

**HeidelbergCement India Limited**

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HCIL:SECTL:SE:2017-18

27<sup>th</sup> September 2017

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

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

Scrip Code:500292

Trading Symbol: Heidelberg

Dear Sir,

**Sub: Submission Annual Report – 2016-17**

In compliance with Regulation 34(1) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed Annual Report for the financial year 2016-17 duly approved and adopted by the shareholders at the 58<sup>th</sup> Annual General Meeting held on 22<sup>nd</sup> September 2017.

You are requested to take the same on record and post it on the website of stock exchange.

Thanking you,

Yours faithfully,  
For HeidelbergCement India Ltd.



Rajesh Relan  
Legal Head & Company Secretary

Encl.: as above



# BUILDING A BETTER FUTURE





Narsingarh Clinkerisation Plant, District Damoh, M.P.

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# BUILDING A BETTER FUTURE

## EMINENT POTENTIAL



India is home to the second largest population of today's world with challenges that are unique where housing deficit dots the country's landscape both urban and rural. To fulfill this deficit, cement industry has in place 440 million tonnes (MT) of cement manufacturing capacity making it the second largest cement producer in the world. For India to accelerate its growth, there is need to upgrade and build its infrastructure for which the cement sector is fully geared up. HeidelbergCement India producing high quality cement has been actively contributing for over 10 years in delivering strong and durable structures that go to build foundations of growing India.

The country, in the next five years will require an investment of around US\$ 450 billion on infrastructure development wherein 70% of the investment will go to the power sector, development of roads and build urban infrastructure.

With an increasing GDP, the volatility in the Indian business environment is gradually ebbing out, thus, opening more avenues for HeidelbergCement. The budgetary allocation for infrastructure development, housing,

sanitation, manufacturing, urbanization and agriculture holds the potential to perk up the overall economic scenario. This provides opportunity to HCIL fortify its market presence as these structures will need quality cement.

The real estate sector has been exhibiting good growth prospects in the recent times backed by good monsoons, enactment of Real Estate Regulation Act, implementation of 7th pay commission and lower interest rates. Some of the crucial infrastructure projects like road, rail, port, metro and airport announced by the government open up good prospects for the construction industry which spells better prospects for the cement industry too. Nevertheless the success factor will depend on the Nation's capability to execute these projects with speed.

A host of projects announced by the government like Housing for All, Dedicated Freight Corridors, Make in India, Namami Gange, Smart Cities, Sagarmala, Railway Modernisation, have opened up new vistas for the industry and we stand committed to make our share to contribution to build a resilient India.





Cement plant of Gorazdze Cement S.A., Poland (HC Group)



## BRINGING GLOBAL EXPERTISE TO BUILD A BETTER INDIA

“Operating in 60 countries with over 60,000  
employees at more than 3,000 locations”

## HEIDELBERGCEMENT GROUP



R&D Laboratory of HC Group

We have a rich lineage, HeidelbergCement Group, is one of the leading cement companies in the world, headquartered at Heidelberg, Germany. Right from the year of its foundation in 1873 by Mr. Johann Philipp Schifferdecker, HeidelbergCement has woven success stories based on its farsighted global vision anticipating the needs of the evolving construction industry. In 1896 HeidelbergCement Group's capacity was 80,000 tonnes per annum of Portland cement. In 1914 it began acquiring numerous small companies to fuel its expansion plans thus achieving the million tonne milestone in 1936. Thereafter from 1972, the Group embarked on yet another expansion spree when it acquired cement companies in France, US, UK, North America, Belgium, Africa, northern and eastern Europe. Today HeidelbergCement Group is a leading global player in aggregates, cement, ready-mix concrete and asphalt. The acquisition of Italcementi in 2016 further enhanced its global position by retaining its leadership in aggregates and raising its rank to number 2 in cement and number 3 in ready-mixed concrete.

The Company's business model revolves around the tenets of sustainability as cement production involves consumption of natural resources and is energy-intensive too. The sustainable practices are the cornerstone of all the business activities, be

it securing access to raw material reserves, judicious and efficient mining or the introduction of innovative production processes, development of new products and the use of alternative fuels.

The group operates in about 60 countries having a workforce of over 60,000 employees operating 160 cement and grinding plants including joint ventures. The Company has 595 quarries and aggregate pits and 1,723 Ready Mix Concrete (RMC) production sites across the world. With the acquisition of Italcementi the group's footprint expands to 3,030 locations across five continents. The Group has become a market leader in Morocco, Egypt and Thailand and has achieved synergies in its operations in North America and India. The biodiversity measures implemented at its mining locations makes HeidelbergCement group stand out as a leader in the industry.

HeidelbergCement Group, with over 140 years of experience in the cement industry, has beyond doubt proven its capability of providing consistent high quality building materials that have responsibly assisted architects and engineers to give shape to their dream projects. The result of its experience finds its presence in every bag of cement we deliver to our discerning customers in India too.





Imlai Grinding Plant, Damoh, M.P.

**“ 12,000 ton fly-ash silo project commissioned at Imlai plant during FY17 to secure fly-ash inventory for sustained production ”**



## OVERVIEW OF HEIDELBERGCEMENT INDIA LTD.



Dr. Bernd Scheifele, Chairman of HC Group and Mr. Kevin Gluskie, Member of Managing Board of HCAG in the control room of Jhansi plant

HeidelbergCement India Limited (HCIL), is Indian subsidiary of the HeidelbergCement AG with cement manufacturing capacity of ~5.4 million tonnes per annum (MTPA) and a clinker capacity of 3.4 MTPA.

