815 to 23460818

Fax No.: 080-23460819

Email ID: irg@integratedindia.in

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

| Sr. No. | Name and Description of main products / services | NIC Code of the Product/ service | % to total turnover of the company |
|---|---|---|---|
| 1 | Cement | 23941 | 100% |

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

| Sr. No. | Name and address of the Company | CIN / GLN | Holding / Subsidiary / Associate | % of Shares held | Applicable Section |
|---|---|---|---|---|---|
| 1 | Cementrum I B.V., Pettelaapark 30, NL-5216 PD 's-Hertogenbosch, The Netherlands | Foreign Company | Holding Company | 69.39% | 2(46) |

## IV. SHAREHOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

### I) Category-wise Shareholding

| Category of Shareholders | No. of Shares held at the beginning of the year [as on 01 April 2018] | | | | No. of Shares held at the end of the year [as on 31 March 2019] | | | | % Change during the year |
|---|---|---|---|---|---|---|---|---|---|
| | Demat | Physical | Total | % of Total Shares | Demat | Physical | Total | % of Total Shares | |
| **A. Promoters** | | | | | | | | | |
| **(1)Indian** | | | | | | | | | |
| a) Individual/ HUF | - | - | - | - | - | - | - | - | - |
| b) Central Govt | - | - | - | - | - | - | - | - | - |
| c) State Govt(s) | - | - | - | - | - | - | - | - | - |
| d) Bodies Corp. | - | - | - | - | - | - | - | - | - |
| e) Banks / FI | - | - | - | - | - | - | - | - | - |
| f) Any other | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) (1)** | - | - | - | - | - | - | - | - | - |
| **(2) Foreign** | - | - | - | - | - | - | - | - | - |
| a) NRIs - Individuals | - | - | - | - | - | - | - | - | - |
| b) Other - Individuals | - | - | - | - | - | - | - | - | - |
| c) Bodies Corporate | 157,244,693 | - | 157,244,693 | 69.39 | 15,72,44,693 | - | 15,72,44,693 | 69.39 | - |
| d) Banks / FI | - | - | - | - | - | - | - | - | - |
| e) Any Other.... | - | - | - | - | - | - | - | - | - |
| **Total shareholding of Promoter (A) (2)** | 157,244,693 | - | 157,244,693 | 69.39 | 15,72,44,693 | - | 15,72,44,693 | 69.39 | - |
| **Total Shareholding Promoter & Promoter Group (A)=(A)(1)+(A)(2)** | 157,244,693 | - | 157,244,693 | 69.39 | 15,72,44,693 | - | 15,72,44,693 | 69.39 | - |
| **B. Public Shareholding** | | | | | | | | | |
| 1. Institutions | | | | | | | | | |
| a) Mutual Funds | 71,09,621 | 4,035 | 71,13,656 | 3.14 | 85,28,557 | 3,925 | 85,32,482 | 3.77 | 0.63 |
| b) Banks / FI | 38,234 | 1,442 | 39,676 | 0.02 | 1,29,544 | 1,442 | 1,30,986 | 0.06 | 0.04 |
| c) Central Govt | - | - | - | - | - | - | - | - | - |
| d) State Govt(s) | - | 3,28,440 | 3,28,440 | 0.14 | - | 3,28,440 | 3,28,440 | 0.14 | - |
| e) Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| f) Insurance Companies- | 63,82,957 | 1,400 | 63,84,357 | 2.82 | 58,43,555 | 1,400 | 58,44,955 | 2.58 | -0.24 |
| g) FIIs | 2,63,45,180 | 132 | 2,63,45,312 | 11.63 | 2,65,66,041 | 132 | 2,65,66,173 | 11.72 | 0.10 |
| h) Foreign Venture Capital Funds | - | - | - | - | - | - | - | - | - |
| i) Alternate Investment Funds | - | - | - | - | 11,09,014 | - | 11,09,014 | 0.49 | 0.49 |
| j) Others (specify) | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(1):-** | 3,98,75,992 | 3,35,449 | 4,02,11,441 | 17.74 | 4,25,05,151 | 6,899 | 4,25,12,050 | 18.76 | 1.02 |
| **2. Non-Institutions** | | | | | | | | | |
| a) Bodies Corp. | | | | | | | | | - |
| i) Indian | 56,51,956 | 17,379 | 56,69,335 | 2.50 | 54,95,139 | 18,059 | 55,13,198 | 2.43 | -0.07 |
| ii) Overseas | - | - | - | - | - | - | - | - | - |
| b) Individuals | | | | | | | | | - |
| i) Individual shareholders holding nominal share capital up to Rs. 1 lakh | 1,60,69,128 | 10,73,864 | 1,71,42,992 | 7.56 | 1,41,82,136 | 9,82,516 | 1,51,64,652 | 6.69 | -0.87 |
| ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh | 43,22,013 | 1,57,000 | 44,79,013 | 1.98 | 39,77,384 | 1,57,000 | 41,34,384 | 1.82 | -0.15 |
| c) Others (specify) | | | | | | | | | |
| Non Resident Indians | 12,62,315 | 55,895 | 13,18,210 | 0.58 | 10,09,385 | 52,915 | 10,62,300 | 0.47 | -0.11 |
| Overseas Corporate Bodies | - | 1,500 | 1,500 | - | - | - | - | - | - |
| Foreign Nationals | 1,000 | - | 1,000 | - | 1,000 | - | 1,000 | - | - |
| Clearing Members | 4,83,797 | - | 4,83,797 | 0.21 | 3,88,631 | - | 3,88,631 | 0.17 | -0.04 |
| Trusts | 19,800 | 40,027 | 59,827 | 0.03 | 16,600 | 40,027 | 56,627 | 0.02 | - |
| LLP | 1,308 | - | 1,308 | - | 3,710 | - | 3,710 | - | - |
| HUF | - | - | - | - | 5,31,871 | - | 5,31,871 | 0.23 | 0.23 |
| Foreign Bodies -D R | - | - | - | - | - | - | - | - | - |
| **Sub-total (B)(2):-** | 2,78,11,317 | 13,45,665 | 2,91,56,982 | 12.86 | 2,56,05,856 | 12,50,517 | 2,68,56,373 | 11.85 | -1.02 |
| **Total Public Shareholding (B)=(B)(1)+ (B)(2)** | 6,76,87,309 | 16,81,114 | 6,93,68,423 | 30.61 | 6,81,11,007 | 12,57,416 | 6,93,68,423 | 30.61 | - |
| **C. Shares held by Custodian for GDRs & ADRs** | - | - | - | - | - | - | - | - | |
| **Grand Total (A+B+C)** | 22,49,32,002 | 16,81,114 | 22,66,13,116 | 100 | 22,53,55,700 | 12,57,416 | 22,66,13,116 | 100 | - |

### (ii) Share holding of Promoters

| Sr. No. | Shareholder's Name | Shareholding at the beginning of the year 01-04-2018 | | | Shareholding at the end of the year 31-03-2019 | | | % Change in Shareholding during the year |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % to total Shares of the company | % of Shares Pledged / encumbered to total Shares | No. of Shares | % to total Shares of the company | % of Shares Pledged / encumbered to total Shares | |
| 1 | Cementrum I B.V. | 157,244,693 | 69.39 | Nil | 157,244,693 | 69.39 | Nil | - |
| | Total | 157,244,693 | 69.39 | Nil | 157,244,693 | 69.39 | Nil | - |

### (iii) Change in Promoters' Shareholding (please specify, if there is no change)

| Sr. No. | Name of the Share holder | Shareholding at the beginning of the year 01-04-2018 | | | | | Cumulative shareholding during the year (01.04.2018 to 31.03.2019) | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date | Increase / Decrease in shareholding | Reason | No. of Shares | % to total Shares of the company |
| 1 | CEMENTRUM I B.V. | 157244693 | 69.39 | NO MOVEMENT DURING THE YEAR | | | | |
| | | | | 31.03.2019 | - | - | 157244693 | 69.39 |

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

| Sr. No. | Name of the Share holder | Shareholding at the beginning of the year 01-04-2018 | | | | | Cumulative shareholding during the year 31.03.2019 | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date | Increase / Decrease in share holding | Reason | No. of Shares | % to Total Shares of the company |
| 1 | FIRST STATE INDIAN | 6081434 | 2.68 | 01.04.2018 | | | 6081434 | 2.68 |
| | SUBCONTINENT FUND | | | 05.10.2018 | 7989 | TRANSFER | 6089423 | 2.69 |
| | | | | 12.10.2018 | 74236 | TRANSFER | 6163659 | 2.72 |
| | | | | 19.10.2018 | 24073 | TRANSFER | 6187732 | 2.73 |
| | | | | 26.10.2018 | 61007 | TRANSFER | 6248739 | 2.76 |
| | | | | 31.03.2019 | | | 6248739 | 2.76 |
| 2 | LIFE INSURANCE | 3608764 | 1.59 | 01.04.2018 | | | 3608764 | 1.59 |
| | CORPORATION OF INDIA | | | 08.03.2019 | -150000 | TRANSFER | 3458764 | 1.53 |
| | | | | 15.03.2019 | -368702 | TRANSFER | 3090062 | 1.36 |
| | | | | 22.03.2019 | -70262 | TRANSFER | 3019800 | 1.33 |
| | | | | 31.03.2019 | -390960 | TRANSFER | 2628840 | 1.16 |
| 3 | THE SCOTTISH ORIENTAL | 3136048 | 1.38 | 01.04.2018 | NO MOVEMENT | | | |
| | SMALLER COMPANIES | | | | | DURING | | |
| | TRUST PLC | | | | | THE YEAR | | |
| | | | | 31.03.2019 | | | 3136048 | 1.38 |
| 4 | JP MORGAN INDIAN | 2975000 | 1.31 | 01.04.2018 | NO MOVEMENT | | | |
| | INVESTMENT COMPANY | | | | | DURING | | |
| | (MAURITIUS) LIMITED | | | | | THE YEAR | | |
| | | | | 31.03.2019 | | | 2975000 | 1.31 |

| Sr. No. | Name of the Share holder | Shareholding at the beginning of the year 01-04-2018 | | | | | Cumulative shareholding during the year 31.03.2019 | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date | Increase / Decrease in share holding | Reason | No. of Shares | % to Total Shares of the company |
| 5 | BAJAJ HOLDINGS AND | 2880136 | 1.27 | 01.04.2018 | | | 2880136 | 1.27 |
| | INVESTMENT LTD | | | 25.05.2018 | 67185 | TRANSFER | 2947321 | 1.30 |
| | | | | 30.06.2018 | 5 | TRANSFER | 2947326 | 1.30 |
| | | | | 31.03.2019 | | | 2947326 | 1.30 |
| 6 | CAISSE DE DEPOT ET | 2764609 | 1.22 | 01.04.2018 | | | 2764609 | 1.22 |
| | PLACEMENT DU QUEBEC- | | | 07.09.2018 | 162417 | TRANSFER | 2927026 | 1.29 |
| | FIRST STATE | | | 14.09.2018 | 139645 | TRANSFER | 3066671 | 1.35 |
| | | | | 05.10.2018 | 13996 | TRANSFER | 3080667 | 1.36 |
| | | | | 12.10.2018 | 130059 | TRANSFER | 3210726 | 1.42 |
| | | | | 19.10.2018 | 42176 | TRANSFER | 3252902 | 1.44 |
| | | | | 26.10.2018 | 106880 | TRANSFER | 3359782 | 1.48 |
| | | | | 31.03.2019 | | | 3359782 | 1.48 |
| 7 | HDFC STANDARD LIFE | 2687493 | 1.19 | 01.04.2018 | | | 2687493 | 1.19 |
| | INSURANCE COMPANY | | | 13.04.2018 | -5451 | TRANSFER | 2682042 | 1.18 |
| | LIMITED | | | 11.05.2018 | -12791 | TRANSFER | 2669251 | 1.18 |
| | | | | 01.06.2018 | -23487 | TRANSFER | 2645764 | 1.17 |
| | | | | 08.06.2018 | -103439 | TRANSFER | 2542325 | 1.12 |
| | | | | 15.06.2018 | -59819 | TRANSFER | 2482506 | 1.10 |
| | | | | 30.06.2018 | -104049 | TRANSFER | 2378457 | 1.05 |
| | | | | 06.07.2018 | -7804 | TRANSFER | 2370653 | 1.05 |
| | | | | 13.07.2018 | -14215 | TRANSFER | 2356438 | 1.04 |
| | | | | 20.07.2018 | -4721 | TRANSFER | 2351717 | 1.04 |
| | | | | 27.07.2018 | -31391 | TRANSFER | 2320326 | 1.02 |
| | | | | 24.08.2018 | -59374 | TRANSFER | 2260952 | 1.00 |
| | | | | 31.08.2018 | -41094 | TRANSFER | 2219858 | 0.98 |
| | | | | 29.09.2018 | 15036 | TRANSFER | 2234894 | 0.99 |
| | | | | 05.10.2018 | 6899 | TRANSFER | 2241793 | 0.99 |
| | | | | 26.10.2018 | -4110 | TRANSFER | 2237683 | 0.99 |
| | | | | 02.11.2018 | 2453 | TRANSFER | 2240136 | 0.99 |
| | | | | 16.11.2018 | -31676 | TRANSFER | 2208460 | 0.97 |
| | | | | 23.11.2018 | 34537 | TRANSFER | 2242997 | 0.99 |
| | | | | 30.11.2018 | 10178 | TRANSFER | 2253175 | 0.99 |
| | | | | 07.12.2018 | 43636 | TRANSFER | 2296811 | 1.01 |
| | | | | 11.01.2019 | -1460 | TRANSFER | 2295351 | 1.01 |
| | | | | 01.02.2019 | 10387 | TRANSFER | 2305738 | 1.02 |
| | | | | 15.02.2019 | 56987 | TRANSFER | 2362725 | 1.04 |

| Sr. No. | Name of the Share holder | Shareholding at the beginning of the year 01-04-2018 | | | | | Cumulative shareholding during the year 31.03.2019 | |
|---|---|---|---|---|---|---|---|---|
| | | No. of Shares | % of total Shares of the company | Date | Increase / Decrease in share holding | Reason | No. of Shares | % to Total Shares of the company |
| | | | | 22.02.2019 | -21554 | TRANSFER | 2341171 | 1.03 |
| | | | | 01.03.2019 | -10040 | TRANSFER | 2331131 | 1.03 |
| | | | | 15.03.2019 | 122100 | TRANSFER | 2453231 | 1.08 |
| | | | | 31.03.2019 | -44217 | TRANSFER | 2409014 | 1.06 |
| 8 | SUNDARAM MUTUAL | 2067096 | 0.91 | 01.04.2018 | | | 2067096 | 0.91 |
| | FUND A/C SUNDARAM | | | 25.05.2018 | 13904 | TRANSFER | 2081000 | 0.92 |
| | SMILE FUND | | | 31.03.2019 | | | 2081000 | 0.92 |
| 9 | ALQUITY SICAV - | 1488815 | 0.66 | 01.04.2018 | | | 1488815 | 0.66 |
| | ALQUITY INDIAN | | | 08.06.2018 | 136378 | TRANSFER | 1625193 | 0.72 |
| | SUBCONTINENT FUND | | | 06.07.2018 | 112278 | TRANSFER | 1737471 | 0.77 |
| | | | | 21.09.2018 | -59715 | TRANSFER | 1677756 | 0.74 |
| | | | | 05.10.2018 | -36991 | TRANSFER | 1640765 | 0.72 |
| | | | | 26.10.2018 | -105370 | TRANSFER | 1535395 | 0.68 |
| | | | | 02.11.2018 | -102206 | TRANSFER | 1433189 | 0.63 |
| | | | | 16.11.2018 | -93064 | TRANSFER | 1340125 | 0.59 |
| | | | | 23.11.2018 | -142989 | TRANSFER | 1197136 | 0.53 |
| | | | | 11.01.2019 | 53457 | TRANSFER | 1250593 | 0.55 |
| | | | | 08.02.2019 | 54011 | TRANSFER | 1304604 | 0.58 |
| | | | | 15.02.2019 | 202416 | TRANSFER | 1507020 | 0.67 |
| | | | | 15.03.2019 | -40303 | TRANSFER | 1466717 | 0.65 |
| | | | | 31.03.2019 | -98642 | TRANSFER | 1368075 | 0.60 |
| 10 | ADITYA BIRLA SUN | 1200000 | 0.53 | 01.04.2018 | | NO MOVEMENT | | |
| | LIFE TRUSTEE PRIVATE | | | | | DURING | | |
| | LIMITED A/C ADITYA BIRLA SUN LIFE | | | | | THE YEAR | | |
| | | | | 31.03.2019 | | | 1200000 | 0.53 |

## (v) Shareholding of Directors and Key Managerial Personnel:

| For Each of the Directors and KMP | Shareholding at the beginning of the year | | Cumulative shareholding during the year | |
|---|---|---|---|---|
| | No. of Shares | % to total shares of the company | No. of Shares | % to total shares of the company |
| At the beginning of the year | None of the Directors and Key Managerial Personnel hold shares in the Company | | | |
| Date wise increase/ decrease in shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc): | None of the Directors and Key Managerial Personnel hold shares in the Company | | | |
| At the end of the year | None of the Directors and Key Managerial Personnel hold shares in the Company | | | |

## V. INDEBTEDNESS

**Indebtedness of the Company including interest outstanding / accrued but not due for payment**

**(Rs. in million)**

| | Secured Loans excluding deposits | Unsecured Loans | Deposits | Total Indebtedness |
|---|---|---|---|---|
| **Indebtedness at the beginning of the financial year i.e., as on 01-04-2018** | | | | |
| i) Principal Amount | 992.3 | 5,200.0 | - | 6,192.3 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 122.9 | - | 122.9 |
| **Total (i+ii+iii)** | **992.3** | **5,322.9** | **-** | **6,315.2** |
| Change in Indebtedness during the financial year ended 31-03-2019 | | | | |
| - Addition | 475.9 | - | - | 475.9 |
| - Reduction | - | -1,519.2 | - | -1,519.2 |
| **Net Change** | **475.9** | **-1,519.2** | **-** | **-1,043.3** |
| Indebtedness at the end of the financial year i.e., as on 31-03-2019 | | | | |
| i) Principal Amount | 1,468.2 | 3,700.0 | - | 5,168.2 |
| ii) Interest due but not paid | - | - | - | - |
| iii) Interest accrued but not due | - | 103.7 | - | 103.7 |
| **Total (i+ii+iii)** | **1,468.2** | **3,803.7** | **-** | **5,271.9** |

## VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager during the financial year ended 31-03-2019:

**(Rs. in million)**

| Sr. No. | Particulars of Remuneration | Name of MD/WTD/Manager<br>Mr. Sushil Kumar Tiwari, Wholetime Director | Total Amount |
|---|---|---|---|
| 1 | Gross salary | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961 | 25.2 | 25.2 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act,1961 | - | - |
| | (c) Profits in lieu of salary under section 17(3) of Income Tax Act,1961 | - | - |
| 2 | Stock Option | - | - |
| 3 | Sweat Equity | - | - |
| 4 | Commission | | |
| | - as % of profit | - | - |
| | - others | - | - |
| 5 | Others, | 1.5 | 1.5 |
| | (Contribution to Provident Fund and Superannuation Fund) | | |
| | **Total(A)** | **26.7** | **26.7** |
| Overall ceiling as per the Act for payment of managerial remuneration to Whole-time Director | | | 172.1* |

* Pursuant to the provisions of Section 197 of the Companies Act, 2013 the remuneration payable to a Managing Director or a Whole-time Director or Manager shall not exceed five per cent of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 2013.

**Note:** The remuneration of Mr. Jamshed Naval Cooper, Managing Director is borne and directly paid by HeidelbergCement AG. The Company does not pay any sitting fees /commission/ remuneration to Mr. Cooper.

B. Remuneration of other directors during the financial year ended 31-03-2019:

**1. Independent Directors** **(Rs. in million)**

| Particulars of Remuneration | Name of Director | | | | | Total Amount |
|---|---|---|---|---|---|---|
| | Mr. P. G. Mankad | Mr. S. Krishna Kumar | Mr. Pradeep V. Bhide | Ms. Akila Krishna kumar | Mr. Ramakrishnan Ramamurthy | |
| Fee for attending board Committee Meetings | 0.94 | 0.78 | 0.98 | 0.16 | - | 2.86 |
| Commission | - | - | - | - | - | - |
| Others | - | - | - | - | - | - |
| **Total(1)** | **0.94** | **0.78** | **0.98** | **0.16** | **-** | **2.86** |

**2. Other Non-Executive Directors** **(Rs. in million)**

| Particulars of Remuneration | Name of Director | | | | Total Amount |
|---|---|---|---|---|---|
| | Dr. Albert Scheuer | Ms. Soek Peng Sim | Mr. Juan-Francisco Defalque | Mr. Kevin Gerard Gluskie | |
| Fee for attending board /committee meetings | - | - | - | - | - |
| Commission | - | - | - | - | - |
| Others | - | - | - | - | - |
| Total(2) | - | - | - | - | - |
| **Total(B)=(1+2)** | **-** | **-** | **-** | **-** | **2.86** |
| Overall ceiling as per the Act for payment of remuneration to Independent Directors and other Non-Executive Directors: | | | | | 34.4* |
| Total Managerial Remuneration (A+B) | | | | | 29.56# |
| The overall ceiling on remuneration for Executive and Non-Executive Directors: | | | | | 206.5 |

* Pursuant to the provisions of Section 197 of the Companies Act, 2013 the remuneration payable to Non-Executive Directors shall not exceed one per cent of the net profits of the Company computed in accordance with the provisions of Section 198 of the Companies Act, 2013. Rule 4 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 provides that a company may pay to its directors as sitting fees for attending meetings of the Board or Committees thereof, such sum as may be decided by the Board of Directors, which shall not exceed INR 1,00,000 for each meeting of the Board and its Committees.

# Total of remuneration paid to Whole-time Director and sitting fees paid to the Independent Directors.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD **(Rs. in million)**

| Sr. No. | Particulars of Remuneration | Name of Key Managerial Personnel | | |
|---|---|---|---|---|
| | | Mr. Rajesh Relan Legal Head & Company Secretary | Mr. Anil Kumar Sharma CFO | Total |
| 1 | Gross salary | | | |
| | (a) Salary as per provisions contained in section 17(1) of the Income Tax Act,1961 | 7.23 | 26.93 | 34.16 |
| | (b) Value of perquisites u/s 17(2) of Income Tax Act,1961 | - | - | - |
| | (c) Profits in lieu of salary under section 17(3) Income Tax Act,1961 | - | - | - |
| 2 | Stock Option | - | - | - |
| 3 | Sweat Equity | - | - | - |
| 4 | Commission | | | |
| | - as % of profit | - | - | - |
| | - others | - | - | - |
| 5 | Others, (Contribution to Provident Fund and Superannuation Fund) | 0.23 | 1.51 | 1.74 |
| | **Total** | **7.46** | **28.44** | **35.90** |

## VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

| Type | Section of the Companies Act | Brief Description | Details of Penalty/ Punishment / Compounding fees imposed | Authority (RD/NCLT/ Court) | Appeal made, if any (give details) |
|---|---|---|---|---|---|
| A. COMPANY | | | | | |
| Penalty | | | | | |
| Punishment | None | | | | |
| Compounding | | | | | |
| B. DIRECTORS | | | | | |
| Penalty | | | | | |
| Punishment | None | | | | |
| Compounding | | | | | |
| C. OTHER OFFICERS IN DEFAULT | | | | | |
| Penalty | | | | | |
| Punishment | None | | | | |
| Compounding | | | | | |

# ANNEXURE - D TO THE BOARD'S REPORT

Form No. MR-3

## SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2019

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members of **HeidelbergCement India Limited**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **HeidelbergCement India Limited (hereinafter called "the Company")**. Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit for the financial year ended on 31st March, 2019, complied with the statutory provisions listed hereunder and also that the Company has proper board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended 31st March, 2019, in accordance to the provisions of:

I. The Companies Act, 2013 (**"the Act"**) and the Rules made thereunder to the extent applicable;

II. The Securities Contracts (Regulation) Act, 1956 (**'SCRA'**) and the Rules made thereunder;

III. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

IV. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

V. The Memorandum and Articles of Association of the Company;

VI. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (**'SEBI Act'**) to the extent applicable to the Company:-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

   d. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   e. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 with regard to dealing with the Company;

   f. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

VI. Other Laws which are applicable to the Company:

- The Employees' Provident Fund & Miscellaneous Provisions Act, 1952.
- The Employees State Insurance Act, 1948.
- The Payment of Gratuity Act, 1972.
- The Labour Laws and Law relating to Payment of Wages.
- Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013.
- Miscellaneous Acts:
   a) The Water (Prevention and Control of Pollution) Act, 1974.
   b) The Air (Prevention and Control of Pollution) Act, 1981.
   c) The Environment (Protection) Act, 1986.
   d) The Factories Act, 1948.
   e) The Industries (Development & Regulation) Act, 1951.
   f) The Explosives Act, 1884.
   g) The Electricity Act, 2003.
   h) Acts and Laws relating to carrying out Mining Activities.

VII. Management has, in its Representation Letter, identified and confirmed the applicability and compliance of all laws as being specifically applicable to the company, relating to Labour/ Pollution/Environment/Production process etc, apart from other general laws.

**We have also examined compliance with the applicable clauses of the** mandatory Secretarial Standards issued by The Institute of Company Secretaries of India and approved by the Ministry of Corporate Affairs.

**We further report that:**

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. There was no change in the composition of the Board of Directors during the financial year under review.

Adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. During the period, all the decisions in the Board meetings were carried out unanimously.

**We further report that,** based on review of compliance mechanism established by the Company and on the basis of compliance certificates issued by the Company's Executives and taken on record by the Board of Directors and Audit Committee at their meetings, there are adequate systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that there has been no instance of following during the audit period:

- Public/ Rights/ Preferential issue of shares/ Debentures/ Sweat equity.
- Redemption/ Buy-Back of securities.
- Major Decision taken by the Members in pursuance to section 180 of the Companies Act, 2013.
- Merger/ Amalgamation/ Reconstruction etc.
- Foreign Technical Collaborations.

**For Nityanand Singh & Co.,**
**Company Secretaries**

**Place: New Delhi** | **Nityanand Singh (Prop.)**
**Date: 24 May, 2019** | **FCS No.: 2668/ CP No. : 2388**

**Note:**

**This report is to be read with our letter of even date which is annexed as Annexure –1 and forms an integral part of this report.**

## ANNEXURE – 1

To,

The Members of **HeidelbergCement India Limited**

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on the test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Wherever required, we have obtained the Management representation about compliance of laws, rules and regulations and happenings of events etc.
5. The compliance of provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of efficacy or effectiveness with which the management has conducted the affairs of the Company.

**For Nityanand Singh & Co.,**
**Company Secretaries**

**Place: New Delhi** | **Nityanand Singh (Prop.)**
**Date: 24 May, 2019** | **FCS No. : 2668/ CP No. : 2388**

# ANNEXURE - E TO THE BOARD'S REPORT

## DISCLOSURE PURSUANT TO RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014 FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019

| S. No. | Disclosure requirement | Particulars |
|---|---|---|
| 1 | The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19: | The ratio of the remuneration of Whole-time Director to the remuneration of median employee is 25:1. |
| 2 | The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year 2018-19: | The Non-Executive Directors of the Company including Independent Directors (IDs) are not paid any remuneration. IDs are paid only sitting fees for attending the meetings of the Board and its Committees. The details of sitting fee paid to IDs are mentioned in Corporate Governance Report. The remuneration of Mr. Jamshed Naval Cooper, Managing Director is borne and directly paid by HeidelbergCement AG. The Company does not pay any sitting fees /commission/ remuneration to Mr. Cooper.<br>Increase in remuneration of Whole-time Director, Chief Financial Officer and Legal Head & Company Secretary on Cost- to-Company (CTC) basis is given below:<br>Mr. S. K. Tiwari, Whole-time Director – 8.0%<br>Mr. Anil Kumar Sharma, Chief Financial Officer – 8.0%<br>Mr. Rajesh Relan, Legal Head &Company Secretary – 9.0% |
| 3 | The percentage increase in the median remuneration of employees in the financial year 2018-19; | 8.41% |
| 4 | The number of permanent employees on the rolls of Company as on 31st March 2019; | 1231 |
| 5 | Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration; | Average increase in salaries of employees (other than managerial personnel) on CTC basis was 8.3%. Increase in managerial remuneration was also 8.3% on CTC basis. |
| 6 | Affirmation that the remuneration is as per the remuneration policy of the Company. | It is hereby affirmed that remuneration has been paid as per the Nomination and Remuneration Policy of the Company. The Nomination and Remuneration Policy can be accessed at the following link:<br>http://www.mycemco.com/sites/default/files/HCIL%20Nomination%20and%20Remuneration%20Policy.pdf |

# ANNEXURE - F TO THE BOARD'S REPORT

Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo as required under the Companies (Accounts) Rules, 2014

## A. Conservation Of Energy

(I). Energy conservation measures taken during the financial year ended 31st March 2019:

Reduction in specific power consumption through following initiatives:

- Installation of high efficiency separator at Imlai Plant.
- Optimisation of processes.
- Increase in power supply from waste heat recovery system.
- Increase in output of mills through various initiatives.
- Optimisation of lighting load by carrying out automation of plant lighting like timer based operation, use of LED bulbs in place of CFL and conventional lights.
- Installation of variable frequency drives (VFD)
- Implementation of best practices under continuous improvement program (CIP)

(ii) Steps taken by the Company for utilizing alternate sources of energy:

Reaping the benefits of IEX & Renewable Wind Power at Ammasandra and Jhansi Plants.

(iii) Capital investment on energy conservation equipment:

The Company has invested ~ INR 58 million in FY2018-19 on installation of separator and other energy conservation equipment listed at A(I) above.

## B. Technology Absorption

(I) Efforts made towards Technology Absorption:

a. Installation of high efficiency Separator at Imlai Plant.
b. Use of high efficiency LED in place of conventional luminaries.
c. Adaptation to best practices and processes of HeidelbergCement Group under CIP, thus reaping the benefits of their global expertise.

(ii) Benefits derived like product improvement, cost reduction, product development or import substitution:

a. Power generated by the WHR plant was optimized and the generation was increased by around 4.7 % thus reducing intake from state grid.
b. Reduction in specific power consumption for cement mill-1 at Imlai Plant by replacement of mill separator by installation of energy efficiency separator.
c. Reduction of per unit cost of power by use of renewable and IEX power.
d. Reduction of specific consumption per unit of clinker or cement produced thus reduction in cement cost.
e. Adaptation of best practices and processes of HeidelbergCement Group under CIP enabled the Company to carry out in-house modifications and improvements in pyro processes and milling operation resulting in reduction in thermal and electrical energy consumption leading to reduction in energy costs.
f. Optimization of the process fans in the kiln and other areas in order to reduce the specific Power consumption.
g. Installation of VFD for variable speed drives.

(iii) Information regarding technology imported during last 3 years: Nil

(iv) The expenditure incurred on Research and Development: Nil

## C. Foreign Exchange Earnings & Outgo

Total foreign exchange used and earned: Rs. in Million

| | | Financial Year ended 31.03.2019 | Previous Financial Year ended 31.03.2018 |
|---|---|---|---|
| Foreign exchange used: | - Imports | 51.0 | 33.8 |
| | - Expenditure | 645.3 | 814.3 |
| **Total** | | **696.3** | **848.1** |
| Foreign exchange earnings: | | Nil | Nil |

# Management Discussion and Analysis

### Global & Indian Economy at a glance

| Particulars | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019e | 2020e | 2021e |
|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | | | Projections | | |
| **A. World Output / Real GDP (Annual percent change)** | | | | | | | | | | |
| World | 3.5 | 3.5 | 3.6 | 3.4 | 3.4 | 3.8 | 3.6 | 3.3 | 3.6 | 3.6 |
| - Advanced Economies | 1.2 | 1.4 | 2.1 | 2.3 | 1.7 | 2.4 | 2.2 | 1.8 | 1.7 | 1.6 |
| - Emerging Market & Developing Economies | 5.4 | 5.1 | 4.7 | 4.3 | 4.6 | 4.8 | 4.5 | 4.4 | 4.8 | 4.9 |
| • India | 5.5 | 6.4 | 7.4 | 8.0 | 8.2 | 7.2 | 7.1 | 7.3 | 7.5 | 7.7 |
| **B. Inflation: Consumer Prices (Annual Percent change)** | | | | | | | | | | |
| - Advanced Economies | 2.0 | 1.4 | 1.4 | 0.3 | 0.8 | 1.7 | 2.0 | 1.6 | 2.1 | 1.9 |
| - Emerging Market & Developing Economies | 5.8 | 5.5 | 4.7 | 4.7 | 4.2 | 4.3 | 4.8 | 4.9 | 4.7 | 4.5 |
| • India | 10.0 | 9.4 | 5.8 | 4.9 | 4.5 | 3.6 | 3.5 | 3.9 | 4.2 | 4.2 |
| **C. Current Account Balances (Percent of GDP)** | | | | | | | | | | |
| - Advanced Economies | 0.1 | 0.5 | 0.5 | 0.6 | 0.7 | 0.9 | 0.7 | 0.6 | 0.5 | 0.4 |
| - Emerging Market and Developing Economies | 1.2 | 0.6 | 0.6 | -0.2 | -0.3 | 0.0 | -0.1 | -0.4 | -0.5 | -0.7 |
| • India | -4.8 | -1.7 | -1.3 | -1.1 | -0.6 | -1.8 | -2.5 | -2.5 | -2.4 | -2.4 |
| **D. World Trade Volume (Annual percent change)** | 3.0 | 3.6 | 3.9 | 2.8 | 2.3 | 5.4 | 3.8 | 3.4 | 3.9 | 3.9 |
| **E. Commodity Prices (Annual percent change)** | | | | | | | | | | |
| - Oil | 0.9 | -0.9 | -7.5 | -47.2 | -15.7 | 23.3 | 29.4 | -13.4 | -0.2 | -1.5 |
| - Non-fuel (Primary Commodities) | -7.8 | -5.4 | -5.4 | -17.1 | -1.0 | 6.4 | 1.6 | -0.2 | 1.1 | 0.7 |

**Source** : World Economic Outlook(April 2019) published by International Monetary Fund (IMF)and Website of Reserve Bank of India

**Note** : For India, data and forecasts are presented on a fiscal year basis. India's GDP from 2011 onwards is based on GDP at market prices with fiscal year2011/12 as base year.

## A. Global Economy

As per IMF projections, a year ago global economy was expected to grow at 3.9 percent in 2018 and 2019 as economic activity was accelerating in almost all regions of the world. However, the global economic expansion decelerated to 3.2 percent in the second half of 2018, reflecting a confluence of various factors affecting major economies.

Economic activity slowed down amidst an increase in trade tensions and tariff hikes between the United States & China, weakening consumer and business sentiments as seen in the OECD Composite leading index, tighter credit policy in China to rein in shadow banking, disruption to auto sector in Germany, natural disasters in Japan, macroeconomic stress in Argentina and Turkey and growing concerns about a no-deal Brexit.

While 2019 started on a weak footing, a pick up is expected in the second half and beyond. Near-term prospects for emerging market and developing economies continue to be shaped by country-specific fundamentals and a challenging external environment like slowdown in advanced economies and subdued outlook of commodity prices especially for commodity exporters.

As a result of these developments, global growth as per IMF is now projected to slow from 3.6 percent in 2018 to 3.3 percent in 2019, before returning to 3.6 percent in 2020.

## B. Indian Economy

Last year, headwinds related to fluctuation in rupee and crude prices impacted the economy; however robust foreign exchange reserves provided resilience.

In emerging Asia, growth is expected to remain above 6 percent while for India, growth as projected by IMF is expected to pick up to 7.3 percent in 2019 and 7.5 percent in 2020, supported by the continued recovery in investment and robust private consumption amidst a more expansionary stance of monetary policy and some expected impetus from fiscal policy. However, efforts to reduce public debt remains central to secure the economy's growth prospects.

This should be strengthened by benefits of structural reforms like enhanced Goods and Service Tax compliance, accelerated resolution of non-performing assets under a simplified bankruptcy framework, implementation of RERA plus a revival of credit growth.

## C. Indian Cement Industry

### C.1. Capacity and Demand

India's cement manufacturing capacity was about 483 million tonnes as at March 2019, an increase of about 18 million tonnes over last year. This represents ~4 percent capacity expansion over last year, which is a multi-year low, paving way for improvement in capacity utilization rate.

During FY19, cement production registered a double digit growth, first time since FY10, of ~13 percent (as against ~6 percent last year). This led to ramp up in capacity utilization for the Industry, which operated at an average capacity utilization of ~70 percent, an improvement of ~5 percent over last year.

Demand growth has primarily been driven by infrastructure segment, scale up in execution of government's housing projects and boost from pre-election spending (States as well as Centre).

Over the next two years, ~45 million tonnes additional capacity is expected to get commissioned (i.e. an average growth of ~5 percent per annum).This can comfortably be absorbed with an expectation of ~6-8 percent demand growth going forward, implying further improvement in industry's capacity utilization levels.

### C.2. Input Costs

During FY19, there was an increase of ~24 percent in international fuel prices coupled with sharp volatility in Indian Rupee. Supply of domestic coal was disrupted due to shortage of railway wagons, preference given to power plants by railways and low production of cement grade quality coal.

Petcoke usage had to be reduced during initial months given the ban imposed on usage of petcoke in cement manufacturing. Later the same was allowed by the Hon'ble Supreme Court. Thereafter petcoke prices have increased by ~21 percent. Further, due to frequent shut down of power plants, sourcing of flyash was impacted leading to its sourcing from far off places resulting in high landed prices.

Due to increase in crude oil prices, Polypropylene granule prices soared resulting in ~15 percent increase in our packing cost. Increase in diesel prices too impacted our logistics cost ~8 percent however the same was offset to a great extent by the increase in Axle load norms.

### C.3. Price and Earnings

Cement being region specific business, pricing sentiments varied depending on availability and demand within the region. During the year, prices remained flattish on an all India basis with the exception of Central region where prices improved.

The incremental demand during the year was primarily from non-trade segment, which has comparatively lower margins. Absence of meaningful price increase despite the rising costs impacted the margins.

With the pickup in trade demand and improvement in overall utilization levels, prices have started to improve across regions. However, going forward it still depends on demand & supply dynamics.

### C.4. Opportunities

Demand for the industry can be attributed to three main sectors viz.,

- Housing & Real Estate: Government initiatives like 'Housing for All by 2022', strong growth in rural and low-cost housing, infrastructure status to affordable housing, improvement in rural economy (higher minimum support price, two consecutive years of good monsoon, and benefit of 7th pay commission) augur well for the cement demand.

  An outlay of 685 BINR has been allocated under Pradhan Mantri Awas Yojana – Gramin in the Union Budget for Fy20.
- Public Infrastructure: Strong focus of Government of India on projects like Smart Cities, AMRUT, Dedicated Freight Corridors, Metro Rail projects, ports etc. indicate bright prospects for the industry, however execution holds the key.

  In the FY20 Union budget, ~139 BINR has been allocated for Urban Rejuvenation Mission.
- Industrial Development: Over the last two-three years industrial sector's contribution has been largely flat. Industrial capex however is expected to improve given the softening of interest rates.

All these translate into a positive scenario for the cement sector.

### C.5. Threats

Though the opportunities are galore, there remain a few areas which the industry should be wary off like structural changes by recently elected state governments, oversupply of real estate, liquidity issues that could delay construction activity, stopping of natural sand and aggregate mining, volatile prices and ongoing consolidation.

Though the cost curves are expected to moderate going forward, sharp increase in any form of energy (coal, petcoke, oil) may significantly impact the margins.

Supply & pricing of key cementitious materials like Slag and Fly Ash too continue to be a challenge.

### C.6. Outlook

FY19 demand momentum is expected to continue over the current financial year also, propelled by government-led spending in roads and affordable housing projects.

Utilization levels of the Industry are expected to improve gradually over the next couple of years on account of limited capacity additions amidst turnaround of acquired assets.

Cost pressures are expected to ease given stabilization in input costs and currency movements. Likewise prices are also expected to remain range bound with only the incremental operating costs being passed onto the consumers and that too would depend on the demand supply dynamics.

## D. Company Review - Operational and Financial Performance

The Company operates three plants located at Damoh (MP), Jhansi (UP) and Ammasandra (Karnataka) with an installed cement manufacturing capacity of 5.4 MTPA. During FY19, the Company produced 4.8 million tonnes of cement registering a growth of 4.6 percent over FY18. 4.9 million tonnes of cement was sold registering an increase of 5.2 percent in volume terms. The capacity utilization stood at ~90 percent in FY19 against the industry average of ~70 percent. The power generated by Waste Heat Recovery Power Plant (WHRPP) substituted grid power and thus enabled the Company to reduce its power cost. During FY19 the Company reported highest ever production, sales and profitability. Snapshot of some of the key financial figures is given below:

(INR in million)

| Particulars | FY19 | FY18 |
|---|---|---|
| Revenue (Net of Excise Duty / GST) | 21,333.5 | 18,894.7 |
| Power & Fuel Cost | 5,049.3 | 4,439.0 |
| Freight and forwarding expenses | 3,079.3 | 2,835.9 |
| EBITDA (including Other income) | 5,181.6 | 3,832.9 |
| EBIT | 4,163.9 | 2,821.2 |
| Finance Cost | 747.80 | 744.5 |
| Net Profit after Tax | 2,206.6 | 1,331.8 |
| Earnings Per Share (EPS) – INR | 9.7 | 5.9 |
| Book Value Per Share – INR | 51.7 | 46.2 |

In FY19, price of petcoke and coal went up significantly. Better consumption parameters, efficient rejigging of fuel mix and savings from WHRPP helped in easing the impact of higher fuel cost. The company's EBITDA margin stood at 23.9 percent in FY19 as compared to 20.1 percent in the previous year. The PAT of the Company was INR 2206.6 million in FY19 compared to INR 1331.8 million in FY18. During FY19, the Company has already paid an interim dividend of INR 1.0 per share (10%). The Board has now recommended a final dividend of INR 3.0 per share (30%) for FY19, subject to the approval of the shareholders at the ensuing AGM. Thus the total dividend for FY19 is INR 4.0 per share (40%) compared to dividend payment of INR 2.5 per share (25%) for FY18.

The gross long-term debt stands reduced to INR 5,168 million from INR 6,192 million at the end of FY18. During FY19 the Company has received fourth tranche of interest-free loan of INR 686.6 million from the Government of Uttar Pradesh. The aggregate amount of interest-free loan as at the end of FY19 was INR 2,346.0 million. The Company had allotted 10.4% Non-Convertible Debentures aggregating to INR 3700 million on 16 December 2013. These debentures are redeemable in three installments at the end of 6th, 7th and 8th year from the date of allotment. Accordingly an amount of INR 1250 million will become due for repayment on 16 December 2019. The Debt-Equity ratio at the end of FY19 stood at 0.44:1 compared to 0.59:1 at the end of FY18.

Snapshot of some of the key financial ratios are given below.

| Particulars | FY19 | FY18 | Change |
|---|---|---|---|
| Debtors Turnover (Days) | 2.98 | 2.31 | (28.93)% |
| Inventory Turnover (Days) | 7.69 | 10.76 | 28.54% |
| Interest Coverage Ratio | 9.85 | 5.98 | 64.84% |
| Current Ratio | 0.97 | 0.77 | 26.09% |
| Debt Equity Ratio | 0.44 | 0.59 | 25.43% |
| Operating Profit Margin (%) | 22.91 | 19.53 | 3.38% |
| Net Profit Margin (%) | 10.46 | 7.16 | 3.30% |
| Return on Net Worth (%) | 21.09 | 13.77 | 7.31% |

The changes in above mentioned ratios are primarily on account of increase in sales volume, improvement in operational efficiencies, repayment of debt and higher net sales realization resulting in higher EBDITA and profitability.

## E. Product Performance and Customer Relations

Your Company's consistent endeavour on high quality and focus on service has won the trust of customers and we proudly report that "Mycem" is amongst the premium brands of Central India. Together as a team, we have converged our energy to deliver "value for money", earning customer trust and a bond that keeps strengthening. Our brand mascot "Chutkoo" is now extensively recognised and identified in the Central India markets.

Our technical mobile vans continue to demonstrate best construction practices to the end consumer, which is also being scaled up to further enhance customer delight.

## F. Business Risks and Concerns

The Company has a sound risk management process to identify risks and opportunities enabling the management to take strategic decisions. It involves mapping of all possible business risks, their likelihood and the consequential impact on business.

Major business risks and their mitigation strategies are as follows:

I. Economic Risk: Macro economic slowdown can have an adverse impact on demand.

   Mitigation Measure: The management continuously tracks various macro-economic factors and accordingly realigns its marketing and sales strategies.

II. Fuel Supply Risk: Cement manufacturing is an energy intensive process. Non-availability or a sharp increase in fuel prices may affect margins.

   Mitigation Measure: The Company has entered into long term fuel supply agreements to ensure uninterrupted fuel supply. Besides this it has also developed capabilities to switch between various fuel mixes.

III. Freight Cost Risk: Cement is a low-value high-volume commodity and logistics becomes a significant component of the total cost. Rail and truck availability or increase in fuel costs could swing the margins significantly.

Mitigation Measure: The Company strives to appropriately balance its Rail-Road mix, which currently stands at about 50:50. Optimized warehousing facilities and astute measures to control logistics costs remains the key focus area for the Company. Focus on increasing sales in the markets at shorter lead distances to contain logistic costs is a continuous process.

IV. Key Cementitious Material Supply Risk: Availability of cementitious materials like Fly Ash continues to pose challenge due to frequent shut down of power plants etc.

Mitigation Measure: The Company has made all efforts to secure enough quantities from various sources thus ensuring uninterrupted operations.

## G. Internal Control Systems

The Company has well-structured and effective internal controls which are periodically reviewed and strengthened through the process of internal audit.

Every year, a risk based annual audit plan is discussed and approved by the Audit Committee. The Audit Plan is aimed at evaluation of adequacy of internal control system and compliance thereof, robustness of internal processes and procedures ensuring sound business practices, safeguarding Company's assets, compliance with laws and regulations, accuracy in financial reporting and completeness in maintaining records.

Based on reports of internal audit function, process owners undertake corrective actions, while material observations, if any, are placed before the Audit Committee. Statutory auditors have also audited the internal controls over financial reporting and have opined that the same are adequate and are operating effectively.

The Company thus ensures it has well-structured and effective controls in place, commensurate with the size of its operations.

## H. Human Resources

### H.1 Employee Engagement and Talent Management

Fy19 witnessed intensive activities to promote employee engagement and development. With a hundred odd employees joining the Company we continued to nurture the talent pool, by ensuring that at least one-third of them came from campuses. Our summer training program also helped engage with the student community by providing them opportunities to work on some of the live projects in the Company.

Committed to employee development, our internal trainings reached a high of over 400, supported by almost 75 external training and development programs in the areas of technical skills, behavioural and management skills and build safety awareness. The workmen received special attention with close to 90% of them undergoing one or the other shop floor training. This would go a long way in capability building and contribute to a healthy employee relationship.

The employee engagement received a huge impetus across the plants and sales offices with the family's involvement making it a hallmark year. Summer camps were organised with fun and skill development programs for children, apart from sports activities, group outings, get together, festival celebrations etc., for the families.

With a view to increase the happiness quotient of the employees, an employee satisfaction survey was conducted across the organization. The findings will be used to prepare an action plan for plugging the gaps. A constant two way dialogue with the employees continues to flourish.

### H.2 Industrial Relations

The Company has 1231 employees on its rolls as on 31st March 2019. Employee relations remained cordial through the year. Major wage settlements were completed in the plants in a conducive and congenial environment with event free IR environment across all the plants. Employees were engaged through constant feed-back mechanisms, trainings and communication programs. The overall environment remained conducive to business growth.

Cautionary Statement

Statements in the Management Discussion and Analysis Report, which describe the Company's objectives, projections, estimates, expectations or predictions, may be considered to be "forward-looking statements" within the meaning of applicable Securities Laws and Regulations. These statements are based on certain assumptions and expectations of future events. Actual results could however materially differ from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian political, economic and demand-supply conditions, finished goods prices, raw materials cost and availability, cyclical demand and pricing in the Company's principal markets, changes in Government regulations, Policies, tax regimes, economic developments within India besides other factors such as litigation and industrial relations as well as the ability to implement strategies. The Company assumes no responsibility to publicly amend, modify or revise any forward looking statements, on the basis of any subsequent development, information or events or otherwise.:

# Business Responsibility Report

Awareness of and sensitivity to the responsibility of the business towards the society and the environment has continuously gained importance in the Indian context. The country's business ecosystem is being aligned with the principles of sustainable development that also considers social and environmental performance along with financial results as a holistic measure of progress.

As a responsible business enterprise, HeidelbergCement India Ltd. (the "Company") has always pursued the highest ethos of corporate responsibility and governance, often transcending the regulatory threshold. Cognizant of its responsibilities towards the society and the environment, the Company has consistently shaped its business strategies with focus on sustainability.

In line with the guidelines of the Securities and Exchange Board of India (SEBI) the Company is hereunder presenting its Business Responsibility Report for FY2018-19:

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

| S. No | Particulars | Remarks | | | |
|---|---|---|---|---|---|
| 1. | Corporate Identification Number | L26942HR1958FLC042301 | | | |
| 2. | Name of the Company | HeidelbergCement India limited | | | |
| 3. | Registered Address | 9th Floor, Tower C, Infinity Towers, Phase II, Gurugram, Haryana -122002. Phone No. : 0124-4503700 | | | |
| 4. | Website | www.mycemco.com | | | |
| 5. | E-mail id | investors.mcl@mycem.in | | | |
| 6. | Financial year reported | 1st April 2018 to 31st March 2019 | | | |
| 7. | Sector(s) that the company is engaged in (industrial activity code wise): | **Group** | **Class** | **Sub-class** | **Description** |
| | | 239 | 2394 | 23941<br>23942 | Manufacture of clinker and cement |
| | (Source: National Industrial Classification Code (NIC) | | | | |
| 8. | List three key products/services that the company is manufacturing/ provides (as in balance sheet) | The Company manufactures only two kinds of cement:-<br>Portland Pozzolana Cement; and<br>Portland Slag Cement. | | | |
| 9. | Total no. of locations where business activity is undertaken by the Company. | National locations:<br>Two Integrated Cement Units, One Grinding Unit, Registered Office and Regional Marketing Offices and Sales Offices spread in the States of Madhya Pradesh, Uttar Pradesh, Bihar, Uttarakhand, Karnataka and Kerala. | | | |
| | | International locations : Nil | | | |
| 10. | Markets served by the Company | **Local** | **State** | **National** | **International** |
| | | ✓ | ✓ | - | - |

## SECTION B: FINANCIAL DETAILS OF THE COMPANY

| | | |
|---|---|---|
| 1. | Paid up Capital (INR) | ₹ 2266.2 million |
| 2. | Total turnover (INR) | ₹ 21333.5 million |
| 3. | Total profit after tax (INR) | ₹ 2206.6 million |
| 4. | Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%) | ₹ 29.1 million (2% of average net profit of last three financial years) |
| 5. | List of activities in which expenditure in 4 above has been incurred | a) Education<br>b) Healthcare<br>c) Rural Development |

## SECTION C: OTHER DETAILS

1. **Does the Company have any Subsidiary Company / Companies?**

   The Company does not have any subsidiary company.

2. **Do the Subsidiary Company/Companies participate in the Business Responsibility (BR)initiatives of the parent company? If yes, then indicate the number of such subsidiary companies:**

   Not Applicable.

3. **Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%,More than 60%]:**

   The other entities with which the Company does business viz., suppliers, distributors etc., don't participate in the BR initiatives of the Company.

## SECTION D: BUSINESS RESPONSIBILITY INFORMATION

### 1) Details of Director(s) responsible for BR

**Details of Director responsible for implementation of BR policy(ies):**

| S. No. | Particulars | Details |
|---|---|---|
| 1. | DIN number | 01527371 |
| 2. | Name | Mr. Jamshed Naval Cooper |
| 3. | Designation | Managing Director |

**b). Details of BR head**

| S. No. | Particulars | Details |
|---|---|---|
| 1. | DIN number | 03265246 |
| 2. | Name | Mr. Sushil Kumar Tiwari |
| 3. | Designation | Whole-time Director |
| 4. | Telephone Number | 0124–4503700 |
| 5. | E-mail id | sk.tiwari@heidelbergcement.in |

### 2) Principle-wise (as per NVGs) BR Policy / policies

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs have identified nine areas of Business Responsibility which have been coined in the form of nine business principles. These principles (P1 to P9) are as under:

| | |
|---|---|
| P1 | Businesses should conduct and govern themselves with Ethics, Transparency and Accountability. |
| P2 | Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle. |
| P3 | Businesses should promote the well-being of all employees. |
| P4 | Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized. |
| P5 | Businesses should respect and promote human rights. |
| P6 | Businesses should respect, protect and make efforts to restore the environment. |
| P7 | Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner. |
| P8 | Businesses should support inclusive growth and equitable development. |
| P9 | Businesses should engage with and provide value to their customers and consumers in a responsible manner. |

### a) Details of compliance (Reply in Y / N):

| S. No. | Question | Ethics, Transparency and Accountability | Product responsibility | Wellbeing of Employees | Stakeholder Engagement | Human Rights | Environment | Public Policy | Inclusive Growth (CSR) | Customer Relations |
|---|---|---|---|---|---|---|---|---|---|---|
| | | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
| 1 | Do you have a policy/ policies on the BR principles? | Y | Y | Y | Y | Y | Y | NA1 | Y | NA2 |
| 2 | Has the policy been formulated in consultation with the relevant stakeholders? | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| | | The relevant policies have evolved over a period of time with inputs from the concerned internal stakeholders and representatives of external stakeholders, wherever relevant. | | | | | | | | |
| 3 | Does the policy conform to any national / international standards? If yes, specify? | The spirit of the Code of Conduct and the applicable laws and standards are captured in the policies formulated by the Company. The policies are based on and are in compliance with the applicable regulatory requirements. | | | | | | | | |
| 4 | Has the policy been approved by the Board? | Y | Y3 | Y3 | Y3 | Y3 | Y3 | NA | Y | NA |
| | If yes, has it been signed by MD/ Owner/CEO/appropriate Board Director? | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| 5 | Does the company have a specified Committee of the Board/ Director/ Official to oversee the implementation of the policy? | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| 6 | Indicate the link for the policy to be viewed online? | Y4 | Y5 | Y5 | Y5 | Y5 | Y5 | NA | Y4 | NA |
| 7 | Has the policy been formally communicated to all relevant internal and external stakeholders? | The policies have been communicated to the key internal stakeholders of the Company. The communication is an on-going process. | | | | | | | | |
| 8 | Does the company have in-house structure to implement the policy/ policies. | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| 9 | Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders grievances related to the policy/policies? | Y | Y | Y | Y | Y | Y | NA | Y | NA |
| 10 | Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency? | As part of compliance with the ISO standards adopted by the Company, an external agency evaluates the implementation of the ISO standards on annual basis. Apart from this, the Company also undertakes periodical reviews to ensure adherence to various policies. | | | | | | | | |

1. Public Policy: The Company doesn't have a separate policy for dealing with policy advocacy. For advocacy on matters relating to the cement industry, the Company works through various trade/industry associations such as CII, CMA and CSI.
2. Customer relations: The Company doesn't have a standalone policy on customer relations. It has a customer centric approach which leads to high level of customer satisfaction. The Company stands fully committed to supply technically superior products to its customers as well as provide integrated solutions through its technical services team for sustainable construction practices. The Company also has a customer complaint redressal system.
3. The Board has taken note of the Policy in this regard.
4. These Policies are available on the website of the Company at the following links:-

   http://www.mycemco.com/sites/default/files/Code%20of%20Conduct.pdf

   http://mycemco.com/sites/all/modules/custom/shareholdingpattern/HCIL-CSR-Policy.pdf
5. These Policies are available on internal portal, which can be easily accessed by employees of the Company.

**b) If answer to question at Sr. No. 1 against any principle, is 'No', please explain why: (Tick up to 2 options)**

| S. No. | Question | P1 | P2 | P3 | P4 | P5 | P6 | P7 | P8 | P9 |
|---|---|---|---|---|---|---|---|---|---|---|
| 1 | The Company has not understood the Principle(s). | - | - | - | - | - | - | - | - | - |
| 2 | The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles. | - | - | - | - | - | - | - | - | - |
| 3 | The Company does not have financial or manpower resources available for the task. | - | - | - | - | - | - | - | - | - |
| 4 | It is planned to be done within next 6 months | - | - | - | - | - | - | - | - | - |
| 5 | It is planned to be done within the next 1 year. | - | - | - | - | - | - | - | - | - |
| 6 | Any other reason (please specify). | - | - | - | - | - | - | - | - | - |

**3) Governance related to BR**

**a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.**

The Managing Director and top management review the BR performance of the Company during the monthly review meetings. The action points that merge from the discussions at these meetings are recorded, implemented and reviewed in subsequent meetings. Besides, the CSR Committee of the Board reviews the social performance of the Company on half-yearly basis. The Board reviews the Business Responsibility performance of the Company on annual basis.

**b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Business Responsibility Report of the Company is published as part of Annual Report. The report can be accessed at www.mycemco.com.

## SECTION E: PRINCIPLE-WISE PERFORMANCE

### Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

The Company's Code of Conduct (the "Code") requires the employees to act with high standards of personal and professional ethics and integrity and to comply with the applicable laws. The Company fosters a culture of ethics by making sensitization with the Code an integral part of the induction training programme for its new recruits. The Code is made readily accessible on the Company's website and intranet. The Code and the Anti-corruption Policy of the HeidelbergCement Group (which has been adopted by the Company) defines and deals with the transgressions such as deception, bribery, forgery, and corruption committed by any employee. Adequate measures are taken to educate and train employees, suppliers and other stakeholders and sensitise them about the Company's expectations on ethical conduct.

1. **Does the policy relating to ethics, bribery and corruption cover only the company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

   The Code relating to ethics, bribery and corruption covers the Company only. The Company does not have any joint ventures in India. The Company encourages its affiliates operating in India to follow the principles envisaged in the Code. The Company also has a Suppliers' Code of Conduct which must be signed by each supplier as part of the regular contract documents before transacting any business with the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   During the year under review two complaints were received from shareholders and resolved. During FY19 a complaint was received under the Vigil Mechanism/Whistle Blower Policy from a contract employee which was dealt with in accordance with the provisions of the said Policy.

**Principle 2 : Businesses should provide goods and services that are safe and contribute to sustainability throughout their lifecycle.**

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

   1. Portland Pozzolana Cement
   2. Portland Slag Cement

   The Company manufactures only the above two kinds of cement, meaning thereby that 100 percent of Company's products are covered under this aspect.

   As an active member of Global Cement and Concrete Association (GCCA) earlier known as Cement Sustainability Initiative ("CSI") of the World Business Council for Sustainable Development ("WBCSD"), the Company stands fully committed to the sustainable development of its business activities, with focus on safety, health and environment. Steps were taken to reduce carbon footprint through reduction of specific power consumption and specific fuel consumption and increased usage of cementitious materials like flyash and slag.

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:**

   a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

   Alternate materials like flyash, chemical gypsum, slag etc., were used during production process which helped in conserving natural raw materials. Alternative fuels were used in kilns which lead to reduction in usage of coal and other fuels. The Company also recycles waste water and has also made arrangements for rainwater harvesting and recharging of ground water. The reduction in specific power and fuel consumption is highlighted below:

| Consumption per unit of production | Current Year (FY 2018-19) | Previous Year (FY 2017-18) |
|---|---|---|
| Electrical Energy (kwh)/ Tonne of Cement) | 73.74 | 74.6 |
| Coal and other Fuels (k Cal/Tonne of Clinker) | 710.46 | 708 |

   b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   The cement produced by the Company conforms to the BIS parameters and is purchased by numerous consumers for various purposes. Therefore, it is not possible for the Company to ascertain the reduction in the energy/water consumption during its usage.

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   The Company has systems in place for sustainable sourcing of material and their transportation. Limestone is the primary raw material for manufacturing of cement. The Company uses latest mining techniques to stay cost effective in its operations and avoid wastage. The transportation of limestone from Patheria mines to Narsingarh Clinkerisation plant is done in a sustainable manner via 21 km long Over land Belt Conveyor (OLBC). Despite being capital intensive, OLBC has been helping reduce our carbon footprint and also the transportation cost. In order to optimise and thereby conserve Limestone, the Company has been producing blended cement only, thus producing more cement from every ton of clinker. Consequently, the life of the mines is also getting extended.

   With a belief that sustainable transportation is attained through less polluting and fuel-efficient transportation mix, most of the bulk material is transported inward by rail.

4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding the place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   The Company accords priority to local suppliers, wherever possible. Goods and services like horticulture, housekeeping, contract labour, general maintenance, canteen and other similar services are sourced locally.

The Company's contractors deploy labour from nearby communities, who are made aware and trained on Company's health and safety priorities before commencing work.

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   The Company efficiently uses industrial waste such as flyash, blast furnace slag, ink sludge, chemical gypsum, etc. as well as solid municipal waste to substitute the raw materials and fuel required for producing cement. Additionally, the Company utilizes the waste heat generated by the clinkerisation lines to generate power at its Narsingarh Plant.

## Principle 3: Businesses should promote the well-being of all employees.

The company treats its human capital as most vital asset. Making available a safe workplace, friendly policies, growth and learning opportunities, and a good work-life balance to employees features high on the Company's priorities. The Company ensures that safety policies are adhered to even by the outsiders / contract labour.

1. **Please indicate the Total number of employees.**

   The total number of employees as on 31st March 2019 was1231.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis.**

   Total number of employees hired on temporary/ contract/casual basis was 2974.