The plants located at Ammasandra, Karnataka; Damoh, Madhya Pradesh (M.P.); and Jhansi, Uttar Pradesh (UP), manufacture Portland Pozzolana Cement (PPC) and Portland Slag Cement (PSC) of the quality that surpasses the quality standards specified by the statutory regulator.

Aligning with the Group's commitment to Environment protection, the Company set up a Waste Heat Recovery based Power Generation Plant (WHRPG), with a generation capacity of ~12 MW at its clinker unit in Narsingarh, Damoh (M.P.). The WHRPG was commissioned in FY16 at Narsingarh (MP) and the power generated by this plant is substituting equivalent grid power, enabling the Company to reduce its power cost. The 12,000 ton Fly-ash Silo Project commissioned at Imlai plant during FY17 is poised to secure fly-ash inventory for

sustained production.

Its brand "mycem" has established itself as premium cement in its operating markets as a result of delivery of consistently high quality cement to its discerning customers. "mycem" has a strong brand recall value making it the preferred brand in its niche markets. With its avant-garde strategies, HeidelbergCement India remains fully committed to consistently deliver high quality cement thus bringing to life its slogan "for better building" day after day.

We consider customers as our stakeholders and stay committed to serve their requirements of quality cement providing value for money. Our persistence towards excellence has made our brand mascot, "Chutkoo" a well-known image in the Central India markets. Shareholder's value accretion is pursued with equal passion to deliver better returns.

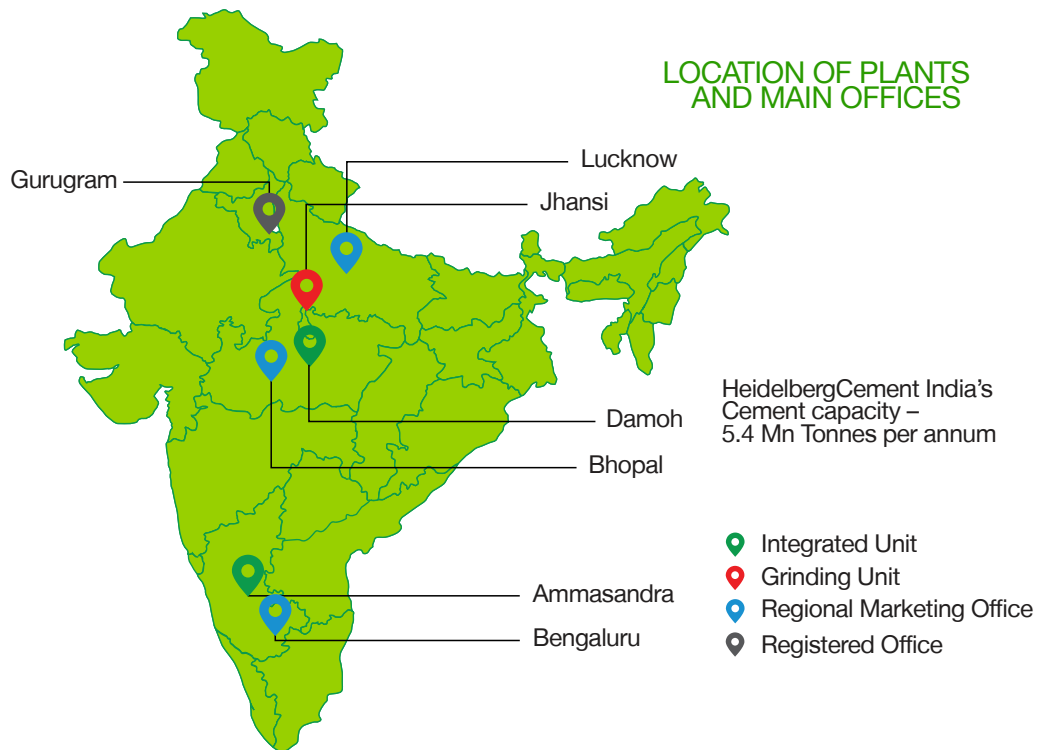
HCIL's operations in states of MP and UP during FY 2017, achieved capacity utilization of 82.3%, outperforming the industry average of 65-70%.





Water harvesting and plantation in the mined out pit of Patheria limestone mines

**“We take nothing from the Earth without giving something back”**



## CORPORATE INFORMATION

### Board of Directors

**Mr. P.G. Mankad**  
Non-Executive Chairman

**Dr. Albert Scheuer**  
Non-Executive Director

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

**Mr. S. Krishna Kumar**  
Independent Director

**Mr. Pradeep V. Bhide**  
Independent Director

**Mr. Juan-Francisco Defalque**  
Non-Executive Director

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

**Mr. Jamshed Naval Cooper**  
Managing Director

**Mr. Sushil Kumar Tiwari**  
Whole-time Director

**Chief Financial Officer**  
Mr. Anil Kumar Sharma

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

**Registered Office**  
9th Floor, Infinity Tower C  
DLF Cyber City, Phase-II  
Gurugram, Haryana-122002

**Statutory Auditors**  
S.R. Batliboi & Co. LLP  
Chartered Accountants

**Registrars & Transfer Agents**  
Integrated Registry Management  
Services Private Limited  
30, Ramana Residency, 4th Cross,  
Sampige Road, Malleswaram  
Bengaluru - 560 003



# FROM THE DESK OF THE MANAGING DIRECTOR

## Dear Shareholder,

It is a matter of great satisfaction for me to report yet another year of strong performance. At HeidelbergCement, continuous improvement is now a way of life; as we stand committed to better our performance year after year.