3. **Please indicate the Number of permanent women employees.**

   The Company had 31 permanent women employees as on 31st March 2019.

4. **Please indicate the Number of permanent employees with disabilities.**

   There are no employees in the Company with disabilities.

5. **Do you have an employee association that is recognised by the management?**

   Yes, the Company has recognized unions affiliated to various trade unions' bodies.

6. **What percentage of your permanent employees are members of the recognised employee associations?**

   All the workmen (547 numbers) comprising 44.43% of the total permanent employees are members of recognized unions.

7. **Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending as on the end of the financial year.**

   The Company did not receive any complaint pertaining to child labour, forced labour, involuntary labour or sexual harassment during FY 2018-19.

8. **What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

   Safety of the employees is paramount to the Company. It is mandatory for new employees to under go safety trainings, including fire fighting training as part of their induction process. For shop floor workers, periodic safety trainings are organised throughout the year. The Company strives to cover majority of its employees under various training programmes. The coverage of the Company's training programmes is given below:

| | | |
|---|---|---|
| a) | Permanent Employees | 85% |
| b) | Permanent Women Employees | 75% |
| c) | Casual/Temporary/Contract Employees | 60-70% |
| d) | Employees with Disabilities | NA |

## Principle 4: Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

Identifying the stakeholders and engaging with them to understand their needs is an essential part of our sustainability plan.

1. **Has the Company mapped its internal and external stakeholders? Yes/No.**

   Yes, the Company has established processes for identifying and engaging with stakeholder groups. Internal and external stakeholders of the Company comprise employees and their families, shareholders, local community, regulatory authorities, C&F agents, dealers, suppliers and customers.

2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**

   The Company has identified the communities around its manufacturing units as the disadvantaged, vulnerable and marginalized stakeholders.

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof in about 50 words or so.**

   The Company contributes to the economic and social development of the local communities through a slew of measures such as healthcare camps, education, community development, school supplies, vocational studies, sanitation, drinking water, roads and other activities. Participation of local communities is encouraged to strengthen the bond and create ownership and involvement to maintain the assets created through its CSR projects.

**Principle 5: Businesses should respect and promote human rights.**

According to international conventions, the term 'human rights' covers a host of aspects including freedom of association, collective bargaining, non-discrimination, gender equality, avoidance of child and forced labour among others. The Company firmly believes that respecting human rights is essential for a fair and just society and ensures compliance with the applicable laws governing the human rights as well as its own policy formulated in this regard.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/ Contractors/ NGOs/Others?**

   The Human Rights Policy of the Company covers the aspects relating to human rights such as prevention of child and forced labour, compliance with occupational health and safety standards and the principles of non-discrimination at work place. The Company does not have any joint venture in India. However the Company encourages its affiliates operating in India as well as its suppliers and contractors to follow the same.

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

   The Company did not receive any stakeholder complaint relating to human rights in FY2018-19.

**Principle 6: Businesses should respect, protect and make efforts to restore the environment.**

Respecting, protecting and conserving the environment are accorded utmost focus by the Company. Incorporating eco-friendly measures, including best in class technology and processes and ensuring optimal utilization of resources, helps us to make effective contribution towards this objective.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/ Contractors /NGOs/others?**

   The Policy on Environment covers the Company only as the Company does not have any joint venture in India. The Company annexes requirements on environment protection and compliance with the applicable regulatory requirements along with the contracts executed with its vendors. The Company also encourages its affiliates operating in India to follow the same practice.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming etc? Y/N. If yes, please give hyperlink for web page etc.**

   The company's carbon footprint was 585 kg of $CO_2$/ton of cement produced and the same remains lower than the industry average. Clinker incorporation factor of 63% was achieved by maximizing utilization of fly ash and other additives. A big step towards preserving natural limestone reserves for generations to come.

   The company drew the distinction of being net water positive for the sixth year in the row. In FY2018-19 despite drop in rainfall in the region, the teams at the plants managed to harvest adequate water to become net water positive by ~ 5.7 times.

   The Company is a member of the Global Cement and Concrete Association (GCCA) earlier known as Cement Sustainability Initiative ("CSI") of the World Business Council for Sustainable Development ("WBCSD"). This engagement has given better understanding of the environmental and climate change initiatives. The Company has addressed environment and climate change issues with clear goals, targets and achievements. The Company proactively measures carbon footprint as per GCCA - $CO_2$ protocol. The details of initiatives taken by the Company in this regard are available on the Company's website at the link: http://mycemco.com/about-us/environment.

3. **Does the Company identify and assess potential environmental risks? Yes/No**

   The Company has put systems in place to ensure continuous monitoring of potential environmental risks involved in its operations. All the manufacturing plants are certified as per the ISO-14001 environment management system and integrated with quality and occupational health and safety management systems (ISO 9001 and ISO 45001). All plants identify environment aspects and impact and maintain a register in this regard. Significant aspects are managed through Environment Management Programmes (EMPs) which are biannually reviewed by the management. The periodic audits conducted as part of these management systems help the Company in identifying potential risks and take suitable actions to mitigate the risks. For new projects, potential environmental risks are identified while preparing Environment Impact Assessment and Risk Assessment reports which are addressed at the design stage itself.

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   Currently we do not have any project registered under the Clean Development Mechanism.

5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.**

   The Company generated 72,726 Mega Watt of power from the Waste Heat Recovery Power Plant at Narsingarh, which was about 37% of the total power requirement of Narsingarh clinkerization plant during FY2018-19. A thermal power plant for generation of equivalent units of power would have consumed 57,041 tonnes of coal and emitted 59,266 tonnes of $CO_2$.

6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB (Central Pollution Control Board)/SPCB (State Pollution Control Board) for the financial year being reported?**

   Yes, the emissions / waste generated by the Company are within the permissible limits given by CPCB / SPCB.

7. **Number of show cause/ legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

   Nil.

## Principle 7: Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

The Company provides its suggestions on public or regulatory aspects, as and when necessary, through the trade associations and chambers of commerce of which the Company is a member. The Company also articulates the larger interest of the industry and the community at the aforesaid forums. All this is always done with a complete sense of responsibility.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with.**

   Yes. The Company is a member of the following trade associations:

   a) Confederation of Indian Industry(CII)

   b) Cement Manufacturers' Association (CMA)

   c) Global Cement and Concrete Association (GCCA) earlier known as Cement Sustainability Initiative ("CSI") of the World Business Council for Sustainable Development.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No. If yes, specify the broad areas (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)**

   Yes. The Company has always been a proponent of the sustainable business practices and energy security. Following are the broad areas of its advocacy:

   1. Use of Alternative Fuels
   2. Sustainable Mining Practices
   3. Waste Management
   4. Energy Conservation and focus on renewable energy
   5. Promotion of concrete roads

## Principle 8: Businesses should support inclusive growth and equitable development.

The Company believes in creating opportunities for communities located around its plants with a view to enable a shared future and inclusive growth.

1. **Does the Company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.**

   The Company has formulated programs to pursue policies on inclusive growth and equitable development. These cover education, basic healthcare, women empowerment, sustainable livelihood and rural development. The details of the CSR activities undertaken by the Company are set out in the Corporate Social Responsibility section of the Board's Report.

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organisation?**

   All such programmes/projects are generally undertaken and implemented by thein-house teams. The Company also collaborates with District Authorities, Village Panchayats, NGOs and like-mindedstakeholders for various CSR initiatives.

3. **Have you done any impact assessment of your initiative?**

   Impact assessment is conducted on regular basis in the nearby villages. Based on these assessments, the Company decides upon appropriate interventions to be undertaken.

4. **What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

   The Company has spent INR 29.20 million on various CSR activities during FY2018-19. The details of the amount spent and areas covered are given in Annexure-A to the Board's Report.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.**

   The Company follows a participatory approach and encourages suggestions from the local communities, while planning and implementing various projects/activities. There is continuous engagement with local communities to understand their needs and concerns. This participation has strengthened the bond with the local communities and reinforced the relationship.

## Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Placing customers at the core of its business activities, the Company instills an organization-wide culture of customer centricity through a slew of measures such as a dedicated Customer Support Services Department, sensitising and training employees towards customer needs and concerns etc.

1. **What percentage of customer complaints/ consumer cases are pending as on the end of financial year?**

   Resolving the consumer complaints at the earliest is top most priority and the motto of the Company. There were 8 consumer cases pending before different Forums/Commissions/Courts as on 31st March 2019.

2. **Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).**

   Cement being a standardised product, the Company displays product information on the cement bags which is mandated as per the provisions of Bureau of Indian Standards (BIS) Act 2016, Legal Metrology Act 2011 and the rules made thereunder.

3. **Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on the end of financial year. If so, provide details thereof, in about 50 words or so.**

   The Company does not indulge in unfair trade practices, irresponsible advertising and/or anti-competitive behavior. It respects the rights of the stakeholders and treats consumers as a key stakeholder. No case has been filed against the Company in this regard during the last five years.

4. **Did your company carry out any consumer survey/ consumer satisfaction trends?**

   The Company periodically carries out internal studies to gauge consumer sentiments and to take appropriate measures to increase the level of customer satisfaction.

# Report on Corporate Governance

## CORPORATE GOVERNANCE PHILOSOPHY

The Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholders' value while safeguarding the interest of all the stakeholders. It is this conviction that has led the Company to make strong corporate governance values integral to all its operations. The Company is led by a distinguished Board, which includes independent directors. The Board provides strong oversight and strategic counsel. The Company has established systems and procedures to ensure that the Board of the Company is well-informed and well-equipped to fulfill its oversight responsibilities and to provide management the strategic direction it needs.

The Company is in compliance with the provisions stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "SEBI Listing Regulations"). The details of compliances, for the financial year ended 31st March 2019, are as follows:-

## BOARD OF DIRECTORS

### Composition of the Board

As on 31st March 2019, the Company's Board comprised Ten Directors viz., Eight Non-Executive Directors (out of which five were Independent Directors including an Independent Woman Director); a Managing Director and a Whole-time Director. The Chairman of the Board was an Independent Director. None of the directors of the Company were related to each other.

The tenure of five years of three Independent Directors namely, Mr. P. G. Mankad, Mr. S. Krishna Kumar and Mr. Pradeep V. Bhide came to an end on 31st March 2019. Accordingly the aforesaid Independent Directors ceased to be directors of the Company with effect from close of business hours on 31st March 2019.

Mr. Juan-Francisco Defalque and Dr. Albert Scheuer, Non-Executive Directors of the Company resigned from the Board of Directors with effect from close of business hours on 11th March 2019 and 31st March 2019 respectively.

With effect from 1st April 2019, the Company's Board comprises six Directors viz., Four Non-Executive Directors (out of which two are Independent Directors including an Independent Woman Director); a Managing Director and a Whole-time Director. The Chairperson of the Board is an Independent Director. None of the directors of the Company are related to each other.

The composition of the Board as on 31st March 2019 as well as effective from 1st April 2019 conforms to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which stipulates that: (i) the Board should have at least an independent woman director; (ii) not less than 50% of the Directors should be Non-Executive Directors; and (iii) where the Chairman of the Board is a Non-Executive Director not related to the promoter group, at least one-third of the Board should comprise of independent directors.

### Number of Board Meetings

During the financial year ended 31st March 2019, the Board of Directors met four times on 24th May 2018, 26th July 2018, 25th October 2018 and 12th February 2019. The maximum time gap between any two consecutive board meetings was less than 120 days.

**The composition of the Board of Directors, their attendance at the Board Meetings and the number of other Directorships / Committee positions held by them as on 31st March 2019 is given below:**

| Sr. No. | Name of the Director | Category / Status of Directorship | No. of Board Meetings attended during the period 01.04.2018 to 31.03.2019 | No. of Directorship(s) in other Public Limited Companies* | No. of Committee positions held in other Public Limited Companies** | | No. of Equity Shares held in the Company |
|---|---|---|---|---|---|---|---|
| | | | | | Member | Member and Chairman | |
| 1. | Mr. P. G. Mankad$, Chairman<br>DIN: 00005001 | Independent | 4 | 2 | 1 | - | - |
| 2. | Dr. Albert Scheuer^<br>DIN: 02170574 | Non-Executive | 3 | - | - | - | - |
| 3. | Mr. Kevin Gerard Gluskie<br>DIN: 07413549 | Non-Executive | 4 | 2 | - | 2 | - |
| 4. | Mr. S. Krishna Kumar$<br>DIN: 01785323 | Independent | 4 | - | - | - | - |
| 5. | Mr. Pradeep V. Bhide$<br>DIN: 03304262 | Independent | 4 | 6 | 4 | 3 | - |

| Sr. No. | Name of the Director | Category / Status of Directorship | No. of Board Meetings attended during the period 01.04.2018 to 31.03.2019 | No. of Directorship(s) in other Public Limited Companies* | No. of Committee positions held in other Public Limited Companies** | | No. of Equity Shares held in the Company |
|---|---|---|---|---|---|---|---|
| | | | | | Member | Member and Chairman | |
| 6. | Ms. Akila Krishnakumar# DIN: 06629992 | Independent Woman Director | 1 | 3 | 1 | - | - |
| 7. | Mr. Ramakrishnan Ramamurthy## | Independent | N.A. | - | - | - | - |
| 8. | Ms. Soek Peng Sim DIN: 06958955 | Non-Executive | 3 | 3 | - | - | - |
| 9. | Mr. Juan-Francisco Defalque@ DIN: 07318811 | Non-Executive | 3 | 2 | - | - | - |
| 10. | Mr. Jamshed Naval Cooper DIN: 01527371 | Executive | 4 | 4 | - | - | - |
| 11. | Mr. Sushil Kumar Tiwari DIN: 03265246 | Executive | 4 | 2 | - | - | - |

$ Ceased to be director of the Company consequent to end of tenure on close of business hours on 31st March 2019.

^ Resigned with effect from close of business hours on 31st March 2019.

# Appointed as Independent Woman Director w.e.f., 25th October 2018. Chairperson of the Board w.e.f. 1st April 2019.

## Appointed as Independent Director w.e.f., 12th February 2019.

@ Resigned with effect from close of business hours on 11th March 2019.

* Directorships in Private Limited Companies, Foreign Companies and Companies governed by section 8 of the Companies Act, 2013 are excluded for this purpose.

** Only Audit Committee and Stakeholders' Relationship Committee have been considered for the purpose of the Committee positions as per listing regulations.

### Directorships held in other listed companies

Ms. Akila Krishnakumar, Chairperson of the Board is also an Independent Director of Indusind Bank Limited and Matrimony.Com Limited. The other directors of the Company namely, Mr. Ramakrishnan Ramamurthy, Mr. Kevin Gerard Gluskie, Ms. Soek Peng Sim, Mr. Jamshed Naval Cooper and Mr. Sushil Kumar Tiwari do not hold directorship in any other listed company in India.

### Code of Conduct for Board Members and Senior Management Personnel

The Board has laid down a Code of Conduct for Board Members and Senior Management Personnel of the Company which also incorporates the duties of independent directors provided in the Companies Act, 2013. The Code has been displayed on the Company's website viz., www.mycemco.com. The Board Members and Senior Management Personnel have affirmed compliance with the aforesaid Code. A declaration signed by the Managing Director in this regard is attached and forms part of this Report.

### Directors with Materially Significant Pecuniary Relationships or Business Transactions with the Company

The Company does not have any pecuniary relationship with any of the Directors and has not entered into any transaction, material or otherwise, with them except for the remuneration / sitting fees and payments / reimbursement of travelling, lodging and boarding expenses.

## BOARD LEVEL COMMITTEES

The Company has the following Board Level Committees:

- Audit Committee;
- Stakeholders' Relationship Committee;
- Corporate Social Responsibility Committee;
- Nomination and Remuneration Committee; and
- Risk Management Committee

The Board of the Company takes all decisions with regard to constituting/reconstituting, assigning, co-opting, delegating and fixing the Terms of Reference of the Committees. Recommendations / decisions of the Committees are submitted / informed to the Board for approval / update.

### Audit Committee

The Audit Committee of the Company as on 31st March 2019 comprised four members namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. P. G. Mankad, Mr. Pradeep V. Bhide and Ms. Soek Peng Sim. During the financial year ended 31st March 2019, the Audit Committee met five times on 11th April 2018, 24th May 2018, 26th July 2018, 25th October 2018 and 12th February 2019. The time gap between any two meetings of the Audit Committee was less than four months. The quorum for the meetings of the Audit Committee is one-third of the members of the Committee, subject to a minimum of two independent directors present at the meeting.

The details of attendance of the members of Audit Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. S. Krishna Kumar* | 5 |
| 2 | Mr. P. G. Mankad* | 5 |
| 3 | Mr. Pradeep V. Bhide* | 5 |
| 4 | Ms. Soek Peng Sim | 4 |

* Ceased to be member of the Committee consequent to end of tenure as an independent director on 31st March 2019.

Consequent to change in composition of the Board of Directors, the Audit Committee was reconstituted with effect from 1st April 2019 comprising three members namely, Mr. Ramakrishnan Ramamurthy (Chairman of the Committee), Ms. Akila Krishnakumar and Ms. Soek Peng Sim.

The role of the Audit Committee is to provide oversight over the accounting systems, financial reporting, related party transactions and internal controls of the Company. The powers and role of the Audit Committee are as set out in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 177 of the Companies Act, 2013. The Terms of Reference of the Committee are available on the website of the Company, www.mycemco.com.

The Company Secretary acts as the Secretary to the Committee. The Managing Director, Chief Financial Officer and the representative(s) of the Statutory Auditors and the Internal Auditors are invited to attend the meetings of the Audit Committee. The Chairman and all the other members of Audit Committee possess accounting and financial management expertise.

### Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee as on 31st March 2019 comprised three members namely, Mr. P. G. Mankad (Chairman of the Committee), Mr. Pradeep V. Bhide and Mr. Jamshed Naval Cooper. The terms of reference of the Committee are available on the website of the Company, www.mycemco.com. During the financial year ended 31st March 2019, the Committee met four times on 24th May 2018, 26th July 2018, 25th October 2018 and 12th February 2019 to take note of shareholders' grievances and to review other matters relating to investors' servicing. The details of attendance of the members of the Stakeholders' Relationship Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. P. G. Mankad* | 4 |
| 2 | Mr. Pradeep V. Bhide* | 4 |
| 3 | Mr. Jamshed Naval Cooper | 4 |

* Ceased to be member of the Committee consequent to end of tenure as an independent director on 31st March 2019.

Consequent to change in composition of the Board of Directors, the Stakeholders' Relationship Committee was reconstituted with effect from 1st April 2019 comprising three members namely, Ms. Akila Krishnakumar (Chairperson of the Committee), Mr. Ramakrishnan Ramamurthy and Mr. Jamshed Naval Cooper.

Mr. Rajesh Relan, Legal Head & Company Secretary is the Compliance Officer of the Company and also acts as Secretary to the Committee. During the period under review two complaints were received and resolved. There were no pending investor complaints as on 31st March 2019.

### Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee as on 31st March 2019 comprised three members, namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. Kevin Gerard Gluskie and Mr. Sushil Kumar Tiwari. During the financial year ended 31st March 2019 the Committee met twice on 24th May 2018 and 25th October 2018. The terms of reference of the Committee are in line with the provisions of the Companies Act, 2013 and the Rules made thereunder. The terms of reference of the Committee are available on the website of the Company, www.mycemco.com. The details of attendance of the members of the Corporate Social Responsibility Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. S. Krishna Kumar* | 2 |
| 2 | Mr. Sushil Kumar Tiwari | 2 |
| 3 | Mr. Kevin Gerard Gluskie | 2 |

* Ceased to be member of the Committee consequent to end of tenure as an independent director on 31st March 2019.

Consequent to change in composition of the Board of Directors the Corporate Social Responsibility Committee was reconstituted with effect from 1st April 2019 comprising three members namely, Ms. Akila Krishnakumar (Chairperson of the Committee), Mr. Kevin Gerard Gluskie and Mr. Sushil Kumar Tiwari.

### Risk Management Committee

The amended Regulation 21 of the SEBI Listing Regulations provides that top 500 listed companies by market capitalization shall constitute a Risk Management Committee (RMC) on or before 31 March 2019. Accordingly the Board of Directors of the Company at its meeting held on 25th October 2018 constituted a Risk Management Committee and specified its Terms of Reference. Risk Management Committee as on 31st March 2019 comprised five members namely, Mr. Pradeep V. Bhide (Chairman of the Committee), Mr. S. Krishna Kumar, Ms. Akila Krishnakumar, Mr. Jamshed Naval Cooper and Mr. Anil Kumar Sharma (Chief Financial Officer). The terms of reference of the Committee are available on the website of the Company, www.mycemco.com. At the maiden meeting of Risk Management Committee held on 12th February 2019 all the members of the Committee were present.

Consequent to change in composition of the Board of Directors, the Risk Management Committee was reconstituted with effect from 1st April 2019 comprising four members namely, Mr. Jamshed Naval Cooper (Chairman of the Committee), Ms. Akila Krishnakumar, Mr. Ramakrishnan Ramamurthy and Mr. Anil Kumar Sharma, Chief Financial Officer.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on 31st March 2019 comprised three members, namely, Mr. Pradeep V. Bhide (Chairman of the Committee), Mr. P. G. Mankad and Mr. Kevin Gerard Gluskie. During the financial year ended 31st March 2019, the Committee met thrice on 24th May 2018, 25th October 2018 and 12th February 2019. The terms of reference of the Committee are in line with the provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Section 178 of the Companies Act, 2013 and the Rules made thereunder. The terms of reference of the Committee are available on the website of the Company, www.mycemco.com. The details of attendance of the members of the Nomination and Remuneration Committee are given below:

| S.No. | Name of the Member | No. of Meetings Attended |
|---|---|---|
| 1 | Mr. Pradeep V. Bhide* | 3 |
| 2 | Mr. P. G. Mankad* | 3 |
| 3 | Mr. Kevin Gerard Gluskie | 3 |

* Ceased to be member of the Committee consequent to end of tenure as an independent director on 31st March 2019.

Consequent to change in composition of the Board of Directors, the Nomination and Remuneration Committee was reconstituted with effect from 1st April 2019 comprising three members namely, Mr. Ramakrishnan Ramamurthy (Chairman of the Committee), Ms. Akila Krishnakumar and Mr. Kevin Gerard Gluskie.

### Nomination and Remuneration Policy

The Board on the recommendation of the Nomination and Remuneration Committee (NRC) has approved a Nomination and Remuneration Policy for Directors and Senior Management Personnel. The said policy provides that while considering a proposal for appointment of a director, NRC shall inter alia consider his/her qualifications, positive attributes, areas of expertise, independence and the number of directorships and memberships in Board level committees held by such person in other companies. The Board considers the recommendations of NRC and takes appropriate decision.

The said Policy also provides that while determining the remuneration it should be ensured that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors, senior management personnel and other employees. The remuneration is divided into two components namely, fixed component comprising salaries, perquisites, allowances, retirement benefits etc., and variable component comprising performance based incentive. Appropriate balance between fixed and variable pay is maintained so as to be focussed on both short term as well as long term performance objectives.

The annual increments and performance incentives are decided through a structured performance management system, which takes into account criticality of the roles and responsibilities, employees' competencies and performance, the Company's performance vis-à-vis the achievement of annual operating plan, individuals performance vis-à-vis Key Performance Indicators (KPIs), industry benchmark and current compensation trends in the market. The said Policy has been posted on website of the Company and the web link to access the said policy is as follows:

http://www.mycemco.com/sites/default/files/HCIL%20Nomination%20and%20Remuneration%20Policy.pdf

### Criteria for payment of sitting fee to Non-Executive Directors

The sitting fee structure for FY 2018-19 is given below:

| Name of Meeting | Amount payable to each director per meeting (Rs.) |
|---|---|
| Meeting of Board of Directors | 80,000 |
| Meeting of Audit Committee | 60,000 |
| Meeting of Nomination and Remuneration Committee | 40,000 |
| Meeting of Corporate Social Responsibility Committee | 40,000 |
| Meeting of Stakeholders' Relationship Committee | 40,000 |
| Meeting of Risk Management Committee | 40,000 |
| Meeting of Independent Directors | 40,000 |

**Sitting fee paid to Non-Executive Independent Directors during FY2018-19**

| Name of the Director | No. of meetings attended: Board Meetings | Audit Committee Meetings | Stakeholders' Relationship Committee Meetings | Nomination and Remuneration Committee Meetings | Corporate Social Responsibility Committee Meetings | Risk Management Committee | Meeting of Independent Directors | Sitting fees paid from 1.4.2018 to 31.03.2019* |
|---|---|---|---|---|---|---|---|---|
| Mr. P.G. Mankad, Chairman | 4 | 5 | 4 | 3 | N.A. | N.A. | 1 | 9,40,000 |
| Mr. S. Krishna Kumar | 4 | 5 | N.A. | N.A. | 2 | 1 | 1 | 7,80,000 |
| Mr. Pradeep V. Bhide | 4 | 5 | 4 | 3 | N.A. | 1 | 1 | 9,80,000 |
| Ms. Akila Krishnakumar | 1 | N.A. | N.A. | N.A. | N.A. | 1 | 1 | 160,000 |
| Mr. Ramakrishnan Ramamurthy | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. | N.A. |

* Sitting fee paid to Non-Executive Independent Directors shown in the table given above is gross. The payment has been made to Directors after deduction of tax at source. Further, pursuant to the reverse charge mechanism, the Company as recipient of service has deposited GST on the sitting fees paid to Directors.

The Company has not paid any remuneration or sitting fees to its non-resident directors namely, Dr. Albert Scheuer, Mr. Kevin Gerard Gluskie, Ms. Soek Peng Sim and Mr. Juan-Francisco Defalque during the financial year ended 31st March 2019.

## Remuneration of Whole-time Director

The details of the Remuneration paid to Mr. Sushil Kumar Tiwari, Whole-time Director, during FY2018-19 are given below:-

| | (₹) |
|---|---|
| Basic Salary | 58,46,940 |
| Perquisites & Allowances | 1,33,58,790 |
| Variable Pay # | 59,33,157 |
| Contribution to PF and Superannuation Fund | 15,78,674 |
| Total | 2,67,17,561 |

\# Variable Pay of Whole-time Director can vary between 0% and 200% of the base amount depending upon individual and Company's performance after evaluation of the performance against the targets set in the beginning of the year.

The notice period of Whole-time Director is three months. The Company does not pay any sitting fee/commission/ remuneration to Mr. Jamshed Naval Cooper, Managing Director. The remuneration of Mr. Cooper is being borne and directly paid by HeidelbergCement AG, the ultimate holding company. The notice period of Mr. Jamshed Naval Cooper, Managing Director is six months. The Company does not have any Stock Option Scheme.

## Familiarisation programmes for Board Members

The Board members are provided with necessary documents to enable them to familiarise with the Company's procedures and practices. Presentations are made at Board Meetings with respect to strategy, business model, operations, markets, business environment, risk management, competitive benchmarking, etc. The Board is also updated from time to time on matters relating to changes in the regulatory framework including tax laws.

At the time of appointment, an Independent Director is given a formal letter of appointment describing the role, functions, duties and responsibilities expected from him/ her as a Director of the Company. The Director is also briefed on the compliances required from him under the Companies Act, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and other applicable regulations. The Managing Director also has a one-to-one discussion with the newly appointed Director which helps the newly appointed Director to understand the Company, its business and the regulatory framework in which the Company operates and equips him/her to effectively fulfil his/her role as a Director of the Company.

The details of familiarisation programmes for Independent Directors are posted on website of the Company and the same can be accessed at the web-link given below:-

http://mycemco.com/sites/default/files/Familiarisation_programme_for_Independent_Directors.pdf

## Key skills, expertise and competencies of board members

The Company believes that collective effectiveness of the Board is a must for overall performance and progress of the Company. The members of the Board amongst themselves should have an appropriate balance of skills, experience and diversity of perspectives. Given the Company's size, scale and nature of business, the Board of Directors of the Company has identified that Directors should possess one or more of the following skills, expertise and competencies for long term value creation:

(i) Sales & Marketing: Experience in sales and marketing management based on understanding of the cement industry.

ii) General management/Governance: Strategic thinking, decision making and protecting interest of all stakeholders.

iii) Financial skills: Understanding the financial statements, financial controls, risk management, mergers and acquisition, etc.

iv) Technical expertise, commercial acumen and professional skills and knowledge.

### Performance Evaluation

Pursuant to the provisions of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, a Performance Evaluation Policy has been formulated containing the criteria and methodology for facilitating performance evaluation of the Board as a whole, Committees of the Board and the directors individually. In accordance with the criteria contained in the said Policy, the Board has carried out performance evaluation of its own performance, its Committees and the Independent Directors. The Nomination and Remuneration Committee has also evaluated the performance of all the Directors.

The performance evaluation of the Independent Directors was carried out by the entire Board. The performance evaluation of the Chairman and the Non-Independent Directors was carried out by the Independent Directors at their separate meeting. The Directors have expressed their satisfaction on the outcome of the performance evaluation.

### Meeting of Independent Directors

During the financial year ended 31st March 2019, the independent directors of the Company met on 12th February 2019 for performance evaluation of non-independent directors and Board as a whole; performance evaluation of Chairman of the Company and evaluation of the quality, content and timeliness of flow of information between the management and the Board. The said meeting was attended by Mr. P. G. Mankad, Mr. S. Krishna Kumar, Mr. P.V. Bhide and Ms. Akila Krishnakumar. The independent directors have expressed satisfaction on the outcome of the performance evaluation.

### Subsidiary

The Company does not have any subsidiary company.

### Related Party Transactions

All the transactions between the Company and its related parties during the financial year ended 31st March 2019 were in the ordinary course of business and on an arm's length basis. The particulars of such transactions have been disclosed in the notes to accounts of the Balance Sheet presented in the Annual Report. During the year under review, the Company has not entered into any related party transaction exceeding the threshold limit provided under the Companies Act, 2013/ Rules made thereunder and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A statement containing the details of all the related party transactions is placed before the Audit Committee on a quarterly basis, specifying the nature and value of the transactions.

The Company has in place a Policy on Related Party Transactions and a framework for the purpose of assessing the basis of determining the arm's length price of relevant transactions. The same have been posted on the Company's website. The web-link to access the said policy and framework is as follows:

http://www.mycemco.com/sites/default/files/March-2019/RPT%20Policy%20w.e.f.%201.4.2019%20.pdf

### Management Discussion and Analysis

This Annual Report has a detailed chapter on Management Discussion and Analysis.

### Disclosures

Wherever necessary, Directors and Senior Management Personnel make disclosures to the Board relating to all the material financial and commercial transactions where they have a personal interest that may create a potential conflict with the interest of the Company at large. All the related party transactions have been disclosed in the notes to the accounts of the Balance Sheet presented in the Annual Report. All the Directors have disclosed their interest in Form MBP-1 pursuant to Section 184 of the Companies Act, 2013 and Rules made thereunder and as and when any changes in their interests take place, they are placed at the following Board Meeting for taking the same on record.

The Board of Directors of the Company annually review the adoption of the 'discretionary requirements' under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Vigil Mechanism/Whistle Blower Policy

The Company is committed to develop a culture where it is safe for employees to raise genuine concerns or grievances about unethical behaviour, conflict of interest, mismanagement, fraud and violation of Code of Conduct. The Company has put in place a Vigil Mechanism/Whistle Blower Policy to deal with such instances. The purpose of this policy is to provide a framework for an effective vigil mechanism and to provide protection to employees or directors against victimization who report such genuine concerns. The Vigil Mechanism/Whistle Blower Policy is posted on the website of the Company. Under the Policy a person can raise genuine concerns to the Ethics Counsellor or the Chairman of Audit Committee. It is hereby affirmed that no employee was denied access to the Audit Committee. During FY2018-19 a complaint was received under the Vigil Mechanism from a contract employee which was dealt with in accordance with the provisions of the said Policy.

### Disclosure of Accounting Treatment in preparation of Financial Statements

The Company had adopted Indian Accounting Standards (Ind-AS) from 1st April 2016. The financial statements of the Company for the financial year ended 31st March 2019 as well as for 31st March 2018 presented in this Annual Report are Ind-AS compliant.

### Details of Non-compliance by the Company in the last three years

The Company has complied with all the requirements of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. No penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other Statutory Authority in connection with violation of capital market norms, rules, regulations, etc. in the last three years.

### Risk Management

The Company has a structured Risk Management Policy. The business risks have been classified under the broad heads - strategic, operational, financial and legal & compliance risks. The Company's risk management policy lays down a bottom-up process comprising risk identification, analysis and evaluation, treatment and control. The business risks are reviewed by the Senior Management and critical risks are placed before the Risk Management Committee/Board of Directors for review.

### Means of Communication

The quarterly and annual financial results are usually published in the English and Hindi editions of Business Standard. The Quarterly / Annual Financial Results, Shareholding Patterns, Annual Reports, Corporate Announcements etc., are displayed on the websites of the stock exchanges (BSE & NSE), as well as on the Company's website – www.mycemco.com and the same can be accessed thereat.

The Company attends the earnings calls/investors' conferences organised by the recognised market intermediaries and the presentations, if any, given to investors/analysts at such conferences are submitted to the stock exchanges and simultaneously also posted on the Company's website for information of the investors.

During the year under review presentations were made to the Institutional Investors/Analysts after announcement of financial results and the same can be accessed at the Company's website, www.mycemco.com. The Company's website, www.mycemco.com also contains transcripts of earnings' call and other useful information as required to be displayed pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### Certificate from Practicing Company Secretary

A certificate of Mr. Nityanand Singh (CP No. 2668), Practicing Company Secretary issued in compliance with Part C of Schedule V of the Listing Regulations, certifying that none of the Directors of the Company have been debarred or disqualified from being appointed or continuing as directors of the Company by the Securities and Exchange Board of India/ Ministry of Corporate Affairs or any other such statutory authority is enclosed to this Report.

### Recommendations made to the Board of Directors by its Committees

There was no instance during the financial year 2018-19, wherein the Board of Directors of the Company did not accept recommendations made to it by any of its Committees.

### Total fees paid to Statutory Auditors of the Company

The Company has paid total fee of Rs. 5.0 million (including reimbursement of expenses aggregating to Rs. 0.5 million) to its statutory auditor, S. N. Dhawan & Co. LLP for carrying-out statutory audit for the financial year 2018-19 and providing related services. The Company has not engaged any other firm/entity which is part of network of S. N. Dhawan & Co. LLP.

## GENERAL SHAREHOLDERS INFORMATION:

## DIRECTORS

### End of tenure of Independent Directors

The tenure of five years of three Independent Directors namely, Mr. P. G. Mankad, Mr. S. Krishna Kumar and Mr. Pradeep V. Bhide came to an end on 31st March 2019. Accordingly the aforesaid Independent Directors ceased to be directors of the Company with effect from close of business hours on 31st March 2019.

### Appointment of new Independent Directors

- Ms. Akila Krishnakumar has been appointed as an Additional Director in the category of Independent Woman Director, with effect from 25th October 2018.
- Mr. Ramakrishnan Ramamurthy has been appointed as an Additional Director in the category of Independent Director, with effect from 12th February 2019.

The Board has appointed Ms. Akila Krishnakumar as its Chairperson with effect from 1st April 2019. In the capacity of additional directors, Ms. Akila Krishnakumar and Mr. Ramakrishnan Ramamurthy hold office up to the date of the ensuing Annual General Meeting. The Company has received notices under section 160(1) of the Companies Act, 2013 from members proposing their appointment as directors in the ensuing AGM. Their brief profile is given in the Notice of AGM. The Board has recommended their appointment by the members in the ensuing AGM. Ms. Akila Krishnakumar and Mr. Ramakrishnan Ramamurthy have submitted declarations to the Company that they fulfil the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The Board of Directors, based on the declarations received from the Independent Directors, have verified the veracity of such disclosures and confirm that the Independent Directors fulfill the conditions of independence specified in the Listing Regulations and are independent of the management of the Company.

### Resignation of Directors

Mr. Juan-Francisco Defalque and Dr. Albert Scheuer, Non-Executive Directors of the Company resigned from the Board of Directors with effect from close of business hours on 11th March 2019 and 31st March 2019 respectively.

### Retirement by rotation

Mr. Kevin Gerard Gluskie and Ms. Soek Peng Sim retire by rotation at the ensuing AGM and being eligible have offered themselves for re-appointment. Their brief profiles are given in the Notice of AGM. The Board has recommended the reappointment of the aforesaid directors.

### Reappointment of Whole-time Director

The members of the Company at the AGM held on 22nd September 2017 had reappointed Mr. Sushil Kumar Tiwari as

Whole-time Director of the Company for a period of two years from 10th June 2017 till 9th June 2019. The Board at its meeting held on 24th May 2019 has reappointed Mr. Sushil Kumar Tiwari as Whole-time Director for a further period of two years from 10th June 2019 to 9th June 2021 subject to the approval of members in the ensuing AGM. The Board has recommended the special resolution for reappointment of Mr. Tiwari as povided at Item No. 7 of the Notice of AGM.

## General Meetings of Shareholders

The details of the Annual General Meetings (AGM) of shareholders held during the last three years are given below:

| Financial Year ended | Date & Time | Venue | Details of Special Resolutions passed at AGM |
|---|---|---|---|
| 31.3.2018 | 22.09.2018, 9.30 A.M. | Auditorium in Apparel House Building, Sector 44, Institutional Area, Gurugram, Haryana. | No Special Resolution was passed. |
| 31.3.2017 | 22.09.2017, 9.30 A.M. | Auditorium in Apparel House Building, Sector 44, Institutional Area, Gurugram, Haryana. | For Re-appointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director of the Company from 10th June 2017 till 9th June 2019. |
| 31.03.2016 | 21.09.2016, 9.30 A.M. | Epicentre, Apparel House, Sector 44, Institutional Area, Gurugram, Haryana. | No Special Resolution was passed. |

Mr. S. Krishna Kumar, former Chairman of the Audit Committee; Mr. Pradeep V. Bhide, former Chairman of the Nomination and Remuneration Committee; Mr. Jamshed Naval Cooper, Managing Director and Mr. Sushil Kumar Tiwari, Whole-time Director of the Company were present at the last AGM held on 21st September 2018.

## Postal Ballot

The Company has not passed any Resolution through Postal Ballot during the financial year ended 31st March 2019. There is also no proposal to pass any resolution through Postal Ballot before the ensuing AGM.

## Annual General Meeting

Date : 19th September 2019

Day : Thursday

Time : 9.30 A.M.

Venue : Auditorium in Apparel House Building, Sector 44, Institutional Area, Gurugram, Haryana.

## Financial Calendar for FY 2019-20

Proposed Board Meetings for approving quarterly financial results for the financial year 2019-20 are as under:

| | |
|---|---|
| Approval of the financial results for the quarter ending 30th June 2019, 30th September 2019 and 31st December 2019. | Within 45 days from the end of the respective quarter |
| Audited financial results for financial year ending 31st March 2020. | Within 60 days from the end of the financial year |
| AGM for the financial year ending 31st March 2020. | August / September 2020. |

**Dividend:** During FY19, the Company has already paid an interim dividend of INR 1.0 per share (10%). The Board has recommended a final dividend of INR 3.0 per share (30 percent), subject to the approval of the shareholders at the ensuing AGM. Thus the total dividend including the proposed Final Dividend, amounts to INR 4.0 per equity share (INR 2.50 per share for FY18). The final dividend will be paid to the shareholders within 30 days from the date of AGM.

**Record date:** 12 September 2019 for the purpose of AGM and Final Dividend.

| Stock Exchanges where shares are listed | Stock Code / Trading Symbol |
|---|---|
| BSE Ltd. (BSE) Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai - 400001 | 500292 |
| National Stock Exchange of India Ltd. (NSE) Exchange Plaza, C/1, Block G, Bandra Kurla Complex, Bandra (E) Mumbai - 400 051 | HEIDELBERG |

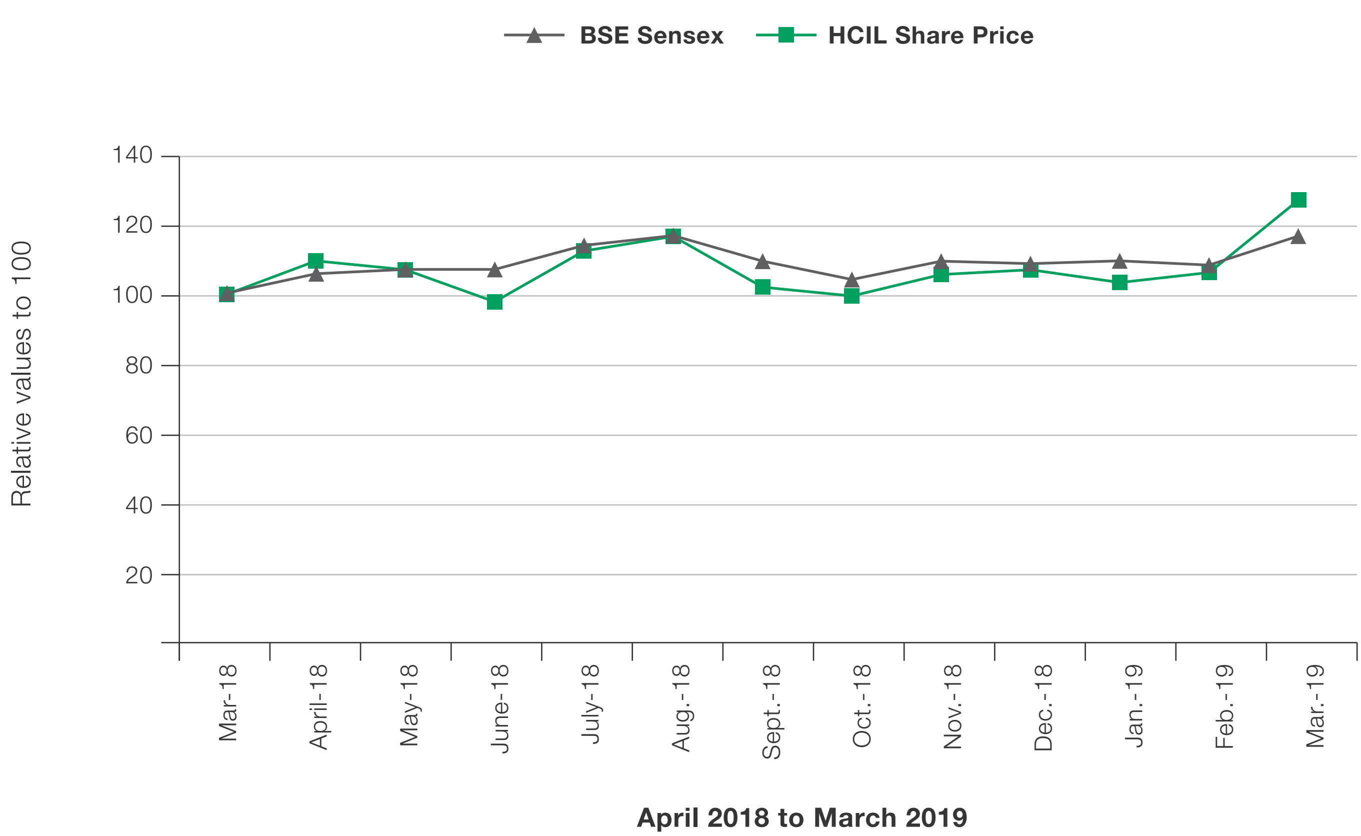
There are no arrears of listing fees to be paid to BSE and NSE.

## Share Price Data

Share Price of HeidelbergCement India Ltd. at BSE & NSE during the financial year ended 31st March 2019 is given below:

| Month | BSE | | NSE | |
|---|---|---|---|---|
| | High (Rs.) | Low (Rs.) | High (Rs.) | Low (Rs.) |
| April 18 | 161.85 | 142.35 | 162.00 | 142.05 |
| May 18 | 156.35 | 139.55 | 156.40 | 139.00 |
| June 18 | 152.85 | 130.95 | 152.75 | 130.10 |
| July 18 | 163.60 | 131.20 | 164.00 | 133.35 |
| August18 | 169.90 | 152.95 | 169.30 | 152.60 |
| September 18 | 175.00 | 142.20 | 174.90 | 143.00 |
| October 18 | 149.25 | 122.10 | 150.00 | 121.50 |
| November18 | 157.40 | 138.25 | 157.75 | 137.05 |
| December 18 | 166.00 | 144.10 | 164.80 | 144.00 |
| January 19 | 168.00 | 142.10 | 154.00 | 141.95 |
| February 19 | 157.00 | 139.40 | 157.50 | 140.30 |
| March 19 | 184.00 | 150.55 | 184.50 | 152.90 |

## Comparison of Share Price of HeidelbergCement India Ltd. with BSE Sensex



## Shareholding Pattern as on 31st March 2019

| Category | No. of Equity Shares | % of Equity shareholding |
|---|---|---|
| Promoters (Foreign Body Corporate) | 157,244,693 | 69.39 |
| Mutual Funds | 8,532,482 | 3.77 |
| Financial Institutions & Banks | 130,986 | 0.06 |
| Central /State Government | 328,440 | 0.14 |
| Insurance Companies | 5,844,955 | 2.58 |
| Foreign Portfolio Investors | 26,566,173 | 11.72 |
| Alternative Investment Funds | 1,109,014 | 0.49 |
| NRIs and Foreign National | 1,063,300 | 0.47 |
| Bodies Corporate | 5,513,198 | 2.43 |
| Trusts | 56,627 | 0.02 |
| Resident Individuals | 19,299,036 | 8.52 |
| Clearing members | 388,631 | 0.17 |
| LLP, HUFs | 535,581 | 0.24 |
| **Total** | **226,613,116** | **100.00** |

## Distribution Schedule of Equity Shares as on 31st March 2019

| No. of equity shares of Rs. 10 each | No. of shareholders | % of shareholders | No. of shares held | % of shareholding |
|---|---|---|---|---|
| 1-500 | 46,806 | 87.24 | 61,88,552 | 2.73 |
| 501-1000 | 3,572 | 6.65 | 29,38,075 | 1.30 |
| 1001-2000 | 1,597 | 2.98 | 24,58,268 | 1.08 |
| 2001-3000 | 564 | 1.05 | 14,62,365 | 0.64 |
| 3001-4000 | 234 | 0.44 | 8,40,434 | 0.37 |
| 4001-5000 | 207 | 0.39 | 9,88,546 | 0.44 |
| 5001-10000 | 312 | 0.58 | 23,77,002 | 1.05 |
| 10001 and above | 358 | 0.67 | 20,93,59,874 | 92.39 |
| **Total** | **53,650** | **100.00** | **22,66,13,116** | **100.00** |

### Dematerialisation of shares/liquidity/unclaimed shares

The Equity Shares of the Company are actively traded at BSE and NSE in dematerialised form only. International Securities Identification Number (ISIN) for both the depositories, viz., NSDL and CDSL is INE578A01017. As on 31st March 2019, 99.45% of the Equity Shares of the Company were held in dematerialised form. The shareholders who are still holding shares in physical form and wish to get their shares dematerialised can submit the share certificates together with the Demat Request Form to the Depository Participant with whom they have opened a demat account. The Company doesn't have any unclaimed shares with respect to its past public/rights issue of shares/convertible debentures.

### Non-Convertible Debentures

The Company has on 16th December 2013 issued and allotted 370 unsecured, redeemable, non-convertible debentures ("Debentures") of face value of Rs. 10 million each, aggregating to Rs. 3,700 million to HeidelbergCement AG for the purpose of refinancing the long term loans obtained from banks. The debentures are redeemable in three instalments at the end 6th, 7th and 8th year from the date of allotment.

The Debentures have been issued in dematerialized form and are listed at wholesale debt segment of BSE Limited. ISIN allotted by the Depositories is INE578A08012. During the year the credit rating in respect of the aforesaid debentures has been reaffirmed as "IND AA+" (with stable outlook) by India Ratings and Research Pvt. Ltd.

### Share Transfer System

During the financial year ended 31st March 2019 Share transfers were processed and share certificates duly endorsed were dispatched within a period of fifteen days from the date of receipt, subject to the submitted documents being valid and complete in all respects. The Board had delegated the authority for approving transfer, transmission, etc. of the Company's equity shares to the Company Secretary. The Company obtains from a Practising Company Secretary a half-yearly certificate regarding compliance with the share transfer formalities as required under Regulation 40(9) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and files a copy of the said certificate with the Stock Exchanges.

Securities and Exchange Board of India has vide its Notification No. SEBI/LAD-NRO/GN/2018/24 dated 8th June 2018 amended the SEBI Listing Regulations to prohibit transfer of shares in physical form w.e.f. 05 December 2018, which was subsequently extended up to 31st March 2019. The Company had sent letters to the shareholders holding shares in physical form requesting them to arrange for dematerialization of their shares. A brief note has also been posted on the Company's website for guiding the shareholders about the benefits of holding shares in dematerialized form and the procedure for conversion of shares from physical to demat format.

In view of the abovementioned amendment, transfer of shares is possible only in dematerialized form with effect from 1st April 2019. However, the said amendment has no bearing on cases relating to deletion of name of deceased shareholder, transmission or transposition of names in respect of shares held in physical form. However it is mandatory to submit photocopies of PAN Cards of the surviving holder(s), legal heir(s) and joint holder(s) respectively along with the request for transmission or transposition.

**Outstanding warrants and their implications on equity**

There are no outstanding GDRs, ADRs, convertible warrants or any other instruments convertible into equity shares.

**Commodity price risk or foreign exchange risk and hedging activities**

The foreign exchange exposure arising on account of imports are routinely managed by entering into forward contracts to the extent considered necessary. The details of foreign currency exposure are disclosed in notes to the Annual Accounts.

## Addresses for correspondence

Registered Office:
Heidelberg Cement India Ltd.
9th Floor, Tower C, Infinity Towers
DLF Cyber City, Phase II
Gurugram, Haryana – 122002
Phone Nos. : 0124 – 4503700
Fax No. : 0124 – 4147699
E-mail-Ids : investors.mcl@mycem.in
rajesh.relan@heidelbergcement.in
shrinivas.hari@heidelbergcement.in

Registrar & Transfer Agents:
Integrated Registry Management Services Private Ltd.
(Unit: HeidelbergCement India Ltd.)
30, Ramana Residency,
4th Cross, Sampige Road,
Malleswaram,
Bengaluru - 560 003, Karnataka
Phone Nos.:080-23460815 to 23460818
Fax No. : 080-23460819
Email-Ids: irg@integratedindia.in

## Debenture Trustee:

Axis Trustee Services Ltd.
Axis House, 2nd Floor,
Wadia International Centre,
Pandurang Budhkar Marg,
Worli, Mumbai – 400 025
Phone Nos : 022-24252525/43252525
E-mail-Ids : debenturetrustee@axistrustee.com

## Plant Locations

(a) HeidelbergCement India Ltd.
P.O. Ammasandra
District Tumkur
Karnataka - 572211

(b) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
P.O. Narsingarh,
District Damoh
Madhya Pradesh – 470675

(c) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Imlai
District Damoh
Madhya Pradesh - 470661

(d) Diamond Cements
(Unit of HeidelbergCement India Ltd.)
Village Madora
District Jhansi
Uttar Pradesh - 284121

## Affirmation of Compliance with the Code of Conduct for Board Members and Senior Management Personnel

I declare that the Company has received affirmation of compliance with the "Code of Conduct for Board Members and Senior Management Personnel" laid down by the Board of Directors, from all the Directors and Senior Management Personnel of the Company, for the financial year ended 31st March 2019.

Place: Gurugram
Date: 24th May 2019

Jamshed Naval Cooper
Managing Director

# CERTIFICATE REGARDING COMPLIANCE OF CONDITIONS OF CORPORATE GOVERNANCE

To,

The Members of **HeidelbergCement India Limited,**

We have examined the compliance of conditions of Corporate Governance by HeidelbergCement India Limited ("the Company") for the year ended 31st March, 2019, as stipulated in the Chapter IV read with Schedule V of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the above mentioned Listing Regulations.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

**For Nityanand Singh & Co.**
**Company Secretaries**

**Place: New Delhi**
**Date: 24th May, 2019**

**Nityanand Singh**
**Proprietor**
**FCS No. 2668 CP No. 2388**

# CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

**(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)**

To,

The Members of **HeidelbergCement India Limited,**

We have examined the relevant registers, records, forms, returns and disclosures received from the Directors of **HeidelbergCement India Limited** having CIN L26942HR1958FLC042301 and having registered office at 9th Floor, Tower - C, Infinity Towers, DLF Cyber City, Phase - II, Gurugram, Haryana 122002 (hereinafter referred to as 'the Company'), produced before us by the Company for the purpose of issuing this Certificate, in accordance with Regulation 34(3) read with Schedule V Para-C Clause 10(i) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

In our opinion and to the best of our information and according to the verifications (including Directors Identification Number (DIN) status at the portal www.mca.gov.in) as considered necessary and explanations furnished to us by the Company & its officers, we hereby certify that none of the Directors on the Board of the Company as stated below for the financial year ended 31st March 2019 have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such other Statutory Authority.

| S. No. | Name of the Director | DIN | Date of appointment in the Company |
|---|---|---|---|
| 1. | Mr. P. G. Mankad* | 00005001 | 19/10/2006 |
| 2. | Mr. S. Krishna Kumar* | 01785323 | 19/04/2007 |
| 3. | Mr. Pradeep V. Bhide* | 03304262 | 29/04/2011 |
| 4. | Dr. Albert Scheuer** | 02170574 | 24/04/2008 |
| 5. | Mr. Juan-Francisco Defalque*** | 07318811 | 29/10/2015 |
| 6. | Ms. Soek Peng Sim | 06958955 | 16/09/2014 |
| 7. | Mr. Kevin Gerard Gluskie | 07413549 | 04/02/2016 |
| 8. | Mr. Jamshed Naval Cooper | 01527371 | 01/07/2014 |
| 9. | Mr. Sushil Kumar Tiwari | 03265246 | 29/04/2011 |
| 10. | Ms. Akila Krishnakumar | 06629992 | 25/10/2018 |
| 11. | Mr. Ramakrishan Ramamurthy | 00680202 | 12/02/2019 |

* Ceased to be director of the Company consequent to end of tenure on close of business hours on 31st March 2019;

** Resigned with effect from close of business hours on 31st March 2019;

*** Resigned with effect from close of business hours on 11th March 2019.

Ensuring the eligibility for the appointment / continuity of every Director on the Board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification. This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

**For Nityanand Singh & Co.**
**Company Secretaries**

**Nityanand Singh**
**Proprietor**
**FCS No. 2668 CP No. 2388**

**Place: New Delhi**
**Date: 24th May, 2019**

**Disclosure pursuant to Regulation 10(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011.**

Promoters and persons acting in concert: Cementrum I B.V., HeidelbergCement AG, HeidelbergCement Asia Pte Ltd, CBR International Services S.A., Castle Cement Ltd., CBR Baltic B.V., CBR Portland B.V., Civil and Marine Slag Cement Ltd., Bukhtarma Cement Company LLP, HeidelbergCement Romania SA, Cementa AB, Ceskomoravsky Cement, a.s, Duna-Drava Cement Kft, ENCI Holding N.V., Gorazdze Cement S.A., Hanson Ltd., CaucasusCement Holding B.V., HeidelbergCement Central Europe East Holding B.V., HeidelbergCement Danmark A/S, HeidelbergCement International Holding GmbH, HeidelbergCement Netherlands Holding B.V., HeidelbergCement Northern Europe AB, HeidelbergCement Norway a.s., HeidelbergCement Sweden AB, HeidelbergCement UK Holding Ltd., HeidelbergCement Ukraine Public Joint Stock Company, Kunda Nordic Tsement AS, Norcem AS, S.A. Cimenteries CBR, Tvornica Cementa Kakanj d.d., Civil and Marine Inc., Lehigh Hanson, Inc., Lehigh B.V., Lehigh Hanson Materials Limited, Lehigh Southwest Cement Company, Permanente Cement Company, Butra HeidelbergCement Sdn. Bhd., Cimbenin S.A., Ciments du Togo S.A., Cochin Cements Ltd., Ghacem Ltd., HeidelbergCement Bangladesh Ltd., Liberia Cement Corporation Ltd., PT Indocement Tunngal Prakarsa Tbk, Scancem International DA, Sierra Leone Cement Corp. Ltd., TPCC Tanzania Portland Cement Company Ltd., HC Trading B.V., HC Trading Malta Ltd., HC Fuels Limited, Zuari Cement Ltd., Gulbarga Cement Limited, Sitapuram Power Limited, Italcementi S.p.A. and Ciments Français S.a.s.

# INDEPENDENT AUDITOR'S REPORT

To the Members of HeidelbergCement India Limited

## Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of HeidelbergCement India Limited ("the Company"), which comprise the balance sheet as at 31 March 2019, and the statement of Profit and Loss including other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2019, and total comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India ("the ICAI") together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

#### Provisions and contingencies with respect to litigations

#### Description of the Key audit matter

The Company has been operating in multiple locations over the years and thus has been subject to variety of laws, regulations and interpretations. There are litigations which have been pending for long and the outcome of which is not certain. In the normal course of business, provisions and contingent liabilities may arise from legal proceedings, including regulatory and other governmental proceedings, as well as audit by authorities and commercial claims. At 31 March 2019 the company held provision for litigations of MINR 2238.2 against which a sum of MINR 1626.2 has been deposited under protest. Given the highly complex nature of regulatory and legal cases, management applies judgement when considering whether, and how much, to provide for the potential exposure of each matter. These estimates could change over time as new facts emerge and each legal case progresses. Given the complexity and magnitude of potential exposures across the company, and the judgement necessary to determine required disclosures this is a key audit matter.

#### Description of the Auditor's response

We assessed and tested the design and operating effectiveness of the controls set up to prevent or detect and correct errors relating to the recognition and measurement of provisions involving the use of judgment. We also discussed the status of significant known actual and potential litigation with the Head of Legal and Compliance and other senior management personnel who have knowledge of these matters. We challenged the decisions and rationale for provisions held or for decisions not to record provisions or make disclosures. For the most significant of the matters, we assessed relevant historical and recent judgments passed by the court authorities and considered legal opinion wherever obtained by management from external lawyers to validate the basis used for the provisions recorded and the disclosures made by the company. We also involved internal tax experts, because of the knowledge required for the respective tax regulations. We reviewed internal audit reports and met with Internal Audit team to identify actual and potential noncompliance with laws and regulations, both those specific to the company's business and those relating to the conduct of business generally and corrective action taken by the management in this regard. For those matters where management concluded that no provisions should be recorded, we also considered the adequacy and completeness of the company's disclosures made in relation to contingent liabilities. Based on the procedures performed above, we obtained sufficient audit evidence to corroborate management's estimates for provisions and disclosures in Note 32 relating to contingencies.

### 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 Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, total comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting

Standards specified under Section 133 of the Act. 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 design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Director is also responsible for overseeing the company's financial reporting process.

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**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 A"a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

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 purposes 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, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) On the basis of the written representations received from the directors as on 31 March, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2019 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 with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of Section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of Section 197 of the Act.

(h) 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 financial statements – Refer Note 32 to the 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.

For **S.N. Dhawan & Co LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev K Saxena**

Partner

Membership No.: 077974

Place: Gurugram

Date: 24 May 2019

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of the Independent Auditor's Report of even date to the members of HeidelbergCement India Limited on the financial statements as of and for the year ended 31 March 2019

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment and other intangible assets.

(b) The Company has a regular program of physical verification of its fixed assets under which fixed assets are verified in a phased manner over a period of three years, which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this program, certain fixed assets were verified during the year and according to the information and explanation given to us, no material discrepancies were noticed on such verification

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds of all the freehold immovable properties (which are included under the head 'Property plant and equipment') are held in the name of the Company.

(ii) The management has conducted physical verification of inventory at reasonable intervals during the year and according to the information and explanations given to us, no material discrepancies between physical inventory and book records were noticed on physical verification. Inventory lying with third parties have been confirmed by them as at 31 March 2019 and no material discrepancies were noticed in respect of such confirmations.

(iii) According to the information and explanations given to us, the Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships (LLPs) or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the provisions of clauses 3(iii)(a), 3(iii)(b) and 3(iii)(c) of the Order are not applicable.

(iv) In our opinion and according to the information and explanations given to us, the Company has not entered into any transaction covered under Sections 185 and 186 of the Act. Accordingly, the provisions of clause 3(iv) of the Order are not applicable.

(v) In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits during the year and had no unclaimed deposits at the beginning of the year 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 sub-section (1) of Section 148 of the Act in respect of Company's products and are of the opinion that, prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, income-tax, duty of customs, cess, goods and services tax (GST) and other material statutory dues, as applicable, to the appropriate authorities. Further, no undisputed amounts payable in respect thereof were outstanding at the year-end for a period of more than six months from the date they become payable.

(b) According to the information and explanations given to us, the dues outstanding in respect of income-tax, sales-tax, service tax, duty of excise, value added tax and other statutory dues on account of any dispute, are as follows:

| Name of statue | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Sales tax act and various state Sales tax act | Sales tax | 34.6 | 2000-01 to 2004-05 and 2009-2010 | High Court |
| | | 25.8 | 2007-08 to 2013-14 | Appellate Tribunal |
| | | 3.2 | 2005-06 and 2006-07 | Assistant Commissioner |
| | | 0.9 | 2011-12 and 2012-13 | Additional Commissioner |
| | | 94.5 | 2002 to 2004and 2005 to 2008 | Assessing Officer, Sales Tax |
| Various State Entry Tax Act | Entry Tax | 544.4 | 2003-04 to till date | High Court |
| | | 145.1 | 1999-2000 to 2007-08, 2009-10 | Appellate Tribunal |
| Income Tax Act, 1961 | Income Tax | 34.0 | 2010-11 to 2014-15 | Income tax appellate tribunal (ITAT) |

| Name of statue | Nature of dues | Amount (Rs. in million) | Period to which the amount relates | Forum where dispute is pending |
|---|---|---|---|---|
| Central Excise Act, 1944 | Excise Duty and Cenvat | 10.0 | 2007-08 | Supreme court |
| | | 23.8 | 1995-96 to 2000-01 | High court |
| | | 4.5 | 2003-04 to 2008-09 and 2011 to 2016 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| | | 8.9 | 2007-08 to 2010-11 | Commissioner of Central Excise (Appeals) |
| Finance Act 1994 (Amended 2009) | Service Tax | 0.2 | 2007-08 to 2012-13 | Central Excise and Service Tax Appellate Tribunal (CESTAT) |
| | | 0.2 | 2008-09 to 2009-10 | Commissioner of Central Excise (Appeals) |
| Madhya Pradesh Rural Road Development Authority | Rural Infrastructure and Road development tax | 20.4 | 2005-06 till date | Supreme court |

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to any financial institutions or any dues to debenture-holders during the year. The company has no outstanding dues in respect of bank or government.