The initiatives taken by the Company in the recent past have focused on cost reduction, improvement in consumption parameters and optimization in use of natural resources, which together have contributed in delivering better results. We grew our business and increased our profitability, that enabled us enhance our competitive edge and create value for our shareholders. It is my pleasure to inform to you that the Board of Directors has recommended a dividend of Rs. 2.00 (20%) per share of Rs.10 each for FY2016-17, subject to the approval of members at the ensuing AGM.

Indian economy is currently in the midst of a recovery phase with lower fiscal and current account deficit, lower inflation, benign global commodity prices and declining interest rates. Good monsoon after two successive years of scanty rainfall came as a major respite especially for the rural economy. With a GDP growth of 7.1% in FY2016-17, India remained one of the fastest growing large economies in the world.

With the dawn of 1st July 2017, India took a giant leap to reform Indirect Taxes. 'One Nation One Tax – GST' became a reality. The Company proactively changed its systems and processes as well as provided training to its Customers and Vendors leading to smooth transition into the GST era. The price reductions arising out of reduced GST liability were passed on to the customers.



**“Together as a team, we converged our energy to deliver to our customers ‘value for money’, earning their trust which keeps growing and the bond that keeps strengthening”**

A host of infrastructure projects announced by the Government will lend added impetus to demand for cement. It will now depend on the Nation's capability to execute these projects with speed. The grant of infrastructure status to affordable housing is one other significant move that will reduce the borrowing cost of real estate developers by opening new avenues for raising funds. Reforms like these will potentially put our economy on a steeper growth trajectory.

Our commitment to Sustainable Development ensures that ecology and environment issues remain in focus. Substituting use of fossil fuel with alternate fuels, clinker by fly ash and slag, we conserved the natural resources, thus reducing our carbon foot print. Water harvesting and conservation activities pursued by us have been very satisfying as it has given boost to the farming activities around our plants. Our drive to develop “green belt” at our plants has been extremely rewarding as it has improved the happiness quotient of our employees simultaneously facilitating reduction in the ambient temperature inside our plants. We have set a target for the next three years to create a climate that ensures a 3 degree temperature reduction in our plants compared to the ambient temperatures a kilometer away from our plants. We declared 2017 as the “Energy Year” and embarked on the mission to save energy. A three year road map to reduce energy consumption is in place and progress is being monitored periodically.

We remain obliged to the society and our expression of gratitude is visible in the contributions we make towards the development of the human habitation that dwells around our plants. Providing healthcare services, education facilities, construction of roads and culverts ensuring all weather connectivity, girl child education, creation of training Centre for skilling the youth, are a few contributions we made during the year.

“Customer is the King”. Our unrelenting efforts to deliver consistent high quality cement and services to our customers have paid rich dividends by way of customer loyalty that continues to add year after year. Together as a

team, we converged our energy to deliver to our customers “value for money”, earning their trust which keeps growing and the bond that keeps strengthening. Company's brand “mycem” now enjoys a top-of-mind recall in most parts of Central India and its mascot “Chutkoo” is seen as a harbinger for durable construction.

Quoting the words of Lee Iacocca - “In the end, all business operations can be reduced to three words: people, product and profits. Unless you've got a good team, you can't do much with the other two.” We continue to invest in building Human Capital to fuel the future needs of our organization. Besides training and empowering them, we provide an enabling work environment with equitable growth opportunities. Special efforts are being put to increase the happiness quotient at the workplace which has led to higher commitment of our people paying greater emphasis on governance issues whilst encouraging entrepreneurial style of management.

My commitment of Health and Safety remains undeterred. It's an obligation I shoulder to provide a safe and healthy workplace to our people. To sensitize our people, several behavioral training programmes were conducted during the year. We also set for ourselves a target to achieve “Zero Harm” by 2020.

I take this opportunity to thank all employees - Company's prime assets, for their commitment and passion to excel. I also place on record my sincere appreciation to the Board of Directors for their guidance. My gratitude to all our stakeholders for their continued support, trust and encouragement.

I conclude my message by summarizing that - my team and I commit to “building a better future”.

Best Regards,

**Jamshed Naval Cooper**  
Managing Director

# MESSAGES FROM THE MANAGEMENT TEAM



**Mr. Sushil Kumar Tiwari**

Whole-time Director

Safety is our prime responsibility and safety leadership is a fundamental part of our business. We are committed to the health and safety of our employees, contractors, customers and community. We will continuously improve our processes, demonstrate leadership and promote comprehensive safety. Our vision is “Zero Harm” and it is the responsibility of all employees, contractors and everybody directly or indirectly associated with the Company.

Environment and ecology will always be a focus area for the Company. We have nurtured practices and projects that reflect concern for conservation of environment and will continue to follow the same. We plan to increase the green cover across all plants and reduce the adverse impact of climate change. We will boost our drive towards water conservation and would like to always remain water positive. The Company aims to create sustainable future for coming generations by increasing the use of renewable energy and reduction in carbon footprint.

The Company endeavours to pursue excellence in its operations through energy efficiency and increased usage of alternative fuels. In order to sustain growth, we will follow a drive for a culture of continuous improvement; excellence in process, product and people; and a spirit of innovative ideas.

**Mr. Anil Kumar Sharma**

Chief Financial Officer

The last two years have intensely transformed the business environment – transparency, accountability and reporting – these three pillars have become the bulwarks of every Indian company. The new requirement of ‘Country by country Reporting (“CbCR”) and Base Erosion and Profit Shifting (BEPS) and at the same time switchover from IGAAP to IND-AS have broadened the role of Finance department to not only develop robust information systems but also to plan well ahead of the potential risks and opportunities.