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

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company or on the company by its officers or employees has been noticed or reported during the period covered by our audit.

(xi) In our opinion and according to the information and explanations given to us, managerial remuneration has been paid / provided by the company in accordance with the requisite approvals mandated by the provisions of Section 197 of the Act read with Schedule V to the Act.

(xii) The Company is not a Nidhi Company. Accordingly, provisions of clause 3(xii) of the Order are not applicable.

(xiii) In our opinion and according to the information and explanations given to us, all transactions with the related parties are in compliance with Sections 177 and 188 of Act, where applicable, and the requisite details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) During the year, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures. Accordingly, provisions of clause3 (xiv) of the order are not applicable.

(xv) In our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with the directors or persons connected with them covered under Section 192 of the Act. Accordingly, provisions of clause3 (xv) of the order are not applicable.

(xvi) The company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, provisions of clause3 (xvi) of the order are not applicable.

For **S.N. Dhawan & Co LLP**

Chartered Accountants

Firm Registration No.: 000050N/N500045

**Rajeev K Saxena**

Partner

Membership No.: 077974

Place: Gurugram

Date: 24 May 2019

**Independent Auditor's report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

1. We have audited the internal financial controls with reference to the financial statements of HeidelbergCement India Limited ("the Company") as of 31 March 2019 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

2. The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control with reference to the financial statements 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 the company's business, including adherence to 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 Act.

**Auditors' Responsibility**

3. Our responsibility is to express an opinion on the Company's internal financial controls with reference to the financial statements 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")andthe Standards on Auditing, issued by the Institute of Chartered Accountants of India (ICAI) and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 with reference to the financial statements were established and maintained and if such controls operated effectively in all material respects.

4. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to the financial statements and their operating effectiveness. Our audit of internal financial controls with reference to the financial statements included obtaining an understanding of internal financial controls with reference to the financial statements, 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.

5. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to the financial statements.

**Meaning of Internal Financial Controls with reference to the financial statements**

6. A company's internal financial controls with reference to the financial statements 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 controls with reference to the financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and 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 with reference to the financial statements**

7. Because of the inherent limitations of internal financial controls with reference to the financial statements, 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 with reference to the financial statements to future periods are subject to the risk that the internal financial controls with reference to the financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

**Opinion**

8. In our opinion, the Company has, in all material respects, adequate internal financial controls system with reference to the financial statements and such internal financial controls with reference to the financial statements operating effectively as at 31 March 2019, based on the internal control with reference to the financial statements 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. N. Dhawan & Co LLP**

Chartered Accountants

Firm's Registration No.:000050N/N500045

**Rajeev K Saxena**

Partner

Membership No.: 077974

Place: Gurugram

Date: 24 May 2019

# Balance sheet as at 31 March 2019

| Particulars | Notes | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| **Assets** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 3 | 17,362.7 | 18,043.8 |
| Capital work-in-progress | 3 | 172.4 | 80.7 |
| Intangible assets | 4 | 5.7 | 16.5 |
| Financial assets | | | |
| Security deposits | 5 | 285.3 | 284.9 |
| Other non-current assets | 6 | 254.9 | 294.1 |
| | | 18,081.0 | 18,720.0 |
| **Current assets** | | | |
| Inventories | 7 | 1,674.2 | 1,268.9 |
| Financial assets | | | |
| Security deposits | 5 | 145.3 | 106.9 |
| Trade receivables | 8 | 253.2 | 188.0 |
| Cash and bank balances | 9 | 3,376.7 | 2,124.1 |
| Other financial assets | 5 | 27.0 | 19.1 |
| Other current assets | 10 | 3,397.9 | 2,901.2 |
| | | 8,874.3 | 6,608.2 |
| **Total assets** | | **26,955.3** | **25,328.2** |
| **Equity and liabilities** | | | |
| **Equity** | | | |
| Equity share capital | 11 | 2,266.2 | 2,266.2 |
| Other equity | 12 | 9,445.7 | 8,197.8 |
| | | 11,711.9 | 10,464.0 |
| **Non-current liabilities** | | | |
| Financial liabilities | | | |
| Borrowings | 13 | 3,918.2 | 4,692.3 |
| Other financial liabilities | 14 | 41.2 | 53.8 |
| Provisions | 15 | 197.3 | 196.0 |
| Government grants | 16 | 650.0 | 511.8 |
| Deferred tax liabilities (net) | 17 | 1,303.3 | 835.0 |
| | | 6,110.0 | 6,288.9 |
| **Current liabilities** | | | |
| Financial liabilities | | | |
| Trade payables | 18 | | |
| - Total outstanding dues of micro enterprises and small enterprises | | 1.1 | - |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | | 2,777.1 | 2,266.3 |
| Other current financial liabilities | 19 | 3,045.4 | 3,121.6 |
| Other current liabilities | 20 | 822.3 | 896.0 |
| Government grants | 16 | 145.3 | 102.8 |
| Provisions | 15 | 2,342.2 | 2,188.6 |
| | | 9,133.4 | 8,575.3 |
| **Total liabilities** | | **15,243.4** | **14,864.2** |
| **Total equity and liabilities** | | **26,955.3** | **25,328.2** |
| Summary of significant accounting policies | 2.1 | | |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **S. N. Dhawan & Co. LLP**
Firm Registration No. 000050N/N500045
Chartered Accountants

**For and on behalf of the Board of Directors of HeidelbergCement India Limited**

**Rajeev K Saxena**
Partner
Membership No. 077974

**Anil Kumar Sharma**
Chief Financial Officer

**Akila Krishnakumar**
Chairperson

**Kevin Gerard Gluskie**
Director

**Jamshed Naval Cooper**
Managing Director

Place: Gurugram
Date: 24 May 2019

**Rajesh Relan**
Legal Head &
Company Secretary

**Ramakrishnan Ramamurthy**
Director

**Soek Peng Sim**
Director

**Sushil Kumar Tiwari**
Whole-time Director

# Statement of profit and loss for the year ended 31 March 2019

| Particulars | Notes | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| Revenue from operations | 21 | 21,333.5 | 19,619.6 |
| Other income | 22 | 348.2 | 199.3 |
| **Total Income (I)** | | **21,681.7** | **19,818.9** |
| | | | |
| **Expenses** | | | |
| Cost of raw material consumed | 23 | 3,915.2 | 3,566.4 |
| (Increase)/decrease in inventories of finished goods and work-in-progress | 24 | (51.8) | 136.1 |
| Excise duty on sale of goods | | - | 724.9 |
| Employee benefits expense | 25 | 1,239.0 | 1,201.5 |
| Depreciation and amortization expense | 26 | 1,017.7 | 1,011.7 |
| Finance costs | 27 | 747.8 | 744.5 |
| Other expenses | 28 | 11,397.7 | 10,357.1 |
| **Total Expense (II)** | | **18,265.6** | **17,742.2** |
| **Profit before tax (I) - (II)** | | **3,416.1** | **2,076.7** |
| | | | |
| **Tax expenses** | | | |
| Current tax | | 737.5 | 444.3 |
| Current tax related to earlier years | | 2.4 | - |
| Net current tax expense | | **739.9** | **444.3** |
| Deferred tax charge | | 469.6 | 300.6 |
| **Total tax expense** | | **1,209.5** | **744.9** |
| **Profit for the year (III)** | | **2,206.6** | **1,331.8** |
| | | | |
| **Other comprehensive income** | | | |
| Remeasurement gain/(losses) of net defined benefit plans | | (3.9) | 10.0 |
| Income tax effect | | 1.3 | (3.5) |
| | | **(2.6)** | **6.5** |
| Net movement on cash flow hedge | | - | 2.6 |
| Income tax effect | | - | (0.9) |
| | | - | 1.7 |
| **Other comprehensive income for the year, net of tax (IV)** | | **(2.6)** | **8.2** |
| **Total comprehensive income for the year, net of tax (III) + (IV)** | | **2,204.0** | **1,340.0** |
| **Earnings per share [nominal value of share Rs 10]** | | | |
| Basic and diluted | **29** | 9.74 | 5.88 |
| Summary of significant accounting policies | **2.1** | | |

The accompanying notes are an integral part of the financial statements.
As per our report of even date

For **S. N. Dhawan & Co. LLP**
Firm Registration No. 000050N/N500045
Chartered Accountants

**For and on behalf of the Board of Directors of HeidelbergCement India Limited**

**Rajeev K Saxena**
Partner
Membership No. 077974

**Anil Kumar Sharma**
Chief Financial Officer

**Akila Krishnakumar**
Chairperson

**Kevin Gerard Gluskie**
Director

**Jamshed Naval Cooper**
Managing Director

Place: Gurugram
Date: 24 May 2019

**Rajesh Relan**
Legal Head & Company Secretary

**Ramakrishnan Ramamurthy**
Director

**Soek Peng Sim**
Director

**Sushil Kumar Tiwari**
Whole-time Director

# Statement of change in equity for the year ended 31 March 2019

**a. Equity Share Capital:**

| **Equity shares of Rs. 10 each issued, subscribed and fully paid** | **Numbers** | **Rs. in million** |
|---|---|---|
| At 31 March 2017 | 226,613,116 | 2,266.1 |
| At 31 March 2018 | 226,613,116 | 2,266.1 |
| **At 31 March 2019** | **226,613,116** | **2,266.1** |

| **Equity shares of Rs 10 each issued, subscribed and partly paid** | **Numbers** | **Rs. in million** |
|---|---|---|
| At 31 March 2017 | 18,193 | 0.1 |
| At 31 March 2018 | 18,193 | 0.1 |
| **At 31 March 2019** | **18,193** | **0.1** |

**b. Other equity:**

**For the year ended 31 March 2019** **(Rs in Million)**

| | Other Equity (Refer - Note 12) | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | | | Items of OCI | | |
| **Particulars** | **Capital Reserve** | **Capital Subsidy reserve** | **Capital redemption reserve** | **Securities Premium** | **Debenture redemption reserve** | **Retained earnings** | **Cash flow hedge reserve** | **Other item of OCI** | |
| **As at 1 April 2018** | **672.8** | **6.4** | **159.9** | **3,707.1** | **575.8** | **3,089.2** | **-** | **(13.4)** | **8,197.8** |
| Profit for the year | - | - | - | - | - | 2,206.6 | - | - | 2,206.6 |
| Dividend on equity shares | - | - | - | - | - | (793.1) | - | - | (793.1) |
| Dividend distribution tax on dividend | - | - | - | - | - | (163.0) | - | - | (163.0) |
| Other comprehensive income | - | - | - | - | - | - | - | (2.6) | (2.6) |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **1,250.5** | **-** | **(2.6)** | **1,247.9** |
| Transfer from retained earning | - | - | - | - | 134.3 | (134.3) | - | - | - |
| **At 31 March 2019** | **672.8** | **6.4** | **159.9** | **3,707.1** | **710.1** | **4,205.4** | **-** | **(16.0)** | **9,445.7** |

**For the year ended 31 March 2018**

| | Other Equity (Refer -Note 12) | | | | | | | | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Reserves and Surplus | | | | | | Items of OCI | | |
| **Particulars** | **Capital Reserve** | **Capital Subsidy reserve** | **Capital redemption reserve** | **Securities Premium** | **Debenture redemption reserve** | **Retained earnings** | **Cash flow hedge reserve** | **Other item of OCI** | |
| **As at 1 April 2017** | **672.8** | **6.4** | **159.9** | **3,707.1** | **441.7** | **2,437.0** | **(1.7)** | **(19.9)** | **7,403.3** |
| Profit for the year | - | - | - | - | - | 1,331.8 | - | - | 1,331.8 |
| Dividend on equity shares | - | - | - | - | - | (453.2) | - | - | (453.2) |
| Dividend distribution tax on dividend | - | - | - | - | - | (92.3) | - | - | (92.3) |
| Other comprehensive income | - | - | - | - | - | - | 1.7 | 6.5 | 8.2 |
| **Total comprehensive income** | **-** | **-** | **-** | **-** | **-** | **786.3** | **1.7** | **6.5** | **794.5** |
| Transfer from retained earning | - | - | - | - | 134.1 | (134.1) | - | - | - |
| **At 31 March 2018** | **672.8** | **6.4** | **159.9** | **3,707.1** | **575.8** | **3089.2** | - | **(13.4)** | **8197.8** |

As per our report of even date

For **S. N. Dhawan & Co. LLP**
Firm Registration No. 000050N/N500045
Chartered Accountants

**For and on behalf of the Board of Directors of HeidelbergCement India Limited**

**Rajeev K Saxena**
Partner
Membership No. 077974

**Anil Kumar Sharma**
Chief Financial Officer

**Akila Krishnakumar**
Chairperson

**Kevin Gerard Gluskie**
Director

**Jamshed Naval Cooper**
Managing Director

Place: Gurugram
Date: 24 May 2019

**Rajesh Relan**
Legal Head &
Company Secretary

**Ramakrishnan Ramamurthy**
Director

**Soek Peng Sim**
Director

**Sushil Kumar Tiwari**
Whole-time Director

# Cash flow statement for the year ended 31 March 2019

| Particulars | Notes | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| **Cash flow from operating activities** | | | |
| Profit before tax | | 3,416.1 | 2,076.7 |
| **Non-cash adjustment to reconcile profit before tax to net cash flows:** | | | |
| Depreciation and amortization expense | | 1,017.7 | 1,011.7 |
| Property, plant and equipment written off | | 9.1 | 2.7 |
| Profit on sale of property, plant and equipment (net) | | (0.6) | (10.4) |
| Unrealized foreign exchange loss/ (gain) | | (4.0) | (0.3) |
| Sundry balances written off | | - | 5.7 |
| Provision/ liabilities no longer required written back | | (47.3) | (60.7) |
| Government grants | | (116.9) | (74.1) |
| Interest expenses | | 720.9 | 722.2 |
| Interest income | | (177.1) | (51.1) |
| **Operating profit before working capital changes** | | **4,817.9** | **3,622.4** |
| Movements in working capital : | | | |
| Increase / (decrease) in trade payables and other payables | | 657.6 | 827.8 |
| Increase / (decrease) in provisions and gratuity | | 151.0 | 71.4 |
| Decrease / (increase) in trade receivables | | (65.2) | (62.4) |
| Decrease / (increase) in inventories | | (405.3) | 127.5 |
| Decrease / (increase) in other current and non-current assets | | (514.7) | (374.4) |
| **Cash generated from operations** | | **4,641.3** | **4,212.3** |
| Direct taxes paid (net of refunds) | | (712.6) | (440.9) |
| **Net cash flow from operating activities (A)** | | **3,928.7** | **3,771.4** |
| **Cash flows from investing activities** | | | |
| Purchase of property, plant and equipment including capital work in progress and capital advances | | (426.6) | (232.4) |
| Proceeds from sale of property, plant and equipment | | 6.9 | 48.9 |
| Increase in other bank balances | | (3.7) | (2.3) |
| Interest received | | 160.1 | 48.8 |
| **Net cash flow used in investing activities (B)** | | **(263.3)** | **(137.0)** |
| **Cash flows from financing activities** | | | |
| Proceeds from borrowings and government grants | | 672.8 | 680.0 |
| Repayments of borrowings | | (1,500.0) | (1,094.5) |
| Dividend Paid (including Dividend Distribution Tax) | | (950.1) | (543.2) |
| Interest paid | | (639.2) | (696.9) |
| **Net cash flow used in financing activities (C)** | | **(2,416.5)** | **(1,654.6)** |
| **Net increase/ (decrease) in cash and cash equivalents (A + B + C)** | | **1,248.9** | **1,979.8** |
| Cash and cash equivalents at the beginning of the year | | 2,121.8 | 142.0 |
| **Cash and cash equivalents at the end of the year** | **9** | **3,370.7** | **2,121.8** |
| **Summary of significant accounting policies** | **2.1** | | |

As per our report of even date

For **S. N. Dhawan & Co. LLP**
Firm Registration No. 000050N/N500045
Chartered Accountants

**Rajeev K Saxena**
Partner
Membership No. 077974

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of HeidelbergCement India Limited**

**Anil Kumar Sharma**
Chief Financial Officer

**Akila Krishnakumar**
Chairperson

**Kevin Gerard Gluskie**
Director

**Jamshed Naval Cooper**
Managing Director

**Rajesh Relan**
Legal Head & Company Secretary

**Ramakrishnan Ramamurthy**
Director

**Soek Peng Sim**
Director

**Sushil Kumar Tiwari**
Whole-time Director

# Notes to financial statements for the year ended 31 March 2019

## 1. CORPORATE INFORMATION

HeidelbergCement India Limited (hereinafter referred to as "HCIL" or "the Company") is a public company domiciled in India and is incorporated on 13 May 1958 under the provisions of the Companies Act, 1956. The Company's equity is listed on BSE Limited and National Stock Exchange of India Limited. The registered office of the company is located at 9th floor, Infinity Tower 'C', DLF Cyber City, Gurugram, Haryana 122002.

The Company is engaged in the manufacturing and selling of Cement at its three locations viz. Ammasandra (Karnataka), Damoh (Madhya Pradesh) and Jhansi (Uttar Pradesh).

## 2. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013 ("the Act"), amendment thereto and other relevant provision of the Act and guidelines issued by the Securities and Exchange Board of India (SEBI) as applicable.

The financial statements have been prepared on historical cost basis except certain items which need to be stated at fair value (refer accounting policy regarding financial instruments).

The financial statements were authorised for issue in accordance with a resolution of the directors on 24 May 2019.

### 2.1 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

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 currency

##### Functional currency

The functional currency of the company is Indian rupee. These financial statements are presented in Indian rupees (rounded off to million) upto one decimal except when otherwise indicated.

##### Transactions and Translations

Foreign currency denominated monetary assets and liabilities are translated in to relevant functional currency at exchange rates in effect at the balance sheet date. The gain or losses resulting from such translations are included in net profit in the statement of profit and loss. Non-monetary assets and non- monetary liabilities denominated in foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value is determined.

Non-monetary assets and non- monetary liabilities denominated in foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

Transaction gain or loss realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expenses and cash flow items denominated in foreign currencies are translated in to the relevant functional currencies using the exchange rate in effect on the date of transaction.

### 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.

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.

Revenue from operations for previous periods up to 30 June 2017 includes excise duty. From 1 July 2017 onwards, the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations.

The following specific recognition criteria must also be met before revenue is recognized:

#### (i) Sale of goods

Revenue from the sale of goods is recognised when all the significant risks and rewards of ownership of the goods have passed to the buyer. 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.

#### (ii) Sale of Services

Sale of services are recognised when such services are rendered as per contract terms.

#### (iii) Interest

Interest income is included under the head “other income” in the statement of profit and loss if such interest income is recognized using the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

**e) 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 Company 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.

Government grants related to income under state investment promotion scheme linked with VAT/SGST payment are recognised in the Statement of Profit and Loss in the period in which they become receivable.

When loans or similar assistance are provided by governments or related institutions, with an interest rate below the current applicable market rate, the loan or assistance is initially recognised and 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. Government grants is recognised in profit or loss on a systematic basis over the periods in which the entity recognises the related costs for which the grants are intended to compensate.

Expenditure on power and fuel is recorded into statement of profit and loss, net of government grants in the form of concessional tariffs available to the Company.

**f) Income 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.

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.

Current Tax assets and Liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realise the asset and settle the liability on a net basis or simultaneously.

**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 (including MAT Credit) 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 utilized.

The carrying amount of deferred tax assets (including MAT credit available) 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.

**g) Property, Plant and Equipment (PPE)**

The initial cost of PPE, including Capital work in progress, comprises its purchase price, including import duties and non-refundable purchase taxes, and any directly attributable costs of bringing an asset to working condition and location for its intended use, including relevant borrowing costs and any expected costs of decommissioning, less accumulated depreciation and accumulated impairment losses, if any. Advances given towards acquisition or construction of PPE outstanding at each reporting date are disclosed as Capital Advances under "Other non-current Assets".

Expenditure incurred after the PPE have been put into operation, such as repairs and maintenance, are charged to the Statement of Profit and Loss in the period in which the costs are incurred. If significant parts of an item of PPE have different useful lives, then they are accounted for as separate items (major components) of PPE.

An item of PPE 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 statement of profit and loss, 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.

### h) Depreciation on property, plant and equipment

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

| Particulars | Useful lives estimated by the management (years) |
|---|---|
| Buildings | 10 – 60 |
| Railway Siding | 15 |
| Plant and equipments | 3 – 25 |
| Furniture and fixtures | 10 |
| Vehicles | 8 – 15 |

The Company, based on technical assessment and management estimates, depreciates certain items of plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

Freehold mining land is depreciated over 5 years, which is the expected period of mineral extraction.

Depreciation on additions is provided on a pro-rata basis from the month of installation or acquisition and in case of Projects from the date of commencement of commercial production. Depreciation on deductions/disposals is provided on a pro-rata basis up to the month preceding the month of deduction/disposal.

### i) Intangible assets

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 amortization period and the amortization method are reviewed at each financial year end. If the expected useful life of the asset is significantly different from previous estimates, the amortization period is changed accordingly. If there has been a significant change in the expected pattern of economic benefits from the asset, the amortization method is changed to reflect the changed pattern.

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:

| Intangible Assets | Estimated Useful Lives (Years) |
|---|---|
| Software | 5 |

### j) 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 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.

For assets, 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.

### k) Borrowing costs

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.

### l) 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. A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

### m) Inventories

Inventories are valued as follows:

- **Raw materials, stores and spares and packing materials**

  Lower of cost and net realisable 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 is determined on a weighted average basis and includes cost incurred in bringing the material to its present location and condition..

- **Work-in-progress and finished goods**

  Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost is determined on a weighted average basis.

  Net realisable 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.

### n) Provisions

#### General

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 records a provision for mines reclamation. Mine reclamation costs are provided at the present value of expected costs to settle the obligation using estimated cash flows. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the reclamation liability. The unwinding of the discount is expensed as incurred and recognised in the statement of profit and loss as a finance cost. The estimated future costs of reclamation are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from such provision prospectively.

### o) 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 at the reporting date. 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.

### p) Retirement and other employee benefits

(i) Superannuation Fund (being administered by Trusts) is 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.

(ii) Retirement benefits in the form of provident fund contributed to statutory provident fund is a defined contribution scheme and the payments are charged to the statement of profit and loss for the period when the payments to the respective funds are due. There are no obligations other than contribution payable to provident fund authorities.

(iii) Retirement benefits in the form of provident fund contributed to trust set up by the employer is a defined benefit scheme and the amounts are charged to the statement of profit and loss for the period when the payments to the trust are due. 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.

(iv) Gratuity liability (being administered by a Trust) is a defined benefit obligation and is provided for on the basis of an actuarial valuation done using projected unit credit method at the end of each financial year.

Actuarial gains and losses for defined benefit plans are recognized in full in the period in which they occur in the OCI.

(v) 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.

### q) Financial instruments

**Initial recognition**

The company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (that are not at fair value through profit or loss) are added to or deducted from the fair value, as appropriate, on initial recognition.

**Classification and Subsequent measurement: Financial Assets**

**I. Non-derivative financial instruments**

**i) Financial assets carried at amortised cost**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**ii) Financial assets at fair value through other comprehensive income**

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

**iii) Financial assets at fair value through profit or loss**

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

**Classification and Subsequent Measurement: Financial liabilities:**

Financial liabilities are classified as follow:

**iv) Financial liability at fair value through profit or loss (FVTPL)**

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or are designated upon initial recognition as FVTPL. Gains or Losses on liabilities held for trading are recognised in the Statement of Profit and Loss.

**v) Other Financial Liabilities:**

Financial liabilities are subsequently carried at amortized cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

**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 the amortised cost would have been had the impairment not been recognized.

**De-recognition of financial assets**

The Company de-recognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the company retains substantially all the risks and rewards of ownership of a transferred financial asset, the company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

**De-recognition of financial liabilities**

A financial liability shall be derecognized when, and only when it is extinguished i.e when the obligation specified in the contract is discharged or cancelled or expires.

### II. Derivative financial instruments and hedge accounting

The Company uses derivative financial instrument such as cross currency interest rate swaps to hedge its foreign currency risks and interest rate risks. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to the statement of profit and loss, except for the effective portion of cash flow hedge, which is recognised in OCI in the cash flow hedge reserve while any ineffective portion is recognised immediately in the statement of profit and loss.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability
- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability

At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which the Company wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedge accounting is discontinued from the last testing date when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Cumulative gain or loss on such hedging instrument recognised in shareholder's funds is retained there until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in shareholders' funds is transferred to statement of profit and loss for the period.

### r) 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.

### s) 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, if any.

### t) 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 the statement 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.

(Rs. in million)

## 3. PROPERTY, PLANT AND EQUIPMENT

## 4. INTANGIBLE ASSETS

| Particulars | Freehold non mining Land | Freehold mining Land | Buildings | Railway Siding | Plant and equipment | Furniture and fixtures | Vehicles | Capital work in progress | Total | Computer Software | Total |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Cost or valuation** | | | | | | | | | | | |
| At 1 April 2017 | 107.5 | 368.6 | 1,219.8 | 227.5 | 18,604.6 | 73.9 | 96.5 | 62.9 | 20,761.3 | 52.7 | 52.7 |
| Additions | 22.4 | 14.2 | 41.0 | 24.4 | 195.7 | 6.9 | 36.7 | 323.6 | 664.9 | 1.2 | 1.2 |
| Disposals | (0.3) | - | (0.6) | (0.9) | (50.2) | (2.0) | (2.5) | - | (56.5) | - | - |
| Capitalised during the year | - | - | - | - | - | - | - | (305.8) | (305.8) | - | - |
| **At 31 March 2018** | **129.6** | **382.8** | **1,260.2** | **251.0** | **18,750.1** | **78.8** | **130.7** | **80.7** | **21,063.9** | **53.9** | **53.9** |
| Additions | 0.1 | 63.5 | 36.8 | 36.6 | 148.1 | 5.8 | 50.3 | 369.3 | 710.5 | - | - |
| Disposals | - | - | (0.1) | (0.5) | (32.8) | (0.2) | - | - | (33.6) | - | - |
| Capitalised during the year | - | - | - | - | - | - | - | (277.6) | (277.6) | - | - |
| **At 31 March 2019** | **129.7** | **446.3** | **1,296.9** | **287.1** | **18,865.4** | **84.4** | **181.0** | **172.4** | **21,463.2** | **53.9** | **53.9** |
| Depreciation/ Amortization | | | | | | | | | | | |
| At 1 April 2017 | - | 26.0 | 211.3 | 29.7 | 1,642.9 | 22.4 | 21.9 | - | 1,954.2 | 26.2 | 26.2 |
| Charge for the year | - | 21.2 | 86.4 | 15.5 | 858.5 | 8.8 | 10.1 | - | 1,000.5 | 11.2 | 11.2 |
| Disposals | - | - | (0.1) | (0.1) | (13.6) | (0.8) | (0.7) | - | (15.3) | - | - |
| **At 31 March 2018** | **-** | **47.2** | **297.6** | **45.1** | **2,487.8** | **30.4** | **31.3** | **-** | **2,939.4** | **37.4** | **37.4** |
| Charge for the year | - | 19.7 | 88.8 | 17.3 | 859.2 | 8.9 | 13.0 | - | 1,006.9 | 10.8 | 10.8 |
| Disposals | - | - | - | (0.2) | (17.9) | (0.1) | - | - | (18.2) | - | - |
| **At 31 March 2019** | **-** | **66.9** | **386.4** | **62.2** | **3,329.1** | **39.2** | **44.3** | **-** | **3,928.1** | **48.2** | **48.2** |
| Net book value | | | | | | | | | | | |
| **At 31 March 2019** | **129.7** | **379.4** | **910.5** | **224.9** | **15,536.3** | **45.2** | **136.7** | **172.4** | **17,535.1** | **5.7** | **5.7** |
| **At 31 March 2018** | **129.6** | **335.6** | **962.6** | **205.9** | **16,262.3** | **48.4** | **99.4** | **80.7** | **18,124.5** | **16.5** | **16.5** |

| **Net book value** | **31 March 2019** | **31 March 2018** |
|---|---|---|
| Property, plant and equipment | 17,362.7 | 18,043.8 |
| Capital work-in-progress | 172.4 | 80.7 |
| Intangible assets | 5.7 | 16.5 |

## 5. FINANCIAL ASSETS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Security deposits** | | |
| Unsecured, considered good | 430.6 | 391.8 |
| **Total** | **430.6** | **391.8** |
| | | |
| Current | 145.3 | 106.9 |
| Non-current | 285.3 | 284.9 |
| | | |
| **Other financial assets** | | |
| Interest accrued on bank deposits | 19.2 | 4.2 |
| Interest accrued on other deposits | 7.8 | 5.8 |
| Other accrued income | - | 9.1 |
| **Total** | **27.0** | **19.1** |
| | | |
| Current | 27.0 | 19.1 |
| Non-current | - | - |
| **Break up of financial assets carried at amortised cost** | | |
| Security deposits | 430.6 | 391.8 |
| Other financial assets | 27.0 | 19.1 |
| Trade receivables (note 8) | 253.2 | 188.0 |
| Cash and bank balances (note 9) | 3,376.7 | 2,124.1 |
| **Total financial assets carried at amortised cost** | **4,087.5** | **2,723.0** |

## 6 OTHER NON-CURRENT ASSETS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Capital advances | 4.1 | 4.3 |
| Advance income-tax (net of provision for taxation) | 51.3 | 78.6 |
| Prepaid expenses | 199.5 | 211.2 |
| **Total** | **254.9** | **294.1** |

## 7. INVENTORIES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Raw materials (includes in transit Rs. 45.7 million)(31 March 2018: Rs. 2.7 million) | 229.7 | 188.8 |
| Work-in-progress | 482.2 | 397.2 |
| Finished goods | 240.9 | 274.1 |
| Stores and spares (includes in transit Rs. 133.2 million)(31 March 2018: Rs. 19.6 million) | 721.4 | 408.8 |
| **Total inventories valued at lower of cost and net realizable value** | **1,674.2** | **1,268.9** |

## 8. TRADE RECEIVABLES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Trade receivables | 241.7 | 188.0 |
| Receivables from related parties | 11.5 | - |
| **Total Trade receivables** | **253.2** | **188.0** |
| **Break-up for security details:** | | |
| Unsecured, considered good | 253.2 | 188.0 |
| Doubtful | 23.4 | 23.4 |
| | **276.6** | **211.4** |
| Allowances for doubtful debts | (23.4) | (23.4) |
| **Total trade receivables** | **253.2** | **188.0** |

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

## 9. CASH AND BANK BALANCES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Cash and cash equivalents** | | |
| Balances with banks: | | |
| On current accounts | 85.1 | 210.8 |
| Deposits with original maturity of less than three months | 3,278.0 | 1,910.0 |
| Cheques on hand | 7.2 | 0.3 |
| Cash on hand | 0.4 | 0.7 |
| | **3,370.7** | **2,121.8** |
| **Bank balances other than Cash and cash equivalents** | | |
| Balances with banks: | | |
| On unpaid dividend accounts* | 6.0 | 2.3 |
| | **6.0** | **2.3** |
| | **3,376.7** | **2,124.1** |

* The company can utilize these balances only toward settlement of the unpaid dividend.

Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the company, and earn interest at the respective short-term deposit rates.

## 10. OTHER CURRENT ASSETS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Advances other than capital advances* | 388.7 | 172.4 |
| Prepaid expenses | 79.3 | 70.6 |
| Balances with statutory/ government authorities and Others | | |
| - Considered good | 2,258.3 | 2,078.8 |
| - Doubtful | 8.2 | 8.2 |
| VAT/SGST incentive receivable (refer note 34) | 630.6 | 513.4 |
| GST/CENVAT Receivable | 41.0 | 66.0 |
| | **3,406.1** | **2,909.4** |
| Allowances for doubtful advance and deposits | (8.2) | (8.2) |
| **Total** | **3,397.9** | **2,901.2** |

* Advances other than capital advances includes payment to vendors for supply of goods and services.

## 11. SHARE CAPITAL

| | Equity Shares | | Preference Shares | |
|---|---|---|---|---|
| | Numbers | Rs in Million | Numbers | Rs in Million |
| **Authorized Share Capital** | | | | |
| At 31 March 2017 | 230,000,000 | 2,300.0 | 5,000,000 | 500.0 |
| At 31 March 2018 | 230,000,000 | 2,300.0 | 5,000,000 | 500.0 |
| At 31 March 2019 | 230,000,000 | 2,300.0 | 5,000,000 | 500.0 |

### Terms/ rights attached to equity shares

The Company has only one class of equity shares having a 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, if any, 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 Million |
|---|---|---|
| At 31 March 2017 | 226,613,116 | 2,266.1 |
| At 31 March 2018 | 226,613,116 | 2,266.1 |
| At 31 March 2019 | 226,613,116 | 2,266.1 |
| **Equity shares of Rs 10 each issued, subscribed and partly paid** | **Numbers** | **Rs in Million** |
| At 31 March 2017 | 18,193 | 0.1 |
| At 31 March 2018 | 18,193 | 0.1 |
| At 31 March 2019 | 18,193 | 0.1 |
| **Total** | **226,631,309** | **2,266.2** |

**a. Shares held by holding/ultimate holding company and/or their subsidiaries/associates**

Out of equity shares issued by the Company, shares held by its holding company, ultimate holding company and their subsidiaries/ associates are as below:

**Equity shares of Rs.10/- each fully paid**

| Cementrum I B V, the holding company | Numbers | Rs in Million |
|---|---|---|
| At 31 March 2017 | 157,244,693 | 1,572.4 |
| At 31 March 2018 | 157,244,693 | 1,572.4 |
| At 31 March 2019 | 157,244,693 | 1,572.4 |

**b. Details of shareholders holding more than 5% shares in the Company**

| Name of the Shareholder | Numbers | % holding in the class |
|---|---|---|
| **Equity shares of Rs.10/- each fully paid** | | |
| Cementrum I B V, the holding company | | |
| At 31 March 2017 | 157,244,693 | 69.39% |
| At 31 March 2018 | 157,244,693 | 69.39% |
| At 31 March 2019 | 157,244,693 | 69.39% |

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.

## 12. OTHER EQUITY

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **A) Retained earnings** | | |
| Balance as per last financial statements | 3,089.2 | 2,437.0 |
| Profit for the year | 2,206.6 | 1,331.8 |
| Less: Appropriations | | |
| Transfer to debenture redemption reserve | (134.3) | (134.1) |
| Dividend on equity shares | (793.1) | (453.2) |
| Dividend Distribution tax | (163.0) | (92.3) |
| **Closing balance** | **4,205.4** | **3,089.2** |
| **B) Cash flow hedge reserve** | | |
| Balance as per the last financial statements | - | (1.7) |
| Add: Fair value change recognized | - | 1.7 |
| **Closing balance** | **-** | **-** |
| **C) Remeasurement gain/ (losses) of net defined benefit plans, net of tax** | | |
| Balance as per last financial statements | (13.4) | (19.9) |
| Additions during the year | (2.6) | 6.5 |
| Closing balance | **(16.0)** | **(13.4)** |
| **D) Debenture redemption reserve** | | |
| Balance as per the last financial statements | 575.8 | 441.7 |
| Add: amount transferred from retained earnings | 134.3 | 134.1 |
| **Closing balance** | **710.1** | **575.8** |

**E) Other reserves**

| | | |
|---|---|---|
| Capital reserve (including opening revaluation reserve) | 672.8 | 672.8 |
| Capital subsidy reserve | 6.4 | 6.4 |
| Capital redemption reserve | 159.9 | 159.9 |
| Securities premium | 3,707.1 | 3,707.1 |
| **Closing balance** | **4,546.2** | **4,546.2** |
| | | |
| **Total (A+B+C+D+E)** | **9,445.7** | **8,197.8** |

**Nature and purpose of reserves:**

**(i) Cash flow hedge reserve**

This represents effective portion of cash flow hedge and differential accrued interest as on balance sheet date. The period of such reserve will be similar to maturity period of underlying ECB loan in foreign currencies.

**(ii) Debenture redemption reserve ('DRR')**

The Company has issued redeemable non-convertible debentures. Accordingly, the Companies (Share capital and Debentures) Rules, 2014 (as amended), require the company to create DRR out of profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of debentures issued.

**(iii) Capital reserve**

Pursuant to the scheme of amalgamation, excess of fair value of net assets taken by the company over the paid up value of equity shares issued to the shareholders of erstwhile Indorama Cement Limited (IRCL) and HeidelbergCement India Private Limited (HIPL) amounting to Rs. 549.7 million has been treated and shown as capital reserve w.e.f 1 April 2008. The Company may issue fully paid-up bonus shares to its members out of the Capital reserve account.

**(iv) Capital redemption reserve**

Capital redemption reserve was created for the redemption of preference shares. The Company may issue fully paid-up bonus shares to its members out of the Capital redemption reserve account.

**(v) Securities premium**

Security premium is created when shares are issued at premium. The Company may issue fully paid-up bonus shares to its members out of the security premium account, and company can use this reserve for buy-back of shares.

## 13. BORROWINGS

| | Maturity | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| **Non-current borrowings** | | | |
| **From related parties** | | | |
| **Debentures** | | | |
| 370 (31 March 2018: 370) 10.4% redeemable, listed, non-convertible debentures of Rs.10,000,000/- each (unsecured) | 2020-2021 | 2,450.0 | 3,700.0 |
| **From other parties** | | | |
| Indian rupee loan from a party other than banks (secured) | 2023-2025 | 1,468.2 | 992.3 |
| **Total non-current borrowings** | | **3,918.2** | **4,692.3** |
| **Current borrowings** | | | |
| **Current maturity of term loans** | | | |
| 10.4% redeemable, listed, non-convertible debentures of Rs.10,000,000/- each (unsecured) | 2019 | 1,250.0 | - |
| Indian rupee loan from a party other than banks (unsecured) | 2018 | - | 1,500.0 |
| **Total current borrowings** | | **1,250.0** | **1,500.0** |
| Less : Amount disclosed under the head "Other current financial liabilities" (refer note 19) | | (1,250.0) | (1,500.0) |
| **Net current borrowings** | | **-** | **-** |
| **The above amount includes** | | | |
| Aggregated secured borrowings | | 1,468.2 | 992.3 |
| Aggregated unsecured borrowings | | 3,700.0 | 5,200.0 |
| **Net amount** | | **5,168.2** | **6,192.3** |

**(a) Debentures**

10.4% Debentures (listed at BSE Limited) are redeemable at par in three tranches of Rs. 1,250.0 million, Rs. 1,250.0 million and Rs. 1,200.0 million at the end of 6th, 7th and 8th year respectively from the date of allotment of 16 December, 2013. The Company has the option on or prior to the redemption date to buy-back, purchase, redeem, re-sell and/or re-issue all or part of debentures from the debenture holders, subject to such debenture holders having the discretion to offer its debentures in response to the Company exercising such an option.

**(b) India rupee loan from a party other than banks :**

(i) The Company has availed Indian rupees term loan in the form of External Commercial Borrowing (ECB) from HeidelbergCement AG, Germany, the ultimate holding company outstanding amounting to Rs. Nil (31 March 2018: Rs. 1500.0 million ) on unsecured basis. This was repaid fully in current year. Interest rate in respect of this borrowing was 10.5% p.a for the year ended 31 March 2019 and 31 March 2018.

(ii) The Company has availed the facility of interest free loan from 'The Pradeshiya Industrial and Investment Corporation of U.P. Ltd.' ('PICUP), Lucknow in accordance with the 'Industrial Investment Promotion Scheme-2012', Uttar Pradesh. This loan is secured by bank guarantee and repayable after expiry of 7 (Seven) years from the date of disbursement of loan. Effective interest rate in respect of this borrowing is 9.01% p.a for the year ended 31 March 2019 and 31 March 2018. As on 31 March 2019, principal amount of such loan is Rs 2,345.8 million (31 March 2018: Rs. 1,659.2 million).

## 14. OTHER NON-CURRENT FINANCIAL LIABILITIES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Trade payables | 41.2 | 53.8 |
| | **41.2** | **53.8** |

## 15. PROVISIONS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Non-current provisions** | | |
| Provision for gratuity (refer note 33) | 197.3 | 196.0 |
| | **197.3** | **196.0** |
| **Current provisions** | | |
| Provision for litigations (refer note 32 (c) (ii)) | 2,238.2 | 2,084.5 |
| Provision for leave benefits | 66.2 | 67.3 |
| Provision for gratuity (refer note 33) | 35.0 | 34.0 |
| Provision for mine reclamation expenses (refer note 32 (c) (iii)) | 2.8 | 2.8 |
| | **2,342.2** | **2,188.6** |

## 16. GOVERNMENT GRANTS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **At 1 April** | 614.6 | 387.9 |
| Received during the year | 297.6 | 300.8 |
| Released to statement of profit and loss | (116.9) | (74.1) |
| **At 31 March** | **795.3** | **614.6** |
| | | |
| Current | 145.3 | 102.8 |
| Non-current | 650.0 | 511.8 |

“The benefit of a government loan at below current market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with Ind AS 109. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with Ind AS 109 (at Fair value) and the proceeds received. Government grant is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate."

## 17. INCOME TAX & DEFERRED TAX LIABILITY

The major components of income tax expense for the years ended 31 March 2019 and 31 March 2018 are:

| Statement of Profit or loss : | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Current income tax:** | | |
| Current income tax charge | 737.5 | 444.3 |
| Adjustments in respect of current income tax of previous year | 2.4 | - |
| **Deferred tax:** | | |
| Relating to origination and reversal of temporary differences | 469.6 | 300.6 |
| **Income tax expense reported in the statement of profit or loss** | **1,209.5** | **744.9** |
| **Other comprehensive income:** | | |
| **Deferred tax related to items recognised in OCI during the year:** | | |
| Net loss/(gain) on remeasurements of defined benefit plans | (1.3) | 3.5 |
| Net (gain)/loss on revaluation of cash flow hedges | - | 0.9 |
| **Income tax charged to OCI** | **(1.3)** | **4.4** |

| Reconciliation of tax expense and the accounting profit multiplied by India's tax rate for 31 March 2019 and 31 March 2018: | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Accounting profit before income tax** | **3,416.1** | **2,076.7** |
| At India's statutory income tax rate of 34.94% (31 March 2018: 34.61%) | 1,193.7 | 718.7 |
| Adjustments of tax of previous years | (2.6) | (4.1) |
| Adjustments in respect of change in tax rate | - | 17.9 |
| **Non-deductible expenses for tax purposes:** | | |
| Corporate social responsibility expenditure | 10.2 | 5.1 |
| Other non-deductible expenses | 8.2 | 7.3 |
| **At the effective income tax rate of 35.41% (31 March 2018: 35.87%)** | **1,209.5** | **744.9** |
| Income tax expense reported in the statement of profit and loss | **1,209.5** | **744.9** |

| | | |
|---|---|---|
| **Deferred tax liability** | | |
| Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting | 3,083.2 | 2,945.6 |
| Impact of expenditure allowed for tax purposes on payment basis but not charged to statement of profit & loss | 170.7 | 160.3 |
| **Gross deferred tax liabilities** | **3,253.9** | **3,105.9** |

| | | |
|---|---|---|
| **Deferred tax asset** | | |
| Unused tax credits (MAT credit entitlement) | 1,619.6 | 1,031.3 |
| Unabsorbed depreciation/ carry forward tax losses | - | 899.7 |
| Impact of expenditure charged to statement of profit and loss but allowable for tax purposes on payment basis | 314.9 | 327.1 |
| Provision for doubtful debts and advances | 11.0 | 11.0 |
| Others | 5.1 | 1.8 |
| **Gross deferred tax asset** | **1,950.6** | **2,270.9** |
| **Net deferred tax liability** | **1,303.3** | **835.0** |

Deferred Tax benefits are recognised on assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences will be utilised.

| Reconciliation of deferred tax liabilities (net): | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Opening balance as of 1 April** | **835.0** | **530.0** |
| Tax (income)/expense during the year recognised in profit or loss | 469.6 | 300.6 |
| Tax (income)/expense during the year recognised in OCI | (1.3) | 4.4 |
| **Closing balance as at 31 March** | **1,303.3** | **835.0** |

## 18. TRADE PAYABLES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Trade payables (refer note a) | | |
| - Total outstanding dues of micro enterprises and small enterprises (refer note 40) | 1.1 | - |
| -Total outstanding dues of creditors other than micro enterprises and small enterprises | 2,523.8 | 2,109.4 |
| Trade payables to related parties (refer note d) | 253.3 | 156.9 |
| | **2,778.2** | **2,266.3** |

## 19. OTHER CURRENT FINANCIAL LIABILITIES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Current maturities of long-term borrowings (refer note b) | 1,250.0 | 1,500.0 |
| Interest accrued but not due on borrowings (refer note b) | 103.7 | 122.9 |
| Trade and other deposits (refer note b & c) | 1,647.7 | 1,464.7 |
| Unpaid Dividend | 6.0 | 2.3 |
| Interest accrued on security deposits (refer note b & c) | 22.5 | 22.3 |
| Payable against purchase of property, plant and equipment | 15.5 | 9.4 |
| | **3,045.4** | **3,121.6** |

**Terms and conditions of the above financial liabilities:**

a) Trade payables are non-interest bearing and are normally settled within 0 to 60 day terms.

b) Other current financial liabilities are generally interest bearing and have an average term of six months for borrowings and one year for deposits.

c) Interest payable is normally settled quarterly/half yearly/yearly throughout the financial year.

d) For terms and conditions with related parties, refer to Note 31

**Break up of financial liabilities carried at amortised cost**

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Borrowings (non-current) (note 13) | 2,450.0 | 3,700.0 |
| Trade payables (note 18) | 2,778.2 | 2,266.3 |
| Trade payables (note 14) | 41.2 | 53.8 |
| Current maturity of long term borrowings (note 19) | 1,250.0 | 1,500.0 |
| Other current financial liabilities (note 19) | 1,795.4 | 1,621.6 |
| | **8,314.8** | **9,141.7** |
| **Break up of financial liabilities carried at fair value through profit or loss** | | |
| Borrowings (non-current) (note 13) | 1,468.2 | 992.3 |
| | **1,468.2** | **992.3** |

## 20. OTHER CURRENT LIABILITIES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Advance from customers | 318.8 | 413.7 |
| Withholding income tax (TDS) payable | 81.6 | 77.1 |
| Goods and Service tax payable | 410.7 | 393.9 |
| Other statutory dues | 11.2 | 11.3 |
| | **822.3** | **896.0** |

## 21. REVENUE FROM OPERATIONS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Sale of products** | | |
| Cement | 20,806.1 | 19,159.1 |
| Clinker | 243.1 | 132.6 |
| | **21,049.2** | **19,291.7** |
| **Sale of Services** | **45.2** | **39.9** |
| **Other operating revenue** | | |
| VAT/SGST incentive (refer note 34) | 155.1 | 238.8 |
| Scrap sales | 43.7 | 39.5 |
| Miscellaneous income | 40.3 | 9.7 |
| | **239.1** | **288.0** |
| | **21,333.5** | **19,619.6** |

**Revenue from operations**

Revenue from operations for previous periods up to 30 June 2017 includes excise duty. Sale of goods includes excise duty collected from customers of Rs. Nil (31 March 2018: Rs. 724.9 million). Sale of goods net of excise duty is Rs. 21,049.2 million (31 March 2018: Rs. 18,566.8 million). From 1 July 2017 onwards the excise duty and most indirect taxes in India have been replaced by Goods and Service Tax (GST). The Company collects GST on behalf of the Government. Hence, GST is not included in Revenue from operations. In view of the aforesaid change in indirect taxes, Revenue from operations for the year ended 31 March 2019 is not comparable with 31 March 2018.

## 22. OTHER INCOME

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Interest income on bank deposits | 155.4 | 31.2 |
| Interest income on other deposits | 21.7 | 19.9 |
| Government grants | 116.9 | 74.1 |
| Rent | 2.3 | 2.7 |
| Provisions/ liabilities no longer required written back | 47.3 | 60.7 |
| Profit on sale of property, plant and equipment (net) | 0.6 | 10.4 |
| Exchange differences (net) | 4.0 | 0.3 |
| | **348.2** | **199.3** |

**Government Grants**

The benefit of a government loan at below current market rate of interest is treated as a government grant. The loan is recognised and measured in accordance with Ind AS 109. The benefit of the below market rate of interest is measured as the difference between the initial carrying value of the loan determined in accordance with Ind AS 109 (at Fair value) and the proceeds received. Government grants is recognised in profit or loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

## 23. COST OF RAW MATERIAL CONSUMED

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Inventory at the beginning of the year | 188.8 | 127.7 |
| Add: Purchases | 3,956.1 | 3,627.5 |
| | **4,144.9** | **3,755.2** |
| Less: inventory at the end of the year | (229.7) | (188.8) |
| **Cost of raw material consumed** | **3,915.2** | **3,566.4** |

## 24. (INCREASE)/DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| **Inventories at the end of the year** | | |
| Work-in-progress | 482.2 | 397.2 |
| Finished goods | 240.9 | 274.1 |
| | **723.1** | **671.3** |
| **Less: Inventories at the beginning of the year** | | |
| Work-in-progress | 397.2 | 408.2 |
| Finished goods | 274.1 | 399.2 |
| | **671.3** | **807.4** |
| | **(51.8)** | **136.1** |

## 25. EMPLOYEE BENEFIT EXPENSE

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Salary, wages and bonus | 1,089.0 | 1,053.0 |
| Contribution to provident and other funds | 59.3 | 59.6 |
| Gratuity expense (refer note 33) | 34.2 | 32.1 |
| Staff welfare expenses | 56.5 | 56.8 |
| | **1,239.0** | **1,201.5** |

## 26. DEPRECIATION AND AMORTIZATION EXPENSE

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Depreciation of Property, plant and equipment | 1,006.9 | 1,000.5 |
| Amortization of intangible assets | 10.8 | 11.2 |
| | **1,017.7** | **1,011.7** |

## 27. FINANCE COSTS

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Interest: | | |
| On borrowings | 525.9 | 649.8 |
| Others | 195.0 | 72.4 |
| Bank charges and guarantee commission | 26.9 | 22.3 |
| | **747.8** | **744.5** |

## 28. OTHER EXPENSES

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Consumption of stores and spares | 700.4 | 666.4 |
| Freight and forwarding | 3,079.3 | 2,835.9 |
| Increase of excise duty on inventory | - | (72.6) |
| Power & fuel | 5,049.3 | 4,439.0 |
| Rent | 44.5 | 49.2 |
| Repairs and maintenance | | |
| - Buildings | 76.6 | 65.1 |
| - Plant and machinery | 218.6 | 256.7 |
| - Others | 7.6 | 7.1 |
| Insurance | 27.3 | 28.6 |
| Rates and taxes | 493.4 | 476.4 |
| Travelling expenses | 93.9 | 82.6 |
| Directors fees | 2.9 | 2.4 |
| Payment to auditor | | |
| As auditor: | | |
| Audit fees | 3.0 | 3.0 |
| Tax audit fees | 0.3 | 0.3 |
| Limited reviews | 1.2 | 1.8 |
| Reimbursement of expenses | 0.5 | 0.3 |
| Legal and professional expenses | 43.0 | 65.0 |
| License fees/Technical know how fees | 108.2 | 170.0 |
| Printing and stationery | 11.3 | 11.6 |
| Communication expenses | 130.5 | 85.4 |
| Advertisement and publicity expenses | 192.7 | 166.6 |
| Cement handling expenses | 941.8 | 863.3 |
| Property, plant and equipment written off | 9.1 | 2.7 |
| Sundry balances written off | - | 5.7 |
| Corporate social responsibility expenses (refer note 36) | 29.1 | 14.8 |
| Miscellaneous expenses | 133.2 | 129.8 |
| | **11,397.7** | **10,357.1** |

## 29. EARNINGS PER SHARE (EPS)

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| The following reflects the profit and share data used in the basic and diluted EPS computations: | | |
| Profit after tax available to equity shareholders | 2,206.6 | 1,331.8 |
| **Net profit for calculation of basic/ Diluted EPS** | **2,206.6** | **1,331.8** |

| | No in Million | No in Million |
|---|---|---|
| **Weighted average number of equity shares in calculating Basic/ Diluted EPS** | **226.6** | **226.6** |
| **Basic and diluted EPS** | **9.74** | **5.88** |

## 30. 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 estimation 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 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 33.

#### (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 37 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.

## 31. RELATED PARTY DISCLOSURE

### (a) Names of related parties and related party relationship:

**I. Names of related parties where control exists irrespective of whether transactions have occurred or not:**

| | |
|---|---|
| Ultimate holding company | HeidelbergCement AG |
| Holding company | Cementrum I.B.V |

**II. Related Parties with whom transaction have taken place**

| | |
|---|---|
| Fellow subsidiaries | HeidelbergCement Asia Pte Ltd |
| | Zuari Cement Limited |
| **Key management personnel** | Mr. Jamshed Naval Cooper, Managing Director |
| | Mr. Sushil Kumar Tiwari, Whole Time Director |
| | Ms. Soek Peng Sim, Non-Executive Director |
| | Mr. Kevin Gerard Gluskie, Non-Executive Director |
| | Mr. Ramakrishnan Ramamurthy, Independent Director (With effect from 12.02.2019) |
| | Mrs. Akila Krishnakumar, Independent Director (With effect from 25.10.2018) |
| | Mr. P. G. Mankad, Independent Director (Upto 31.03.2019) |
| | Dr. Albert Scheuer, Non-Executive Director (Upto 31.03.2019) |
| | Mr. S. Krishna Kumar, Independent Director (Upto 31.03.2019) |
| | Mr. Pradeep V. Bhide, Independent Director (Upto 31.03.2019) |
| | Mr. Juan-Francisco, Non-Executive Director (Upto 11.03.2019) |
| | Mr. Anil Sharma, Chief Financial Officer |
| | Mr. Rajesh Relan, Company Secretary |

### (b) Related party transactions

Note 31 (a) provides the information about the company's structure including the details of the fellow subsidiaries and the holding company. The following table provides the total amount of transactions that have been entered into with related parties for the relevant financial year.

**(Rs. in million)**

| Particulars | Enterprises where controls exists | | Fellow Subsidiaries | |
|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| **Transactions with Cementrum I B.V.:** | | | | |
| - Interest on ECB | - | 19.7 | - | - |
| - ECB repaid | - | 1,094.5 | - | - |
| - Dividend paid | 550.4 | 314.5 | - | - |
| **Transactions with HeidelbergCement AG:** | | | | |
| - License Fee | 108.2 | - | - | - |
| - Group Overhead Recharge | 47.4 | 7.8 | - | - |
| - End-user workstation charges | 63.0 | 59.0 | - | - |
| - Interest on ECB & Debentures | 425.4 | 542.3 | - | - |
| - ECB repaid | 1,500.0 | - | - | - |
| - Assignment Cost | 0.1 | - | - | - |
| **Transactions with Zuari Cement Limited** | | | | |
| - Purchase of Clinker | - | - | 383.8 | 389.7 |
| - Service Income | - | - | 45.2 | 39.9 |
| **Transactions with HeidelbergCement Asia Pte Limited:** | | | | |
| - Technical Know how fee | - | - | - | 170.0 |

| Particulars | Enterprises where controls exists | | Fellow Subsidiaries | |
|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| **Payable** | | | | |
| - HeidelbergCement AG | 167.6 | 22.1 | - | - |
| - HeidelbergCement Asia Pte Limited | - | - | - | 38.3 |
| - Zuari Cement Limited | - | - | 85.7 | 96.5 |
| **Receivable** | | | | |
| - Zuari Cement Limited | - | - | 11.5 | 9.1 |
| **Loans taken** | | | | |
| - HeidelbergCement AG | - | 1,500.0 | - | - |
| **Issue of debenture** | | | | |
| - HeidelbergCement AG | 3,700.0 | 3,700.0 | - | - |
| **Interest accrued but not due on ECB loan** | | | | |
| - HeidelbergCement AG | - | 20.2 | - | - |
| **Interest accrued but not due on debenture** | | | | |
| - HeidelbergCement AG | 103.7 | 102.7 | - | - |

### Terms and conditions of transactions with related parties

The transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

### Transactions with key management personnel

Compensation of key management personnel of the Company

| | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Short-term employee benefits | 59.3 | 53.2 |
| Termination benefits | 3.3 | 3.1 |
| **Total compensation paid to key management personnel** | **62.6** | **56.3** |

The amounts disclosed in the table are the amounts recognised as an expense during the reporting period related to key management personnel. 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.

### Loans from related parties

#### a. India rupee loan from a party other than banks :

The Company has availed Indian rupees term loan in the form of External Commercial Borrowing (ECB) from HeidelbergCement AG, Germany, the ultimate holding company out standing amounting to Rs. Nil million (31 March 2018: Rs. 1,500.0 million) on unsecured basis. This was repaid fully in current year. Interest rate in respect of this borrowing is 10.5% p.a for the year ended 31 March 2019 and 31 March 2018.

#### b. Debentures

10.4% Debentures (listed at BSE Limited) are redeemable at par in three tranches of Rs. 1,250.0 million, Rs. 1,250.0 million and Rs. 1,200.0 million at the end of 6th, 7th and 8th year respectively from the date of allotment of 16 December, 2013. The Company has the option on or prior to the redemption date to buy-back, purchase, redeem, re-sell and/or re-issue all or part of debentures from the debenture holders, subject to such debenture holders having the discretion to offer its debentures in response to the Company exercising such an option. All outstanding balances are unsecured and are repayable in cash and cash equivalents.

## 32. COMMITMENTS AND CONTINGENCIES

### a) Capital Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) Rs. 65.2 million (31 March 2018: Rs. 27.8 million).

### b) Other commitments (Leases)

The Company has taken various residential premises, office premises and warehouses under operating lease agreements. These are generally cancellable and are renewable by mutual consent on mutually agreed terms except two office premises which is taken on a non-cancellable lease. The Company has recognized Rs. 38.4 million (31 March 2018: Rs. 36.3 million) in respect of cancellable operating leases and Rs. 6.1 million (31 March 2018: Rs. 12.9 million) in respect of non-cancellable operating leases.

### Operating Lease (Non-Cancellable)

The total of future minimum lease payments under non- cancellable operating leases for each of the following periods:

(Rs. in million)

| S. No. | Particulars | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| (i) | Not later than one year; | - | 6.1 |
| (ii) | Later than one year and not later than five years; | - | - |
| (iii) | Later than five years | - | - |

## c) Contingencies and Provision for litigations

### i) Contingent liabilities not provided for

(Rs. in million)

| Particulars | | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|---|
| (a) | Claims against the company not acknowledged as debt | **131.0** | 126.9 |
| (b) | Other money for which the company is contingently liable: | | |
| | - Excise Duty/ Service Tax/ CENVAT Credit | **64.8** | 67.2 |
| | - Sales Tax/ Trade Tax/ Entry Tax | **294.8** | 120.8 |
| | - Income Tax | **46.4** | 46.5 |
| | **Total** | **537.0** | **361.4** |

In respect of above cases based on the favourable decisions in similar cases/ legal opinions taken by the Company/ discussions with the solicitors etc., the management is of the opinion that it is possible, but not probable, that the action will succeed and accordingly no provision for any liability has been made in these financial statements.

ii) **Provision for litigations**

**(Rs. in million)**

| Particulars | Balance as at 1 April 2018 | Additions during the year charged to respective expenses head | Amounts reversed during the year | Balance as on 31 March 2019 |
|---|---|---|---|---|
| Trade Tax/Sales Tax/VAT | **19.7** | **-** | **-** | **19.7** |
| | (19.7) | (-) | (-) | (19.7) |
| Entry Tax | **1,767.6** | **129.8** | **-** | **1,897.4** |
| | (1,762.0) | (60.6) | (55.0) | (1,767.6) |
| Provision taken for Cess on Captive Power | **86.8** | **-** | **-** | **86.8** |
| | (86.8) | (-) | (-) | (86.8) |
| Rural Infrastructure and Road Development tax, Madhya Pradesh | **169.1** | **23.3** | **-** | **192.4** |
| | (146.1) | (23.0) | (-) | (169.1) |
| Environment protection fees, Karnataka | **14.5** | **-** | **-** | **14.5** |
| | (14.5) | (-) | (-) | (14.5) |
| Other Litigations | **26.8** | **0.6** | **-** | **27.4** |
| | (20.4) | (6.4) | (-) | (26.8) |
| **TOTAL** | **2,084.5** | **153.7** | **-** | **2,238.2** |
| | (2,049.5) | (90.0) | (55.0) | (2,084.5) |

**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 current assets in note no.10.

iii) **Movement of provision for Mine reclamation expenses during the year as required by Ind AS 37:**

Mine reclamation expenses

(Rs. in million)

| Particulars | 31 March 2019 Rs in Million | 31 March 2018 Rs in Million |
|---|---|---|
| Opening provision | **2.8** | 16.4 |
| Add: Provision made during the year | **-** | - |
| Less: Provision utilised during the year | **-** | 13.6 |
| Closing provision | **2.8** | 2.8 |

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

## 33. a) Gratuity and other employment benefit plans

The Company has three post-employment funded plans, namely Gratuity, Superannuation and Provident Fund.