HCIL has always planned ahead for such changes. Timely execution of projects is the key for success of any business and your Company has proved it several times. Most recent example is the compliance of GST from day one. The Company believes in inclusive growth and has therefore, provided training of GST to its Vendors/Customers. We believe that as a result of Government initiatives and changing business dynamics, the Indian businesses will undergo a sea change in transparency, ease of doing business, lowering of costs and automation.

The Company has laid proper Internal control systems and ensures that these work effectively. Process of risk assessment and timely mitigation is helping in business growth. Digitalisation of existing processes is a focus area of the Management for speedy communication, better customer satisfaction and higher productivity. The Company’s ‘Shared Services Center’ has reached a maturity level and is delivering quality services to its internal and external customers. Taking a quote from Warren Buffet, our motto is – price is what you pay but value is what we create. Your Company will continue to create value for all its stakeholders - from shareholders, lenders to customers and communities in this journey to fame and glory.



**“Work together, Improve together, Innovate together, and Grow Together”**



### Ms. Poonam Sharma

#### Human Resources Director

While most of us want an Organization that is already established but with rapid globalization, there is no taking stability for granted and the future is here before we blink. We are therefore focusing on building work force management solutions to strengthen capabilities of people to be a part of the Organization's DNA with willingness to struggle, survive and be a part of a better future together.

The Organization has been growing rapidly bringing in diverse cultures, people practices and systems in its fold. Structuring the Organization to keep it nimble footed and lean has been a challenge. Also, challenge is in keeping the spirits high during the change process. We are committed to supporting the employees build teams, nurture their personal and professional plans through fostering and environment of employee engagement and empowerment, enabling them for better future Organization. Keeping pace with the changing environment, our endeavour is to help hire, retain and develop people as per business demand.

The expansion process has also brought into focus the need for internal career mobility. Our People practices and processes are designed to support and reward the employees take the right career decisions and enable performance sustainably and transparently. The timely diagnosis of people needs leverage the Organization and Leadership deliver value to the key stakeholders inside and outside the Company. In keeping the future needs of business, we will prioritise on values of diversity and inclusion and keep pace with the future needs of the business on continual basis.

### Mr. M. Purnachander

#### Procurement Director

Our vision is to manage procurement, imbibing latest technology solutions towards best pricing, low inventories, inclination towards sustainable materials and most important renewable energy. We also ensure compliance with regulations and provide excellent customer service to our internal stakeholders.

At HeidelbergCement India, we work cooperatively with shared purpose and vision, and promote collaboration and a sense of harmony and community, and assist internal customers in accomplishing their goals. We also believe that success comes through recognizing everyone's skills and having a diverse range of experiences and contributions. We remain committed to sound business practices, abide by business ethics and environmental standards for a sustainable sourcing and better future.







Mr. Kevin Gluskie, Director of HeidelbergCement India Limited planting a sapling



## FUTURE READY

PREPARING TO HARNESS POTENTIAL OPPORTUNITIES

**“**Our commitment to sustainable development ensures that ecology and environment issues remain in focus. Substituting use of fossil fuel with alternate fuels, clinker by fly ash and slag, we conserved the natural resources, thus reducing our carbon footprint **”**





Jhansi Grinding Plant, U.P.

This year has been declared as the “Energy Year” for our company. Pursuing our drive for Sustainability, we have embarked on saving energy and reduce our carbon footprint. Measures to track and reduce energy consumption at plants have been put to practice. A three year road map to reduce energy consumption is in place and progress is being monitored periodically.

Post the water crisis in 2016, in the areas where our plants and mines are situated, we embarked on a mission to save and conserve water and become water positive. We made good progress in this direction. In some of our plants we have been able to reduce water consumption by close to 40%.

Fuel being one of the big ticket items for our industry, we succeeded in improving upon our fuel consumption parameters. When prices of pet coke and coal surged and power tariff increased during FY 2017, we quickly altered our fuel mix seamlessly. The Company has succeeded in reducing cost for transportation of fly ash by 10% through deployment of bigger size vehicles and sourcing fly ash from power plants located at shorter lead distance. A constant vigil on the dynamic freight costs and quick switching between Rail

and Road logistics have helped us contain this vital business cost element.

Despite slow pace of investments in infrastructure and sluggish real estate demand, our Company exhibited innate resilience in retaining its market share.

Capacity additions by the Industry have tapered significantly. With improved productivity and consumption parameters, we successfully counteracted the economic forces to some extent. We managed to increase our capacity utilization to 82.3% in FY’17 as compared to the industry average that stood at ~65 to 70%.

Customer focus has been our prime business driver. We have been able to increase our customer base by delivering consistent high-quality cement and services to our customers. The premium our customers pay for our cement is more than compensated by the reduced lifecycle cost and extended life of their construction. Our cement is engineered to deliver high durability factor which our customers value most. Our unrelenting efforts for continuous improvement and adoption of best practices across our production units and mines are a few of the building blocks which will ensure that we remain future ready.



Mr. R N Rai, Head Mines and Mr. Gaurav Taluja, Sr. GM receiving FIVE STAR rating accreditation certification from Mr. Piyush Goyal, Hon'ble Minister of Mines

## ENVIRONMENT IS WHAT WE CREATE AND SUSTAIN

“Greenery inside the plants has improved the happiness quotient of our employees and simultaneously reduced the temperature”





Inauguration of Samridhi Park in Jhansi plant by Dr. Bernd Scheifele, Chairman of HC Group

Our far-sighted approach has always compelled us to conserve the use of natural resources. Deploying state-of-art technology, we have succeeded in optimizing our production processes using least possible natural resources and making greater use of industrial wastes. Beginning from mining to the point of delivery at customer's site, we make efforts to optimize on consumption of limestone, thermal energy, electricity, transport fuel and above all minimizing wastages at every transfer point.