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. An actuarial valuation involves making 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.

The parameter most subject to change is the discount rate. In determining the appropriate discount rate for plans operated in India, the management considers the interest rates of government bonds in currencies consistent with the currencies of the post-employment benefit obligation.

The mortality rate is based on publicly available mortality tables for the specific countries. Those mortality tables tend to change only at interval in response to demographic changes. Future salary increases and gratuity increases are based on expected future inflation rates for the respective countries.

Plan assets also include investments and bank balances used to deposit premiums until due to the insurance company.

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 Provident Fund being administered by a Trust is a defined benefit scheme whereby the Company deposits an amount determined as a fixed percentage of basic pay to the fund every month. The benefit vests upon commencement of employment. The interest credited to the accounts of the employees is adjusted on an annual basis to confirm to the interest rate declared by the Government for the Employees Provident Fund. Based on latest actuarial valuation of the said trust, there is no deficit in the fund.

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 employees benefit expense recognized in employee cost:**

(Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Current service cost | **19.3** | 19.8 |
| Interest cost on benefit obligation | **23.2** | 22.6 |
| Expected return on plan assets | **(8.3)** | (10.3) |
| Defined benefit cost included in Statement of Profit & Loss | **34.2** | 32.1 |

(Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Remeasurement recognised in other comprehensive income | | |
| - changes in financial assumptions | **3.4** | (7.9) |
| - change in experience adjustments | **1.3** | (2.8) |
| - (Return) on plan asset (excluding interest income) | **(0.8)** | 0.7 |
| **Amount recognised in OCI** | **3.9** | (10.0) |

## 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

(Rs. in million)

| Particulars | Gratuity | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning of the year | **351.9** | 357.0 |
| Current service cost | **19.3** | 19.8 |
| Interest cost on benefit obligation | **23.2** | 22.6 |
| Actuarial (gains) losses recognised in other comprehensive income | | |
| - changes in financial assumptions | **3.4** | (7.9) |
| - experience adjustments | **1.3** | (2.9) |
| Benefit paid | **(51.9)** | (36.7) |
| Balance at the end of the year | **347.2** | 351.9 |

Reconciliation of the present value of plan assets

(Rs. in million)

| Particulars | Gratuity | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Balance at the beginning of the year | **121.9** | 114.9 |
| Expected return | **8.3** | 10.3 |
| Contribution by employer | **35.8** | 34.2 |
| Return on plan assets recognised in other comprehensive income | **0.8** | (0.7) |
| Benefits paid | **(51.9)** | (36.8) |
| Balance at the end of the year | **114.9** | 121.9 |

Details of Provision for gratuity

(Rs. in million)

| Particulars | Gratuity | |
|---|---|---|
| | 31 March 2019 | 31 March 2018 |
| Present value of defined benefit obligation | **347.2** | 351.9 |
| Present value of plan assets | **(114.9)** | (121.9) |
| Net defined benefit liability | **232.3** | 230.0 |

### (iii) Plan assets

The major categories of plan assets of the fair value of total plan assets are as follows:

| Particulars | 31 March 2019 % | 31 March 2018 % |
|---|---|---|
| Investments with insurer | **95.99** | 96.39 |
| Investments in government bonds | **0.08** | 0.08 |
| Bank balance | **3.93** | 3.53 |
| **Total** | **100.00** | 100.00 |

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

**(iv) Defined benefit obligation**

- **Actuarial assumptions**

The principal assumptions used in determining gratuity for the Company's plans are shown below:

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Discount rate | **7.10%** | 7.30% |
| Salary increase rate | **7.50%** | 7.50% |
| Attrition rate | **5.00%** | 5.00% |

**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:

(Rs. in million)

| Gratuity Plan | Sensitivity level | | Impact on DBO | |
|---|---|---|---|---|
| | 31 March 2019 | 31 March 2018 | 31 March 2019 | 31 March 2018 |
| **Assumptions** | | | | |
| Discount rate | **0.5%** | 0.5% | **(8.5)** | (8.4) |
| | **-0.5%** | -0.5% | **8.8** | 8.9 |
| Future salary increases | **0.5%** | 0.5% | **7.9** | 7.9 |
| | **-0.5%** | -0.5% | **(7.7)** | (7.6) |

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.

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

(Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Within the next 12 months (next annual reporting period) | **59.4** | 66.3 |
| Between 2 and 5 years | **199.9** | 198.1 |
| Beyond 5 years | **221.0** | 223.1 |

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March 2018: 5 years).

## B) PROVIDENT FUND

Provident fund for certain eligible employees is managed by the Company through trust “Mysore Cement Limited officers' and staff provident fund trust”, in line with the Provident Fund and Miscellaneous Provision Act, 1952. The plan guarantees interest at the rate notified by the Provident Fund Authorities. The contribution by the employer and employee together with the interest accumulated thereon are payable to employees at the time of separation from the Company or retirement, whichever is earlier. The benefits vests immediately on rendering of the services by the employee.

In terms of the guidance note issued by the Institute of Actuaries of India for measurement of provident fund liabilities, the actuary has provided a valuation of provident fund liability and based on the assumption provided below there is no shortfall as at 31 March, 2019 and 31 March, 2018 respectively.

The details of the fund and plan assets position are as follows: (Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Plan assets at year end, at fair value | **270.2** | 252.5 |
| Present value of defined obligation at year end | **198.7** | 194.0 |
| Assets recognised in Balance Sheet | **-** | - |

The assumptions used in determining the present value of obligation of the interest rate guarantee under deterministic approach are:

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Discount rate | **7.10%** | 7.30% |
| Expected guaranteed interest rate | **8.55%** | 8.55% |
| Expected Rate of Return on Asset | **8.96%** | 9.00% |

C) CONTRIBUTION TO DEFINED CONTRIBUTION PLANS INCLUDED UNDER HEAD 'CONTRIBUTION TO PF AND OTHER FUNDS' UNDER NOTE 25 'EMPLOYEE BENEFIT EXPENSES'

(Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| Provident Fund | **48.4** | 48.7 |
| Other Post Employment Funds | **4.9** | 4.8 |
| **Total** | **53.3** | 53.5 |

### 34. Tax incentive

The Company is entitled to benefits under the Madhya Pradesh State Industrial Promotion Policy, 2004 and 2010 for the increased cement production facility at Damoh, Madhya Pradesh w.e.f. 18 February 2013. Under the said policy, the Company has been exempted from payment of Entry Tax on input materials for a period of 7 years and also claim refund upto 75% of VAT/CST paid ( which is now subsumed on GST) on sales for a period of 10 years within the state of Madhya Pradesh in respect of the increased production facility.

**35.** Capital advances included an amount of Rs.150.6 million paid during an earlier year to the supplier against a bank guarantee for setting up a Waste Heat Recovery based Power Generation Plant at the Company's clinkerisation unit at Narsingarh in Madhya Pradesh. A dispute arose with the supplier as they failed to adhere to the agreed time lines and insisted for enhancement of the contract price in view of depreciation of Rupee against US dollars, despite the contract being for a fixed price. The supplier offered the Company to renegotiate and agree with its sub-contractors for settlement of the aforesaid advance. Due to continuous breach of the terms of the Contract by the supplier the Company was compelled to terminate the contract and invoke the advance bank guarantee to recover the advances paid to the said supplier. The Hon'ble High Court of Delhi had on 19 October 2013 granted an ad interim ex-parte injunction against the invocation of aforesaid Bank Guarantee, against which the Company had filed an application for vacation of stay. The Hon'ble High court of Delhi vide its order dated 23 May 2018 vacated the aforesaid stay/injunction and the company invoked the bank guarantee and recovered the entire advance of Rs. 150.6 million.

Further, the Company also has initiated arbitration proceeding against the said supplier to claim the advance amount given as per the terms of the supply contract, interest on advance amount given and compensation in terms of risk purchase clause of the contract for loss incurred in respect of work completed through other third parties, which is currently pending. The company has completed its argument and the matter has been reserved for passing the final award by the tribunal.

## 36. DETAIL 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. 24.3 million (31 March 2018: Rs. 14.5 million).

b.) Amount spent during the year ending on 31 March 2019

(Rs. in million)

| S. N. | Particulars | Amount incurred | Amount yet to be paid | Total |
|---|---|---|---|---|
| (i) | Construction/acquisition of any asset | 6.5 | - | 6.5 |
| (ii) | On purposes other than (i) above | 22.6 | - | 22.6 |
| **Total** | | **29.1** | - | **29.1** |

c). Amount spent during the year ended on 31 March 2018

(Rs. in million)

| S. N. | Particulars | Amount incurred | Amount yet to be paid | Total |
|---|---|---|---|---|
| (i) | Construction/acquisition of any asset | 9.4 | - | 9.4 |
| (ii) | On purposes other than (i) above | 5.4 | - | 5.4 |
| **Total** | | **14.8** | - | **14.8** |

## 37. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see 37(ii));

- liquidity risk (see 37 (iii)); and

- market risk (see 37(iv)).

### (i) Risk management framework

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies are reviewed periodically to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company's Audit Committee oversees how Management monitors compliance with the Company's risk management policies and procedures, and reviews the adequacy of the risk management framework in relation to the risks faced by the company. The Audit Committee is assisted in its oversight role by the senior management of the Company and through the periodical internal audits carried out by the Internal Auditors.

### (ii) Credit risk

Credit risk is the risk that counter party 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 counter party.

#### 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 counter party 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. Single largest customer has total exposure in sales 0.13% (31 March 2018: 0.08%) and in receivables 10.69% (31 March 2018: 7.17%).

### 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 only.

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.

Credit Risk on Derivative Instruments are generally low as Company enters into the Derivative Contracts with the reputed Banks and Financial Institutions.

## (iii) Liquidity risk

Liquidity risk is defined as the risk that the Company will not be able to settle or meet its obligations on time or at reasonable price. The Company's treasury department monitors liquidity on an ongoing basis through rolling cash flow forecasts. The Company's objective is to maintain timely and adequate funding for its operations via multiple sources including but not limited to bank overdrafts, bank loans, debentures, preference shares etc. Approximately 21% of the Company's debt will mature in less than one year at 31 March 2019 (31 March 2018: 22%) based on the carrying value of borrowings reflected in the financial statements.

The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low.

### Maturities of financial liabilities

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted payments.

(Rs. in million)

| | Less than one year | 1 to 5 years | > 5 years | Total |
|---|---|---|---|---|
| **Year ended** | | | | |
| **31 March 2019** | | | | |
| Borrowings* | - | 3,415.3 | 1,380.5 | 4,795.8 |
| Other financial liabilities | 3,045.4 | 41.2 | - | 3,086.6 |
| Trade and other payables | 2,778.2 | - | - | 2,778.2 |
| | **5,823.6** | **3,456.5** | **1,380.5** | **10,660.6** |
| **Year ended** | | | | |
| **31 March 2018** | | | | |
| Borrowings * | - | 4,035.8 | 1,323.5 | 5,359.3 |
| Other financial liabilities | 3,121.6 | 53.8 | - | 3,175.4 |
| Trade and other payables | 2,266.3 | - | - | 2,266.3 |
| | **5,387.9** | **4,089.6** | **1,323.5** | **10,801.0** |

*Borrowings are shown excluding of interest cost.

## (iv) 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. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity. Financial instruments affected by market risk include loans and borrowings, deposits, investments and derivative financial instruments.

The Company's treasury department is entrusted with managing the overall market risks in line with the company's established risk management policies which are approved by the Senior Management and Audit Committee.

### I. 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 main interest risk arises from the long-term borrowings with variable rates, which exposes the Company to cash flow interest rate risk. Company's policy is to maintain most of its borrowings at fixed rate using interest rate swaps to achieve this when necessary.

During 31 March 2019 and 31 March 2018, the company's borrowings at variable rate were mainly denominated in INR and USD.

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.

The Company manages its cash flow interest rate risk by using floating-to-fixed interest rate swaps. Under these swaps, the company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the company raises long-term borrowings at floating rates and swaps them into fixed rates that are lower than those available if the company borrowed at fixed rates directly.

The Company is thus not exposed to significant interest rate risks at the respective reporting dates.

**II. 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 or financing activities and the same are hedged in line with established risk management policies of the Company.

When a derivative is entered into for the purpose of hedging, the Company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency.

**Outstanding Unhedged Foreign Currency Exposure**

| Particulars | Currency | 31 March 2019 | | | 31 March 2018 | | |
|---|---|---|---|---|---|---|---|
| | | Amount in foreign currency | Exchange Rate | Rs. in million | Amount in foreign currency | Exchange Rate | Rs. in million |
| Trade Payables | USD | **14,216.0** | **69.2** | **1.0** | 8,600.0 | 65.6 | 0.6 |
| | EUR | **1,843,236.1** | **77.7** | **143.2** | 312,271.9 | 80.8 | 25.2 |

**Foreign currency sensitivity on unhedged exposure:**

1% increase in foreign exchange rates will have the following impact on profit before tax:

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| USD | (0.0) | (0.0) |
| EUR | (1.4) | (0.3) |

**Note:** If the rate is decreased by 100 bps, profit will increase by an equal amount.

The Company is thus not exposed to significant foreign currency risks at the respective reporting dates.

## 38. CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, securities 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 maximize the shareholder value.

The Company manages its capital structure and makes adjustments in light of changes in economic conditions. 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 (including government grants) less cash and cash equivalents.

(Rs. in million)

| Particulars | | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| Borrowings (Non-current) | | **3,918.2** | 4,692.3 |
| Government grants (Non-current and Current) | | **795.3** | 614.6 |
| Current maturity of long term borrowings | | **1,250.0** | 1,500.0 |
| Less: Cash and cash equivalents | | **(3,370.7)** | (2,121.8) |
| **Net debt** | (A) | **2,592.8** | 4,685.1 |
| Equity | (B) | **11,711.9** | 10,464.0 |
| **Capital and net debt** | (C)=(A+B) | **14,304.7** | 15,149.1 |
| Gearing ratio | (D)=(A)/(C) | **18** | 31 |

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. There have been no breaches in the financial covenants of any interest-bearing loans and borrowing in the current period.

No changes were made in the objectives, policies or processes for managing capital during the years ended 31 March 2019 and 31 March 2018.

## 39. Dividend Paid and Proposed

(Rs. in million)

| Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|
| **Dividend declared and paid during the year:** | | |
| Final Dividend for the year ended on 31 March 2018: Rs 2.50 per share | 566.5 | 453.2 |
| (31 March 2017: Rs 2.00 per share) | | |
| Dividend Distribution Tax (DDT)on Final Dividend | 116.5 | 92.3 |
| | **683.0** | **545.5** |
| **Proposed Dividends on equity shares:** | | |
| Proposed dividend for the year ended on 31 March 2019 | | |
| Rs. 3 per share (31 March 2018: Rs 2.50 per share) | 679.8 | 566.5 |
| Dividend Distribution Tax (DDT) on proposed dividend | 139.7 | 116.5 |
| | **819.5** | **683.0** |

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 March 2019.

## 40. Details of dues to micro and small enterprises as defined under the micro, small and medium enterprises development act, 2006

| S.N | Particulars | 31 March 2019 | 31 March 2018 |
|---|---|---|---|
| (i) | The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year | | |
| | - Principal amount due to micro and small enterprises (Not overdue) | 1.1 | - |
| | - Interest due on above | - | - |
| (ii) | The amount of interest paid by the buyer in terms of Section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year. | - | - |
| (iii) | The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006. | - | - |
| (iv) | The amount of interest accrued and remaining unpaid at the end of each accounting year. | - | - |
| (v) | The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of Micro, Small and Medium Enterprises Development Act, 2006. | - | - |

## 41. Standard issued but not yet effective

**Ind AS 116 Leases** was notified in October 2018 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after 1 April 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

Ind AS 116, which is effective for annual periods beginning on or after 1 April 2019, requires lessees and lessors to make more extensive disclosures than under Ind AS 17.The Company is currently evaluating the requirements of the amendments and has not yet determined the impact on the financial statements.

**Amendment to Ind AS 12 – Income taxes:** On March 30, 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. Effective date for application of this amendment is annual period beginning on or after April 1, 2019.

The Company is currently evaluating the effect of this amendment on the standalone financial statements.

**Amendment to Ind AS 19 – plan amendment, curtailment or settlement-** On March 30, 2019, Ministry of Corporate Affairs issued amendments to Ind AS 19, 'Employee Benefits', in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity:

- to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement; and

- to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after April 1, 2019. The Company does not have any impact on account of this amendment.

**42.** 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 also not applicable to the company.

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

For **S.N. Dhawan & Co. LLP**
Firm Registration No. 000050N/N500045
Chartered Accountants

**Rajeev K Saxena**
Partner
Membership No. 077974

Place: Gurugram
Date: 24 May 2019

**For and on behalf of the Board of Directors of**
**HeidelbergCement India Limited**

| | | | | |
|---|---|---|---|---|
| **Anil Kumar Sharma**<br>Chief Financial Officer | **Akila Krishnakumar**<br>Chairperson | **Kevin Gerard Gluskie**<br>Director | **Jamshed Naval Cooper**<br>Managing Director |
| **Rajesh Relan**<br>Legal Head &<br>Company Secretary | **Ramakrishnan Ramamurthy**<br>Director | **Soek Peng Sim**<br>Director | **Sushil Kumar Tiwari**<br>Whole-time Director |

# HeidelbergCement India Limited

CIN: L26942HR1958FLC042301
Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City,
Phase II, Gurugram, Haryana -122002
Ph. +91 0124-4503700, Fax +91 0124-4147699, Email Id: investors.mcl@mycem.in; Website: www.mycemco.com

# NOTICE

## of the Annual General Meeting

NOTICE is hereby given that the 60th Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Thursday, the 19th September 2019 at Auditorium in Apparel House Building, Sector 44, Institutional Area, Gurugram, Haryana to transact the following business: -

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the Audited Financial Statements of the Company and in this regard pass the following resolution as an Ordinary Resolution:

   "RESOLVED that the Audited Financial Statements of the Company consisting of Balance Sheet as at 31st March 2019, Profit and Loss Account and Cash Flow Statement for the financial year ended on that date including notes thereto together with the Reports of the Board of Directors and Auditors thereon, already circulated to the members and now submitted to this meeting be and are hereby received and adopted."

2. To declare final dividend on Equity Shares and ratify the Interim Dividend already paid and in this regard pass the following resolution as an Ordinary Resolution:

   "RESOLVED that final dividend at the rate of Rs. 3.0 per Equity Share of Rs.10 each (i.e., 30%) for the Financial Year 2018-19, as recommended by the Board of Directors at its meeting held on 24th May 2019 be and is hereby declared.

   RESOLVED further that interim dividend at the rate of Re. 1.0 per Equity Share of Rs.10 each (i.e., 10%) for the Financial Year 2018-19 already paid to the shareholders pursuant to the resolution passed by the Board of Directors at its meeting held on 25th October 2018 be and is hereby ratified and confirmed."

3. To appoint a Director in place of Mr. Kevin Gerard Gluskie, who retires by rotation and being eligible has offered himself for reappointment and in this regard pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Mr. Kevin Gerard Gluskie (holding DIN 07413549) who retires in accordance with the provisions of the Companies Act, 2013 and has offered himself for reappointment be and is hereby reappointed as Director of the Company liable to retire by rotation."

4. To appoint a Director in place of Ms. Soek Peng Sim, who retires by rotation and being eligible has offered herself for reappointment and in this regard pass the following resolution as an Ordinary Resolution:

   "RESOLVED that Ms. Soek Peng Sim (holding DIN 06958955) who retires in accordance with the provisions of the Companies Act, 2013 and has offered herself for reappointment be and is hereby reappointed as Director of the Company liable to retire by rotation."

**SPECIAL BUSINESS:**

5. To appoint Ms. Akila Krishnakumar as an Independent Director and in this regard pass the following resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Ms. Akila Krishnakumar (holding DIN 06629992), who was appointed by the Board of Directors, as an Additional Director in the category "Non-Executive Independent Director" with effect from 25th October 2018 and who holds office up to the date of this Annual General Meeting of the Company under Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a Member proposing her candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five years from 25th October 2018 up to 24th October 2023.

6. To appoint Mr. Ramakrishnan Ramamurthy as an Independent Director and in this regard pass the following resolution as an Ordinary Resolution:

   RESOLVED that pursuant to the provisions of Sections 149, 150, 152, 161 and any other applicable provisions of the Companies Act, 2013 and the rules made thereunder (including any statutory modification(s) or re-enactment thereof for the time being in force) read with Schedule IV to the Companies Act, 2013, Mr. Ramakrishnan Ramamurthy (holding DIN 00680202), who was appointed by the Board of Directors, as an Additional Director in the category "Non-Executive Independent Director" with effect from 12th February 2019 and who holds office up to the date of this Annual General Meeting of the Company under Section 161 of the Companies Act, 2013, and in respect of whom the Company has received a notice in writing under section 160 of the Companies Act, 2013 from a Member proposing his candidature for the office of the Director, be and is hereby appointed as an Independent Director of the Company, not liable to retire by rotation, to hold office for a period of five years from 12th February 2019 up to 11th February 2024.

7. To reappoint Mr. Sushil Kumar Tiwari as Whole-time Director and in this regard pass the following resolution as Special Resolution:

   RESOLVED that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Companies Act, 2013 ('the Act') and the Rules made thereunder including any statutory modification(s) and/or re-enactment thereof, consent of the members of the Company be and is hereby accorded to the reappointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director of the Company, from 10th June 2019 till 9th June 2021, on the terms and conditions as detailed in Statement pursuant to Section 102 of the Act annexed hereto.

   RESOLVED FURTHER that pursuant to Section 152 of the Companies Act, 2013 Mr. Sushil Kumar Tiwari shall be liable to retire by rotation.

   RESOLVED FURTHER that pursuant to the provisions of Sections 196, 197, 203, Schedule V and other applicable provisions, if any, of the Act and the Rules made thereunder including any statutory modification(s) and/ or re-enactment thereof, the terms of remuneration of Mr. Sushil Kumar Tiwari effective from 1st January 2019 as set out in the Statement pursuant to Section 102 of the Act be and are hereby approved.

   RESOLVED FURTHER that pursuant to Section II of Part II of Schedule V and other applicable provisions, if any, of the Act and subject to such approvals as may be necessary, the Company be and is hereby authorized to pay the remuneration as detailed in the Statement pursuant to Section 102 of the Act annexed hereto as minimum remuneration to Mr. Tiwari in any financial year, in which the Company has no profit or the profit is inadequate.

   RESOLVED FURTHER that the Nomination and Remuneration Committee and the Board of Directors of the Company shall, in accordance with the statutory limits/approvals as may be applicable for the time being in force, be at full liberty to revise and/or change the terms and conditions of the appointment and remuneration of Mr. Tiwari from time to time as may be deemed appropriate."

8. To ratify the remuneration payable to M/s. R. J. Goel & Co., Cost Accountants as Cost Auditors and in this regard pass the following resolution as an Ordinary Resolution:

   "RESOLVED that pursuant to the provisions of Section 148(3) and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification or re-enactment thereof, for the time being in force), the remuneration payable to M/s. R. J. Goel & Co., Cost Accountants (Firm Registration No. 000026) appointed by the Board of Directors of the Company to conduct the audit of the cost accounting records of the Company for the financial year 2019-20, amounting to Rs. 2,50,000 (Rupees Two Lac Fifty Thousand only) plus applicable taxes, reasonable out of pocket expenses and reimbursement of travelling expenses incurred by them in connection with the aforesaid audit be and is hereby ratified and confirmed."

By Order of the Board

Date : 24th May 2019 — Rajesh Relan

Place : Gurugram — Legal Head & Company Secretary

## NOTES :

1. **A member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and on a poll, to vote instead of himself. Such proxy need not be a member of the company. The instrument appointing a proxy has to be deposited at the registered office of the company not less than 48 hours before the commencement of the meeting. A person can act as proxy on behalf of members not exceeding fifty (50) and holding in the aggregate not more than ten percent of the total share capital of the company. A member holding more than ten percent of the total share capital of the company may appoint a single person as a proxy and such person shall not act as a proxy for any other person or shareholder.**
2. The Notice of AGM, Annual Report and Attendance Slip are being sent in electronic mode to Members whose email address is registered with the Company or the Depository Participant(s), unless the Members have registered their request for the hard copy of the same. Physical copy of the Notice of AGM, Annual Report and Attendance Slip are being sent to those Members who have not registered their email address with the Company or Depository Participant(s). Members who have received the Notice of AGM, Annual Report and Attendance Slip in electronic mode are requested to print the Attendance

Slip and submit a duly filled in Attendance Slip at the Registration Counter at the AGM venue.

3. Statement pursuant to section 102 of the Companies Act, 2013 is annexed.

4. The complete particulars of the venue of the AGM including route map and prominent land mark for easy location are enclosed herewith. The route map of the Venue of the AGM is also hosted along with the Notice on the website of the Company i.e. www.mycemco.com.

5. Voting through electronic means

   I. In compliance with the provisions of Section 108 of the Companies Act, 2013, Rule 20 of the Companies (Management and Administration) Rules, 2014; Regulation 44 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard on General Meetings (SS-2), the Company is pleased to provide members facility to exercise their right to vote on resolutions proposed to be considered at the 60th Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting System. The facility of casting the votes by the members using an electronic voting system from a place other than venue of the AGM ("remote e-voting") will be provided by National Securities Depository Limited (NSDL).

   II. The facility for voting through ballot paper shall also be made available at the AGM venue and the members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through ballot paper.

   III. The members who cast their vote by remote e-voting prior to the AGM may also attend the AGM but they shall not be entitled to cast their vote again. A member can opt for only single mode of voting, that is, through remote e-voting or voting at the Meeting. If a member casts vote(s) by both the modes, then voting done through remote e-voting shall prevail and vote(s) cast at the Meeting shall be treated as invalid.

   IV. The remote e-voting period commences on 16th September 2019 (9:00 A.M.) and ends on 18th September 2019 (5:00 P.M.). During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 12th September 2019, may cast their vote by remote e-voting. The remote e-voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution has been cast by a member, no change shall be allowed subsequently.

   V. The process and manner for remote e-voting are as under:

   Step 1 : Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

1. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

2. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholders' section.

3. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen.

   Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing IDEAS login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2 i.e. Cast your vote electronically.

4. Your User ID details are given below :

| Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical | Your User ID is: |
|---|---|
| a) For Members who hold shares in demat account with NSDL. | 8 Character DP ID followed by 8 Digit Client ID For example if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******. |
| b) For Members who holds shares in demat account with CDSL. | 16 Digit Beneficiary ID For example if your Beneficiary ID is 12************** then your user ID is 12************** |
| c) For Members holding shares in Physical Form. | EVEN Number followed by Folio Number registered with the company For example if folio number is 001*** and EVEN is 101456 then user ID is 101456001*** |

5. Your password details are given below:

a) If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

b) If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need enter the 'initial password' and the system will force you to change your password.

c) How to retrieve your 'initial password'?

   (I) If your email ID is registered in your demat account or with the company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. a .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

(ii) If your email ID is not registered, your 'initial password' is communicated to you on your postal address.

6. If you are unable to retrieve or have not received the " Initial password" or have forgotten your password:

a) Click on "Forgot User Details/Password?"(If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

b) Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

c) If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

7. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

8. Now, you will have to click on "Login" button.

9. After you click on the "Login" button, Home page of e-Voting will open.

Step 2: Cast your vote electronically on NSDL e-Voting system.

How to cast your vote electronically on NSDL e-Voting system?

1. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

2. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

3. Select "EVEN" of company for which you wish to cast your vote.

4. Now you are ready for e-Voting as the Voting page opens.

5. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and also "Confirm" when prompted.

6. Upon confirmation, the message "Vote cast successfully" will be displayed.

7. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

8. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

**General Guidelines for shareholders**

1 Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. with attested specimen signature of the authorized signatory(ies) who are authorized to vote, to the Scrutinizer by e-mail to officenns@gmail.com with a copy marked to evoting@nsdl.co.in.

2. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

3. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in

VI. The voting rights shall be as per the number of equity shares held by the members as on the cut-off date of 12th September 2019.

VII. Any person, who acquires shares of the Company and becomes a member after dispatch of the Notice of AGM and holds shares as of the cut-off date i.e., 12th September 2019, may obtain the login ID and password by sending a request at evoting@nsdl.co.in or contact NSDL at toll free no.: 1800-222-990.

However, if you are already registered with NSDL for remote e-voting then you can use your existing User ID and password for casting your vote. If you have forgotten your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.nsdl.com or contact NSDL at toll free no.: 1800-222-990.

VIII. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as voting at the AGM through ballot paper. A person who is not a member as on the cut-off date, should treat this Notice for information purpose only.

IX. Mr. Nityanand Singh, Company Secretary in Whole-time Practice (FCS No. 2668, CP No. 2388) has been appointed as the Scrutinizer to scrutinize the voting and remote e-voting process in a fair and transparent manner. Mr. Harish Damani, Company Secretary in Whole-time Practice (ACS No. 37635, CP No. 14471) has been appointed as an alternate scrutinizer.

X. The Chairman shall, at the AGM, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer/alternate scrutinizer, by use of "Ballot Paper" for all those members who are present at the AGM but have not cast their votes by availing the remote e-voting facility.

XI. The Scrutinizer/ alternate scrutinizer shall after the conclusion of voting at the AGM, will first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days of the conclusion of the AGM, a consolidated scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorized by him.

XII. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company (www.mycemco.com) and on the website of NSDL immediately after the declaration of result by the Chairman or a person authorized by the Board of Directors/Chairman. The results shall also be submitted to BSE Limited and National Stock Exchange of India Limited.

6. (a) The final dividend on equity shares, if declared, at the AGM will be credited/despatched within thirty days from the date of AGM to those members whose names appear on the Company's Register of Members as on record date i.e., 12th September 2019. In respect of the shares held in dematerialised form the dividend will be paid to the members whose names are furnished by National Securities Depository Limited and Central Depository Services (India) Limited as beneficial owners as on record date i.e., 12th September 2019.

(b) Members holding shares in electronic form may note that the bank particulars registered against their respective demat accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents, Integrated Registry Management Services Private Limited (RTA) cannot act on any request received directly from the members holding shares in electronic form for any change of bank particulars or bank mandates. Such changes need to be advised by the members directly to the depository participants with whom they are maintaining a demat account.

(c) Members holding shares in physical form are requested to immediately advise any change in their address or bank particulars to the Company or its Registrars and Transfer Agents, Integrated Registry Management Services Private Limited so that the same can be updated in the Register of Members before processing of dividend payment.

(d) Non-Resident Indian (NRI) members are requested to inform RTA (for physical shares) / their DPs (for dematerialized shares), immediately of:

(a) Change in their residential status on return to India for permanent settlement.