In our attempt to conserve water and become water positive, we successfully managed to increase water harvesting capabilities at our plants and achieved greater degree of waste water recycling. As a testimony to our efforts stand the green crops in the fields located around our plants and mining areas that harvested crops round the year. The water table has shown marked improvement and the wells remain a healthy source of drinking water to the village folk round the year.

Using the hot waste gases from our kilns, which would otherwise be released in the atmosphere, we generate electricity to substitute the grid power and at the same time contain emissions.

Our commitment to provide a clean and green environment continued unabated. We regularly sensitize our people on health and hygiene factors. In our townships at Narsingarh and Jhansi, all household waste

is collected and processed to convert it to manure thus making our plants achieve zero solid municipal discharge.

Today our residential colonies stand testimony of our commitment to provide clean and hygienic dwellings with green belts that fill the place with liveliness. At our Narsingarh and Imlai colonies we have installed domestic waste collection and segregation system including a manure converting system. While plastic and combustible wastes are palletized and used as Kiln fuel, the manure from the composters is used in the gardens.

To conserve fuel and reduce emissions that would have arisen from transporting limestone from mines to the plant which is located at a distance of 21 Kms, we invested in an Overland Belt Conveyor (OLBC) which spans from Patharia mines to Narsingarh plant. This helped us improve material re-handling by almost 60%.

As we keep excelling year after year, Govt. bodies, agencies and associations keep motivating us by recognizing our efforts and showering upon us praises and accolades which we treasure in our "Gallery of Pride".

With sharp focus on biodiversity, we invest in green belt development to achieve our goal of delivering a "clean and green environment". After all we are obliged to handover a living planet that is green and habitable for the generations to come.



Inauguration of skill development centre by Mr. Jamshed Naval Cooper, Managing Director

## STRENGTHENING THE HUMAN QUOTIENT

“HeidelbergCement Group’s philosophy is built on three pillars of Ecology, Economy and Social Responsibility”





HeidelbergCement Group's philosophy is built on the three pillars of Ecology, Economy and Social responsibility. This forms the basis of our actions across all geographies. Socio-economic development of community that dwells around our plants therefore gets embedded in course of our business.

At HCIL, the motive is not only to become an eminent player in the cement industry but also to play a responsible role for all the stakeholders, be it environment, community, consumers or employees. We engage with the communities through our initiatives like healthcare camps, education, community development, vocational studies, skill imparting for employability, sanitation, drinking water, roads and other activities in a systematic manner. To ensure that the communities avail the benefits of our CSR projects, we collaborate with the local stakeholders and involve them right from creation to operation and maintenance of the facilities that are meant for their use. Our active involvement with the community has facilitated us deliver inclusive growth



and equitable development.

CSR activities are run by our employees who volunteer their personal time and efforts to the projects and this has made a big difference both in terms of maximizing deliverables, excellence and timely completion of the projects. The dedication of the employees to CSR activities is much appreciated by the local communities enabling us to bond better with them.

Financial year ending March 2017 saw HeidelbergCement India investing Rs.9.4 million on various CSR activities way exceeding the limit of statutory obligation set under Section 135 of the Companies Act, 2013.

Empowering the rural youth remains one of our priorities and we have been focusing on skill development programs for them. We are also constructing a training centre that will be capable of delivering training in a structured manner by dedicated professionals in a cost-effective way.



Glimpse of CSR activities





Employees taking safety pledge

“There’s one figure we want to keep at zero:  
the accident rate”



Girl Child education is yet another focus area for HCIL. We have constructed a library hall in a girl's hostel. Every year, books and stationeries are provided to needy rural students studying in nearby schools.

To serve the development needs of the rural community, we construct concrete roads and culverts to ensure all weather road connectivity. Our mobile medical vans regularly travel to rural areas and provide free medical services. Periodic health check-up camps are organized and free medicines are dispensed to the needy.

In our journey to become a responsible cement company with reasonable eminence, we have been investing in our employees nurturing their talent and providing equitable growth opportunities to all. We draw immense pride in our family of talented employees who fill our

workplace with happiness and vibrant energy that lays the foundation for good governance and entrepreneurial style of management.

Life is invaluable. We practice Safety round the clock be it our Plants, Office or while travelling. Safety of our people remains our foremost priority. Beginning with the gate meeting where pledge of safety is undertaken daily, we have several training programmes which dwell on a variety of job related hazards and safety standards that are a must for employees to follow. Safety is a way of life at HCIL.

With proficient human capital and the passion it exuberates, HeidelbergCement India, continues its trajectory molding a brighter future where people, profit and planet have their share of measure on the same scale.



Dr. Bernd Scheifele, Chairman of HC Group taking note of the safety activities

# OUR PERFORMANCE AT A GLANCE

## OPERATIONAL SNAPSHOT: FY17

- Margin improvement led by better realizations, improved consumption parameters and savings from Waste Heat Recovery based Power Plant at Narsingarh despite increase in fuel and power costs during the year
- Cement Capacity Utilization continued to stay >80% against an industry average of <70%
- Gross Long Term Debt further reduced to Rs. 6,846 million from Rs. 8,603 million in the previous year.
- Credit rating further upgraded to “IND AA+” (with stable outlook) from “IND AA”
- 12,000 metric tons flyash silo commissioned at Imlai Plant
- Final dividend of Rs. 2 per share recommended by the Board of Directors



## FINANCIAL HIGHLIGHTS:

Particulars	FY 17#	FY 16#	FY 15*	CY 13	CY 12	CY 11
Volumes (KT)	4,474	4,443	5,289	3,626	2,886	2,900
Total Revenue (net of Excise) (Rs. million)	17,412	16,708	20,581	14,006	11,144	9,998
EBITDA (Rs. million)	3,026	2,536	3,360	1,222	877	776
EBITDA Margin (%)	17.4%	15.2%	16.30%	8.70%	7.80%	7.80%
EBT (Rs. million)	1,136	454	1,198	- 807	457	424
EBT Margin (%)	6.5%	2.7%	5.8%	-5.8%	4.1%	4.2%
PAT (Rs. million)	762	354	595	- 407	308	292
PAT Margin (%)	4.4%	2.1%	2.90%	-2.90%	2.80%	2.90%
EPS (Rs./Share)	3.4	1.6	2.6	-1.8	1.4	1.3
Shareholders Fund (Rs. million)	9,670	8,949	8,716	8,334	8,466	8,156
Long Term Borrowings (Rs. million)**	6,846	8,603	11,172	11,172	11,172	11,172
Short Term Borrowings (Rs. million)	-	700	-	642	450	-
Debt Equity Ratio	0.71:1	0.96:1	1.28:1	1.34:1	1.06:1	0.84:1
Cash and Cash Equivalents (Rs. million)	142	78	1463	1141	732	3107

Notes:

CY denotes Calendar Year, FY denotes Financial Year. CY11, CY12 and CY13 figures are inclusive of Raigad Plant

\* 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.

\*\* Long Term Borrowings include current portion of borrowings maturing in the next one year but excludes impact of Mark to Market on the USD External Commercial Borrowings which were hedged using Cross Currency Swaps.



## Board's Report

To the Members,

The Directors are pleased to present the 58<sup>th</sup> Annual Report together with the audited accounts of the Company for the financial year ended 31<sup>st</sup> March 2017 (FY 2017).

### THE YEAR IN RETROSPECT

The year 2016-17 began on a positive note on the back of encouraging fundamentals like subdued inflation, lower commodity prices, declining interest rates, softer crude oil prices and lower current account deficit. Good rainfall after two successive years of scarce rainfall came as major respite for the rural economy. Rise in rural income coupled with mild income boost from the Seventh Pay Commission and One Rank One Pension pay-outs paved the way for much awaited consumption-led recovery. This growth momentum received a setback in the third quarter on account of the demonetization drive. However the GDP is estimated to grow by around 7.1% during the FY 2017. Clearing all hurdles, GST would soon become a reality for India.

The macroeconomic indicators during the year remained encouraging; however its resultant effect was not visible in the cement demand. Low infrastructure spends and tepid demand from the housing segment remained the key reasons for the softening in cement demand. Over-capacity in the cement industry and low capacity utilizations impacted prices and margins. At the end of March 2017, the overall

installed cement manufacturing capacity stood close to 440 million tonnes. Cement production during FY2016-17 was about 274\* million tonnes compared to 282.5 million tonnes in the corresponding period indicating de-growth of 3%.

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

### FINANCIAL HIGHLIGHTS / REVIEW OF OPERATIONS

The Company has adopted Indian Accounting Standards (Ind-AS) from 1<sup>st</sup> April 2016. The financial statements of the Company for the financial year ended 31<sup>st</sup> March 2017 are Ind-AS compliant and the corresponding figures for the financial year ended 31<sup>st</sup> March 2016 have been restated.

During the year ended 31<sup>st</sup> March 2017, the Company produced 4.44 million tonnes of cement compared to 4.43 million tonnes in the year ended March 2016, an increase of 0.3%. Cement sales for the year were 4.47 million tonnes compared to 4.44 million tonnes in the year ended March 2016, an increase of 0.8% by volume. Gross sales in 2016-17 were INR 20,018.5 million compared to INR 19,159.2 million in 2015-16. The net profit in the year 2016-17 was INR 762.1 million compared to INR 353.9 million in 2015-16.

A snapshot of the Company's financial performance for the financial year ended 31<sup>st</sup> March 2017 vis-à-vis performance for the financial year ended 31<sup>st</sup> March 2016 is as under: -

(₹ in Millions)

Particulars	Financial Year ended 31 <sup>st</sup> March 2017	Financial Year ended 31 <sup>st</sup> March 2016
<b>Income</b>		
Revenue from Operations (Gross)	20,018.5	19,159.2
Other Income	236.9	224.4
Total Revenue	20,255.4	19,383.6
Earnings before Interest, Tax, Depreciation and Amortization (EBITDA) - including other income	3,025.5	2,536.1
Net Depreciation and Amortization	991.5	997.8
Finance Costs	897.7	1,084.5
Profit before Tax	1,136.3	453.8
Total Tax expense	374.2	99.9
Net Profit for the year	762.1	353.9

On the operations front, during FY 2016-17 the fuel cost increased significantly. Petcoke prices touched a peak of USD 96 per Metric tonne (CIF) compared to the low of USD 40 per Metric tonne (CIF) witnessed at the beginning of the year. International Coal prices too increased in the range of 50% to 60%; however domestic coal prices increased only by about 10% to 15% for various grades. Government increased Clean Environment Cess on coal from INR 200 per tonne to INR 400 per tonne.

The Company had to scout for alternative sources of fly ash as the power plants with which the Company has long term agreements reduced power generation leading to shortage of fly ash. The company managed to reduce logistics cost by 10% on fly ash transportation by optimising the size of vehicles and faster turnaround of vehicles. The Company continued its efforts to reduce logistics cost by rationalising its Rail-Road mix for inward and outward movement of materials.