(b) Particulars of their PAN and bank account maintained in India with complete name, branch, account type, account number, IFSC Code and address of the bank with pin code number, if not furnished earlier, to facilitate payment of dividend.

(e) The Company has placed on its website www.mycemco.com, the details of unclaimed dividend for FY2016-17, FY2017-18 and Interim Dividend FY2018-19. The concerned shareholders may approach Registrars and Transfer Agents, Integrated Registry Management Services Private Limited to claim the same.

7. Members who continue to hold the shares in physical form are requested to inform any change in their address, bank particulars, nominee, email address etc., to the Registrar & Share Transfer Agents. Members holding shares in dematerialized form are requested to approach their Depository Participant for change of address, bank particulars, nominee, email address etc.

8. In accordance with the directions issued by SEBI, it is mandatory for the members holding shares in physical mode to submit their Permanent Account Number (PAN) and Bank Account Details to the Company / RTA, in case they have not yet submitted the same.

9. Members are requested to note that in case of deletion of name of deceased shareholder, transmission and transposition of names in respect of shares held in physical form, submission of photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively, along with necessary documents

at the time of lodgement of request for transfer/ transmission/transposition, is mandatory.

10. Under the provisions of Section 72 of the Companies Act, 2013, shareholder(s) is/are entitled to nominate in the prescribed manner, a person to whom his/her/their shares in the Company, shall vest after his/her/their lifetime. Members who are holding shares in physical form and are interested in availing the nomination facility are requested to write to the Company/RTA.

11. Corporate Members intending to send their authorised representatives to attend the Annual General Meeting, pursuant to Section 113 of the Companies Act, 2013, are requested to send to the Company, a certified copy of relevant Board Resolution together with the respective specimen signatures of those representative(s) authorised under the said resolution to attend the meeting and vote on their behalf.

12. (a) Members attending the meeting are requested to complete the attendance slip and submit the same at the entrance of the meeting hall. Attendance at the Annual General Meeting shall not be allowed without submission of the attendance slip duly signed.

    (b) Members are requested to bring their copies of the Annual Report as additional copies of the same will not be distributed at the meeting.

**Statement pursuant to Section 102 of Companies Act, 2013**

**Item No. : 3**

Brief resume of Mr. Kevin Gerard Gluskie, who is proposed to be reappointed as Director, is given below:

Mr. Kevin Gerard Gluskie, aged 51 years, completed his Bachelor of Engineering (Honours) with a major in Civil Engineering from the University of Tasmania in 1988 and an Executive Master of Business Administration from the Australian Graduate School of Management in 2001. He had also completed an Advanced Leadership Program in 2007 conducted by Mcgill University, the Indian Institute of Management, and Lancaster University.

Mr. Gluskie joined Pioneer International (subsequently acquired by Hanson PLC) in 1990 and held a number of operational roles throughout Australia in the Readymix Concrete and Aggregates businesses. In 1999 he was appointed as Regional General Manager responsible for the company's operations in the Victoria and Tasmania regions of Australia. In 2009 Mr. Gluskie was appointed as Chief Executive of Hanson Australia.

Mr. Gluskie was appointed as a member of the Managing Board of HeidelbergCement AG, on 01 February 2016 and from 01 April 2016 he assumed responsibility for HeidelbergCement Group's operations in the Asia-Pacific Region.

Mr. Gluskie joined the Board of Directors of the Company on 4th February 2016. He is also a member of Nomination and Remuneration Committee and CSR Committee of the Board.

Mr. Gluskie is also a director in Zuari Cement Limited and Gulbarga Cement Limited in India. He does not hold any Equity Shares in the Company. The Board of Directors has recommended the reappointment of Mr. Gluskie by the members at the ensuing AGM.

Except Mr. Gluskie, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed appointment. This explanatory statement may also be regarded as a disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. : 4**

Brief resume of Ms. Soek Peng Sim, who is proposed to be reappointed as Director, is given below:

Ms. Soek Peng Sim, aged 50 years, is presently Finance Director for HeidelbergCement Asia Pacific. She holds a Bachelor Degree in Accounting from University of Malaya, Malaysia. She is also a CPA registered with The Malaysian Association of Certified Public Accountants (MICPA) as well as a Chartered Accountant honoured by Malaysian Institute of Accounting (MIA). Prior to joining HeidelbergCement Group, she worked with Reckitt Benckiser Group, Philips Malaysia, Ho Hup Malaysia and The Lion Group, Malaysia. She has rich and vast experience in financial planning & analysis, business development and support, accounting & taxation, business process improvements and corporate structure optimisation. Other than extensive MNC experience in construction materials industry, she also possess diversified industry exposure in FMCG, manufacturing and construction & property development.

Ms. Sim joined the Board of Directors of the Company on 16th September 2014. She is a member of Audit Committee of the Board.

Ms. Sim is also a director in Zuari Cement Limited, Gulbarga Cement Limited, Cochin Cements Limited and Sitapuram Power Limited in India. She does not hold any Equity Shares in the Company. The Board of Directors has recommended the reappointment of Ms. Sim by the members at the ensuing AGM.

Except Ms. Sim, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed appointment. This explanatory statement may also be regarded as a disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. : 5**

The Board of Directors on the recommendation of

Nomination and Remuneration Committee at its meeting held on 25th October 2018 appointed Ms. Akila Krishnakumar as an Additional Director in the category "Non-Executive Independent Director"with effect from 25th October 2018. Ms. Akila Krishnakumar holds office upto the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director by the shareholders for a term of five years from 25th October 2018 to 24th October 2023. Brief resume of Ms. Akila Krishnakumar, is given below:

Ms. Akila Krishnakumar, aged 57 years, is an alumnus of the Birla Institute of Technology and Sciences (BITS), Pilani. Until February 2013, she was President of Global Technology and also Country Head for SunGard, a Fortune 500 company and global leader in financial services software.

She is a recognized thought leader to technology-driven companies which are building large scale and diverse businesses across the world. Her unique focus on operational excellence, talent engagement and customer relevance has repeatedly delivered great returns for the many businesses she managed during a 30 year career.

She is a founding partner of Social Venture Partners (India), a network of engaged citizens coming together to address complex social issues, particularly livelihood opportunities for disadvantaged women and youth.

She has held several key positions in national industry bodies and business chambers. She has received several awards and accolades including being among the top 5 women leaders in the Indian technology industry for many years and is also listed amongst the 50 Most Powerful Business Women in India.

She is also a director in Indusind Bank Limited, Matrimony.com Limited, Medwell Ventures Private Limited and SVP Philanthropy Foundation.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Ms. Akila Krishnakumar, for the office of director of the Company.

Ms. Akila Krishnakumar has given her consent to act as an Independent Director of the Company and has also furnished a declaration to the Board of Directors that she meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further as per her declaration, she is not disqualified to be appointed as a Director under Section 164 of the Companies Act, 2013.

In the opinion of the Board, Ms. Akila Krishnakumar is independent of the management of the Company and she also fulfils the conditions specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for her appointment as an Independent Director.

Copy of the letter of appointment issued to her setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company by any member during normal business hours of the Company on any working day. The same has also been posted on the website of the Company.

She is Chairperson of Stakeholders' Relationship Committee and CSR Committee and a member of Audit Committee, Nomination and Remuneration Committee and Risk Management Committee of the Board of HeidelbergCement India Limited. She does not hold any Equity Shares in the Company. The Board of Directors has recommended the appointment of Ms. Akila Krishnakumar as an Independent Director of the Company by the members at the ensuing AGM.

She is not related to any Director or Key Managerial Personnel of the Company or their relatives. Except Ms. Akila Krishnakumar, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financial or otherwise, in the proposed appointment. This explanatory statement may also be regarded as a disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. : 6**

The Board of Directors on the recommendation of Nomination and Remuneration Committee at its meeting held on 12th February 2019 appointed Mr. Ramakrishnan Ramamurthy as an Additional Director in the category "Non-Executive Independent Director" with effect from 12th February 2019. Mr. Ramakrishnan Ramamurthy holds office upto the date of forthcoming Annual General Meeting and is eligible to be appointed as an Independent Director by the shareholders for a term of five years from 12th February 2019 to 11th February 2024. Brief resume of Mr. Ramakrishnan Ramamurthy, is given below:

Mr. Ramakrishnan Ramamurthy, aged 67 years, is a graduate in Commerce, and holds a Diploma in Mechanical Engineering and Post–graduate Diploma in Business Management. He is also a certified Mentor/Coach for leaders and Family Business advisor.

Mr. Ramamurthy possesses vast experience, decisive leadership skills and quantifiable achievements in the areas of strategic planning, sales & marketing, manufacturing, product development, international business development, project management & human resources in the manufacturing, engineering, agriculture and infrastructure sectors.

Mr. Ramamurthy has a good track record of strategizing and driving successful projects and developed businesses from ground zero both in India and abroad. He has a demonstrated ability to turn around loss making units through an effective marketing strategy, manufacturing/operational excellence, improved processes and quality systems and building capability in the organization & people skills.

Mr. Ramamurthy has been working with the Chairman of GMR Group as President- Business Integration since the last five years supporting business strategy, policies, systems, processes and integration of various businesses in GMR group.

Mr. Ramamurthy started his career with Bosch (India) as an apprentice and thereafter worked with the Murugappa group for around twenty years. He has been President of Mytrah Energy Ltd. (an IPP Renewable energy organization), Managing Director of GMR Industries Ltd. and Chief Executive of Sanmar Engineering.

The Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013 proposing the candidature of Mr. Ramakrishnan Ramamurthy, for the office of director of the Company.

Mr. Ramakrishnan Ramamurthy has given his consent to act as an Independent Director of the Company and has furnished declaration to the Board of Directors that he meets the criteria of independence as provided under Section 149(6) of the Companies Act, 2013and Regulation 16(1)(b) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further as per his declaration, he is not disqualified to be appointed as a Director under Section 164 of the Companies Act, 2013.

In the opinion of the Board, Mr. Ramakrishnan Ramamurthy is independent of the management of the Company and he also fulfils the conditions specified under the Companies Act, 2013 and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for his appointment as an Independent Director.

Copy of the letter of appointment issued to him setting out the terms and conditions of appointment is available for inspection at the Registered Office of the Company by any member during normal business hours of the Company on any working day. The same has also been posted on the website of the Company.

He is Chairman of Audit Committee and Nomination and Remuneration Committee and a member of Stakeholders' Relationship Committee and Risk Management Committee of the Board of HeidelbergCement India Limited. He does not hold any Equity Shares in the Company. The Board of Directors has recommended the appointment of Mr. Ramakrishnan Ramamurthy as an Independent Director of the Company by the members at the ensuing AGM.

He is not related to any Director or Key Managerial Personnel of the Company or their relatives. Except Mr. Ramakrishnan Ramamurthy, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested, financial or otherwise, in the proposed appointment. This explanatory statement may also be regarded as a disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. : 7**

The members of the Company at the Annual General Meeting held on 22nd September 2017 had approved the reappointment of Mr. Sushil Kumar Tiwari as Whole-time Director of the Company for a period of two years from 10th June 2017 till 9th June 2019.

In his career spanning over 39 years, Mr. Tiwari has rich and vast experience of over 33 years in the cement industry. During his 12 years of association with the Company, he has undertaken multifarious assignments which have led to increase in operational efficiencies and improvement of consumption parameters. Mr. Tiwari holds the position of "Occupier" of all the factories of the Company under the Factories Act and is also designated as "Owner" of the Company's mines under the Mines Act. After the expansion of capacity of Damoh and Jhansi Units and commencement of power generation from waste heat recovery based power plant, the scale and complexity of operations has increased considerably. It is therefore necessary to have a seasoned professional to lead the technical team. He plays a crucial role in managing the operations of the plants and mines of the Company. Mr. Tiwari is presently also Chairman of Cochin Cements Limited and a Non-Executive Director of Zuari Cement Limited, which are also part of HeidelbergCement Group.

In view of the aforesaid facts the Board of Directors, on the recommendation of Nomination and Remuneration Committee, at its meeting held on 24th May 2019 has reappointed Mr. Sushil Kumar Tiwari as Whole-time Director of the Company for a further period of two years from 10th June 2019 to 9th June 2021.

The terms and conditions of Mr. Tiwari's remuneration effective from 1st January 2019 in accordance with the Nomination and Remuneration Policy of the Company are as under:

I) Basic Salary: Rs. 61,90,920 per annum. The annual increment, in accordance with the Nomination and Remuneration Policy of the Company, will be effective from 01 January 2020.

ii) House Rent Allowance: 50% of the basic salary.

iii) Variable Pay: Variable Pay shall be equivalent to Rs. 43,12,815 on 100% achievement of the Company's and individual goals set at the beginning of the year. It can vary between 0% to 200% of the base amount of Rs. 43,12,815 depending upon results of evaluation of individual's and Company's performance. The annual increment in variable pay will also be effective from 01 January 2020.

iv) Long Term Incentive Plan (LTIP): LTIP payment of Rs. 40,12,649 Actual payment of LTIP can vary between 0% to 200% based on achievement of the targets set by HeidelbergCement AG (ultimate holding company) at the global level.

v) Car Allowance: Rs. 612,000 per annum.

vi) Perquisites & Allowances: Medical Reimbursement, Mediclaim Premium, Special Allowance, Leave Travel Allowance, Ex-gratia etc., as per the applicable policies or as may be agreed to between the Company and Mr. Tiwari. Provision for use of telephone at residence (including payment for local calls and long distance official calls) shall not be included in the computation of perquisites for the purpose of calculating the remuneration.

vii) Retirement benefits: Contribution to Provident Fund and Superannuation Fund as per the Company's policy. Gratuity to be paid in accordance with Payment of Gratuity Act, 1972 and encashment of leave at the end of tenure.

The annual increments shall be effective from 1st January every year as per the provisions of the Nomination and Remuneration Policy of the Company. The Board (including any Committee of the Board or any person authorised by the Board in this behalf) shall be entitled to add, alter or vary any of the foregoing terms of remuneration, benefits or perquisites of the Whole-time Director within the overall ceiling on managerial remuneration prescribed under the Companies Act, 2013, or any statutory modification or re-enactment thereof.

Minimum Remuneration: Where in any financial year during the tenure of the Whole-time Director, the Company has no profit or its profit is inadequate, the Company will pay remuneration specified herein above as minimum remuneration, subject to the requisite approvals as may be necessary.

The statement as required under Section II, Part II of Schedule V of the Companies Act, 2013 with reference to aforesaid item is given below:

**I. General Information:**

| | | |
|---|---|---|
| (1) Nature of industry. | : | Manufacturing of Cement. |
| (2) Date or expected date of commencement of commercial production. | : | Not Applicable (The Company was incorporated on 13th May 1958 and commenced commercial production in 1962). |
| (3) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus. | : | Not Applicable |
| (4) Financial performance based on given indicators. | : | |

(Rs. in million)

| Particulars | For the financial Year ended 31 March 2019 | For the financial Year ended 31 March 2018 | For the financial Year ended 31 March 2017 |
|---|---|---|---|
| Revenue from Operations (Net of Excise Duty / GST) | 21,333.5 | 19094.0 | 17,411.5 |
| EBITDA (Earnings before interest, tax, depreciation and amortization) | 5,181.6 | 3,832.9 | 3,025.5 |
| Profit before tax | 3,416.1 | 2,076.7 | 1,136.3 |
| Net Profit | **2,206.6** | 1,331.8 | 762.1 |

(5) Foreign investments or collaborations, if any. : The foreign holding in the share capital of the Company as on 31st March 2019 is as under:-

| Foreign holding | No. of shares | Percentage of holding |
|---|---|---|
| Promoter (Cementrum I B.V.) | 15,72,44,693 | 69.39% |
| Foreign Institutional Investors | 2,65,66,173 | 11.72% |
| Non-Resident Indians / and Foreign Nationals | 10,63,300 | 0.47 |

**II. Information about the appointee:**

| | | |
|---|---|---|
| (1) Background details. | : | Mr. Sushil Kumar Tiwari, completing 64 years of age on 10th June 2019, is Engineer in Electrical as well as Electronics and Communication from the Institute of Engineers, Kolkata. In his career spanning over 39 years, Mr. Tiwari has rich and vast experience of over 33 years in the cement industry. Before joining the Company, Mr. Tiwari worked with Raymond Limited (Cement Division) and thereafter with Lafarge India Private Limited after Lafarge's takeover of Cement Division of Raymond Limited.<br><br>Mr. Tiwari joined HeidelbergCement India Limited in April 2007 as Unit Head of Company's Ammasandra Unit. In August 2008, he was appointed as Unit Head of the Company's Damoh and Jhansi units. In view of the valuable contribution of Mr. Tiwari, he was elevated to the position of Technical Head of the Company w.e.f. 1st September 2010. He was appointed as Whole-time Director of the Company w.e.f. 29th April 2011. He is a member of Corporate Social Responsibility Committee of the Company. He is also Chairman of Cochin Cements Limited and a director in Zuari Cement Limited. |
| (2) Past remuneration. | : | The details of remuneration paid to Mr. Tiwari during the last three financial years are as under:<br><br>Year 2016-17: He was paid remuneration of Rs. 2,39,10,783/- during the financial year ended 31st March 2017.<br><br>Year 2017-18: He was paid remuneration of Rs. 2,57,17,251/- during the financial year ended 31st March 2018.<br><br>Year 2018-19: He was paid remuneration of Rs. 2,67,17,561/- during the financial year ended 31st March 2019. |
| (3) Recognition or awards. | : | The Institution of Engineers (India) at its 21st National Convention 2005-06 held on 4th & 5th day of February 2006, had honoured Mr. Tiwari for the outstanding achievements and contribution in the field of Electronics & Telecommunication Engineering. The Award was presented to Mr. Tiwari by the then Hon'ble Governor of Chattisgarh, Mr. Krishna Mohan Seth. |
| (4) Job profile and his suitability. | : | As Whole-time Director, Mr. Tiwari performs such duties and exercises such powers as are entrusted to him from time to time by the Board of Directors and/or the Managing Director of the Company. In view of Mr. Tiwari's rich and vast experience of over 33 years in the cement industry and considering his past achievements during his association with the Company, the Board of Directors is of the opinion that he is competent to discharge the functions and tasks associated with the position of Whole-time Director of the Company. Mr. Tiwari plays a crucial role in overseeing the activities at the Plants and Mines of the Company. |
| (5) Remuneration proposed. | : | Details are given in the Statement pursuant to Section 102 of the Act. |
| (6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person. | : | The remuneration payable to Mr. Tiwari has been benchmarked with remuneration being drawn by similar positions in the cement industry and has been approved by the Nomination and Remuneration Committee at its meeting held on 24th May 2019. |
| (7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any. | : | Apart from receiving his remuneration as stated in the statement pursuant to Section 102 of Act, Mr. Tiwari does not have any pecuniary relationship, directly or indirectly with the Company, its Directors, Key Managerial Personnel and/or their relatives. Mr. Tiwari does not hold any shares in the Company. |

**III. Other information:**

| | | |
|---|---|---|
| (1) Reasons of loss or inadequate profits. | : | Not Applicable |
| (2) Steps taken or proposed to be taken for improvement. | : | Not Applicable |
| (3) Expected increase in productivity and profits in measurable terms. | : | Not Applicable |

Although the Company has shown growth and profit from its operations over the past years and is expected to consistently earn profits in the coming years also, it is proposed to pass the resolution given at Item No. 7 of this Notice as a Special Resolution, in order to enable the Company to pay the remuneration detailed above as minimum remuneration to Mr. Tiwari in the eventuality of loss/inadequacy of profits in any financial year during his tenure in terms of the provisions of Section II, Part II of Schedule V of the Companies Act, 2013.

**IV. Disclosures** : The remuneration package of the managerial personnel has been described in the statement pursuant to section 102 of the Act and the same will also be provided in the Corporate Governance Reports of the subsequent years.

The Board of Directors has recommended the resolution set out at Item No. 7 of the Notice for approval of the members as a Special Resolution at the ensuing AGM.

Except Mr. Tiwari, none of the other Directors, Key Managerial Personnel of the Company and/or their relatives is concerned or interested, financial or otherwise, in the proposed resolution. This explanatory statement may also be regarded as a disclosure pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**Item No. : 8**

The Board of Directors of the Company on the recommendation of the Audit Committee, approved the appointment and remuneration of M/s. R.J. Goel & Co., Cost Accountants, for conducting the audit of cost records of the Company for the financial year 2019-20.

In terms of the provisions of Section 148(3) of the Companies Act, 2013 read with Rule 14(a) of the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditor is to be ratified by the members of the Company. Accordingly, the members are requested to ratify the remuneration payable to the Cost Auditors during the financial year 2019-20 as set out in the Resolution for the aforesaid services to be rendered by them. The Board of Directors has recommended the resolution set out at Item No. 8 of the Notice for approval of the members at the ensuing AGM.

None of the Directors, Key Managerial Personnel of the Company and/or their relatives are concerned or interested in the aforesaid resolution.

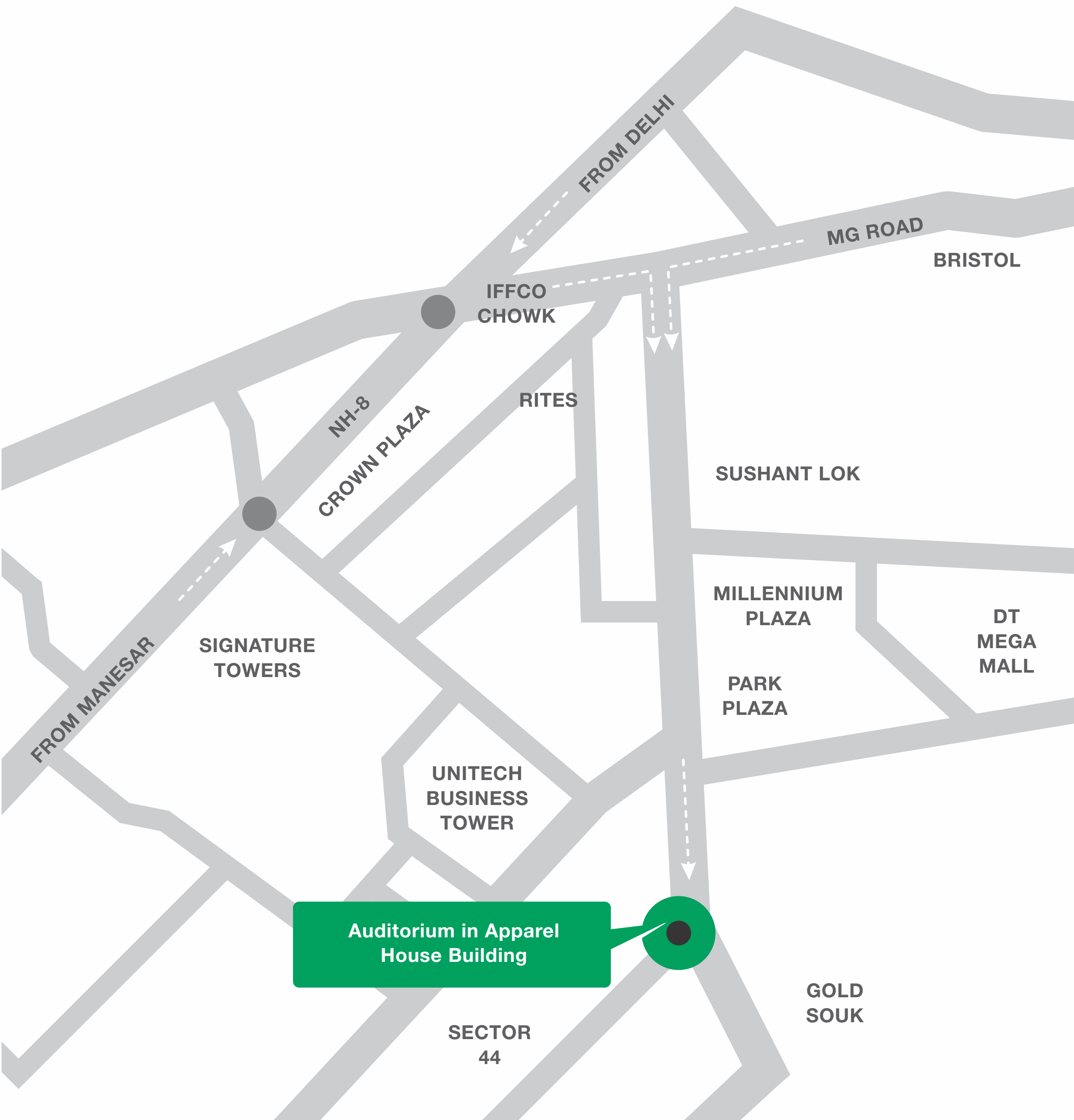
**By Order of the Board**

Date : 24th May 2019 Rajesh Relan

Place : Gurugram Legal Head & Company Secretary

## ROUTE MAP TO REACH AGM VENUE - AUDITORIUM IN APPAREL HOUSE BUILDING

## (formerly known as Epicentre)



# HeidelbergCement India Limited

CIN: L26942HR1958FLC042301
Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City,
Phase II, Gurugram, Haryana -122002
Ph. +91 0124-4503700, Fax +91 0124-4147699, Email Id: investors.mcl@mycem.in; Website: www.mycemco.com

**PROXY FORM**

| | |
|---|---|
| Name of the member(s): | |
| Registered address: | |
| E-mail Id: | |
| Folio No.: | |
| DP/ID and Client Id : | |

I/We, being the member(s) of HeidelbergCement India Limited holding _____________ shares, hereby appoint:

(1) Name:________________________ Address:________________________

E-mail id: ________________________ Signature :________________ or failing him;

(2) Name:________________________ Address:________________________

E-mail id: ________________________ Signature :________________ or failing him;

(3) Name:________________________ Address:________________________

E-mail id: ________________________ Signature :________________ or failing him;

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 60th Annual General Meeting of the Company, to be held on the 19th day of September 2019 at 9.30 A.M. at Auditorium in Apparel House Building, Sector 44, Institutional Area, Gurugram, Haryana - 122 003 and at any adjournment thereof in respect of the resolutions as are indicated below:

| Sr. No. | Resolutions | Optional* | |
|---|---|---|---|
| | | For | Against |
| | **ORDINARY BUSINESS** | | |
| 1. | Adoption of Financial Statements together with the Reports of the Board of Directors and Auditors' for the financial year ended 31st March 2019. | | |
| 2. | Declaration of Final Dividend and confirmation of Interim Dividend on Equity Shares. | | |
| 3. | Re-appointment of Mr. Kevin Gerard Gluskie (holding DIN 07413549), as a Director. | | |
| 4. | Re-appointment of Ms. Soek Peng Sim (holding DIN 06958955), as a Director. | | |
| | **SPECIAL BUSINESS** | | |
| 5. | Appointment of Ms. Akila Krishnakumar (holding DIN 06629992) as an Independent Director. | | |
| 6. | Appointment of Mr. Ramakrishnan Ramamurthy (holding DIN 00680202) as an Independent Director. | | |
| 7 | Re-appointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director. | | |
| 8 | Ratification of remuneration of Cost Auditors for the financial year 2019-20. | | |

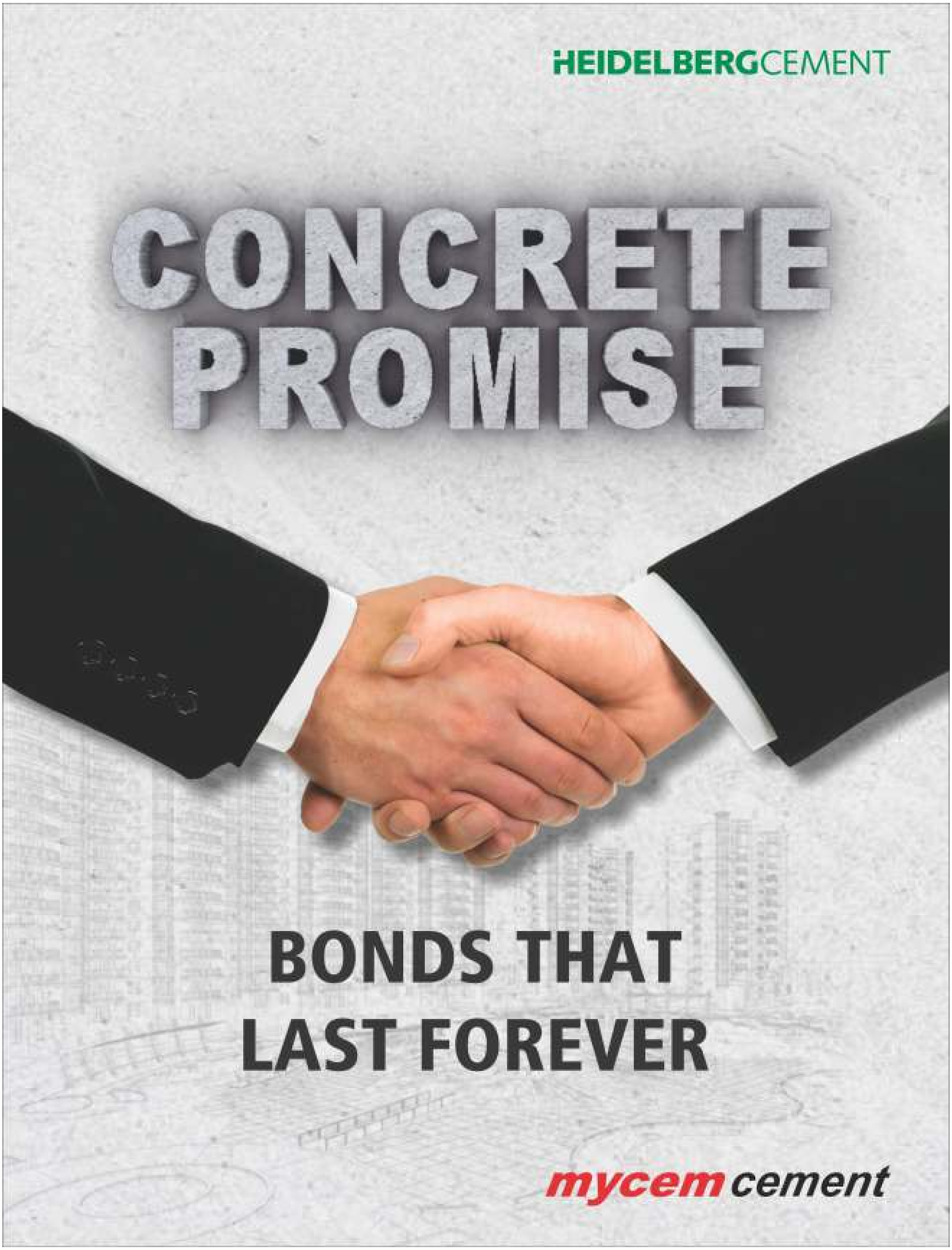
Signed this day of 2019

Affix
Revenue
Stamp

Signature of shareholder Signature of Proxy holder(s)

**Notes:**

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 60th Annual General Meeting.
3*. It is optional to put a '✓' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the Resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.
4. Please complete all details including details of member(s) in above box before submission.

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