Reverse auctioning for procurement of bags helped the company contain its packing costs. Besides this, various other cost elements and consumption parameters remain in focus in pursuit to achieve cost leadership.

Sensitivity to ecology and environment has direct bearing on cement and aggregate industry. The ban on sand mining in Uttar Pradesh has impacted the construction industry and therefore the demand of cement too. Notwithstanding the sluggish progress in infrastructure and real estate sector, the Company increased its sales volume marginally.

Through the persistent efforts of sales team and the channel partners, Company's brand 'mycem' has made a mark in the minds of the consumers, enabling the Company to secure premium compared to some of the competing brands. In the year 2015, the Company pioneered the concept of CADS (Channel Authorization Digital Signage), an electronic digital display at the dealers' shops that aims at building customers' confidence in channel partners. The Company is also encouraging its dealers to install Point-of-Sale machines (PoS) for collection of sale proceeds through electronic means from their customers/retailers.

#### **TRANSFER TO DEBENTURE REDEMPTION RESERVE**

The Company had issued Non-Convertible Debentures aggregating to INR 3700 million carrying interest of 10.4% per annum on 16<sup>th</sup> December 2013. It is proposed to transfer, an amount of INR 134.2 million (previous year INR 134.1 million) out of the profits for the financial year ended 31<sup>st</sup> March 2017 to the Debenture Redemption Reserve (DRR) to meet the obligations towards the redemption of debentures commencing from 16<sup>th</sup> December 2019.

During the year the credit rating in respect of the aforesaid debentures has been upgraded to "IND AA+" (with stable outlook) from "IND AA" by India Ratings and Research Pvt. Ltd., a credit rating agency.

#### **REPAYMENT OF EXTERNAL COMMERCIAL BORROWINGS**

The Company had borrowed USD 125 million in nine tranches from January 2011 to October 2012 by way of External Commercial

Borrowings (ECB) for the purpose of financing its Damoh-Jhansi expansion project. Each tranche of ECB is repayable after a period of five years from the date of its draw down. The entire amount of ECB is hedged against exchange rate and interest rate fluctuations through cross currency swap agreements. During FY2016-17 fourth, fifth, sixth and seventh tranche of said ECB aggregating to USD 45 million have been repaid. The last two tranches of said ECB of USD 10 million each will become due for payment during the FY2017-18.

#### **DIVIDEND**

Pursuant to the provisions of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board of Directors of the Company has formulated a Dividend Distribution Policy. The same has been posted on the Company's website. The web-link to access the said policy is as follows:

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

After considering the various factors enumerated in the said Policy, including financial performance of the Company during FY 2016-17 and debt repayment schedule, the Board of Directors is pleased to recommend a dividend of INR 2/- (20%) per equity share of INR 10 each for FY 2016-17 for approval of the members at the ensuing AGM. The dividend outgo will be INR 545.5 million (inclusive of a dividend tax of INR 92.3 million).

#### **A STEP TOWARDS CLEAN ENERGY**

The Company had commissioned the Waste Heat Recovery-based Power Generation Plant (WHR Plant) at its Narsingarh Plant in Damoh, Madhya Pradesh on 15<sup>th</sup> February 2016. The WHR Plant utilises the waste heat generated from the clinker lines at Narsingarh Plant for generating power. During FY 2016-17, WHR Plant stabilised and generated 56.0 million units of power resulting in equivalent reduction in grid power leading to savings in power cost.

#### **ENVIRONMENTAL SUSTAINABILITY**

The Company firmly believes in sustainable development and deploys best practices to ensure environment protection and conservation of natural resources. Under the programme "Sustainable Development Goals 2030", focus is on energy efficiency, water conservation, emission reduction, sanitation and hygiene.

Continuous efforts are made to optimise usage of natural resources following the principles of "Reduction, Recycle and Re-use". During FY 2016-17, all of the waste water was recycled by all the plants and there was zero municipal solid waste discharge.

Partnership with associations and forums such as Cement Sustainability Initiative of the World Business Council for Sustainable Development, National Safety Council and Confederation of Indian Industry has enabled the Company to stay focussed on matters of sustainability by benchmarking against the best practices.

## ENRICHING BIODIVERSITY

Recognizing the importance of biodiversity for sustainable development, the Company has taken several measures for improving air quality, prevention of soil erosion and conservation of flora and fauna. These include development of water bodies and green belt in and around the plants and mines. A master plan is under preparation for developing green areas at all the plant locations. The Company is also encouraging residents in its colonies to develop and nurture small home gardens.

## TOUCHING LIVES THROUGH MEANINGFUL CSR INITIATIVES

The Company is committed to the wellbeing of local communities and continues to make its contribution through variety of community development programmes and projects. The Corporate Social Responsibility (CSR) activities of the Company cover healthcare, primary education, rural infrastructure development, vocational training & entrepreneurship. The Company believes that involving local communities in identification and execution of CSR projects strengthens the Company's bond with relevant stakeholders. During FY17 the Company has spent INR 9.49 million on various CSR activities / projects exceeding the obligations pursuant to Section 135 of the Companies Act, 2013 by a liberal margin.

Industry requires skilled manpower which can be sourced from a large pool of unskilled, unemployed rural youth after imparting them requisite training. The Company consistently conducts training programmes for rural youth for which it has also commenced construction of a training centre which is scheduled to be completed in FY 2017-18. The training centre will include four classrooms and two conference rooms. This will help in enlarging the scope and reach of the training programmes.

To promote education, the company constructed a library hall in a Girls' hostel and also distributed books to the students residing in the vicinity of its plants. To promote sports, the Company sponsored sports meets in schools in the nearby areas.

The Company continued to extend its support towards development of infrastructure around its plants and mines. Ghats were constructed in District Damoh to facilitate easy access of the villagers to the river. The Company also constructed concrete roads and culverts in Damoh for safe, speedier and smoother connectivity to overcome the commuting problems faced by local people in areas surrounding its plants.

The Company organised free health check-up camps, provided mobile medical services and distributed medicines in the nearby villages. The Company's Central India plants are situated in water scarce Bundelkhand region, free water was supplied through water tankers to the villages near the Narsingarh plant. In order to improve water storage, the Company helped the district administration by deepening the Singpur pond in Damoh District.

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

## OCCUPATIONAL HEALTH & SAFETY

"Nothing is more important to us than the safety of our workers, our subcontractors, and the communities in and near which we operate," says Dr. Bernd Scheifele, Chairman of HeidelbergCement Group.

Occupational health & safety remains our foremost priority. The Company achieved zero fatality in its operations during the year under review. Top management is fully committed to implementing the high safety standards of the HeidelbergCement Group. Implementation of cardinal norms on safety and ensuring compliance with the legal obligations and benchmarking against the industry's best safety practices is a way of life within the Company. All plants are OHSAS 18001:2007 certified.

The Company has continued to focus on embedding strong safety culture top-down and bottom-up. Maiden safety inter-plant audit was carried out by the safety professionals and best practices were implemented across locations. Robust safety observation tours by the functional managers and HODs is practiced across all plant locations. Some notable safety equipment installed in all the plants during FY17 include elevated pull cord on the conveyor belts to protect people working near them and putting guard around all rotating parts of equipment and providing interlocking of motor coupling guards for all electrical drives above 160 kW.

## AWARDS AND ACCOLADES

The Company continues to pursue excellence in all areas of its operations, and we are happy to report that it received the following awards and honours:

- '1<sup>st</sup> Prize for Overall Performance' by Mines Safety Association, Karnataka, Zone III for Yerekatte Mines.
- Narsingarh Plant and Jhansi Plant were recognised as Excellent Energy Efficient Units in cement sector by Confederation of Indian Industry at the 15<sup>th</sup> Energy Efficiency Summit organised at Hyderabad.
- Jhansi Plant was given 'Energy Best Practices Award' and 'Environment Best Practices Award' at the National Conclave on recent advances in cement industry organised by Quality Circle Forum of India organised at Hyderabad.
- Diamond Patharia Limestone Mines has been accredited with Five Star Rating\* by the Ministry of Mines, Government of India. The accreditation certificate was received from Mr. Piyush Goyal, Hon'ble Minister of Mines on 15<sup>th</sup> February 2017 at New Delhi.

\* "Star Rating of Mines" is a new scheme initiated by 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.



**CORPORATE GOVERNANCE**

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 are bound by the Codes of Conduct setting out the fundamental standards to be followed by them while discharging their duties.

The Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 have further reinforced the governance regime in India. The Company is in compliance with the corporate governance requirements under the Companies Act, 2013 and the SEBI Listing Regulations. Pursuant to the provisions of the listing regulations, a separate section on Corporate Governance, together with a certificate from M/s. Nityanand Singh & Co., a firm of Company Secretaries in Practice, confirming compliance with conditions of Corporate Governance, forms an integral part of this Report. A Management Discussion and Analysis Report is also given as an addition to this Report.

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 31<sup>st</sup> March 2017 is annexed as Annexure 'B' 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**

There was no change in the Board of Directors during the financial year ended 31<sup>st</sup> March 2017. Dr. Albert Scheuer (DIN: 02170574) retires by rotation at the ensuing Annual General Meeting (AGM) and being eligible has offered himself for re-appointment. His brief profile is given in the Notice of AGM. The Board recommends his re-appointment by the members at the ensuing AGM.

**Independent Directors:** Mr. P.G. Mankad (DIN: 00005001), Mr. S. Krishna Kumar (DIN: 01785323) and Mr. Pradeep V. Bhide (DIN: 03304262) were appointed as Independent Directors by the members for a term of five years from 1<sup>st</sup> April 2014 up to 31<sup>st</sup> March 2019 in the 55<sup>th</sup> Annual General Meeting held on 19<sup>th</sup> June 2014 and they continue to be on the Board of Directors. All the independent directors 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

**DISCLOSURES UNDER COMPANIES ACT, 2013**

**Number of Board Meetings:** During the financial year ended 31<sup>st</sup> March 2017, four board meetings were held. The details of the same are given in the Corporate Governance Report.

**Composition of Audit Committee:** The Company has an Audit Committee comprising four members namely, Mr. S. Krishna Kumar (Chairman of the Committee), Mr. P.G. Mankad, Mr. P.V. Bhide and Ms. Soek Peng Sim. Other details about the said Committee are given in the Corporate Governance Report. All the recommendations made by the Audit Committee were accepted by the Board.

**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 and the Stakeholders' Relationship Committee. The manner in which the performance evaluation has been carried out has been explained in the Corporate Governance Report.

**Policies 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, positive attributes and independence of potential candidates for appointment as directors and determining their remuneration. The said policy is annexed as Annexure 'C' to this Report. 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 composition.

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

**Key Managerial Personnel:** No changes took place in the Key Managerial Personnel (KMP) during the financial year ended 31<sup>st</sup> March 2017. 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 the financial year ended 31<sup>st</sup> March 2017:

- 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 all plants, warehouses and offices. 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 Section 134 of the Companies Act, 2013:

- that in the preparation of the accounts for the financial year ended 31<sup>st</sup> March 2017 the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- 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 31<sup>st</sup> March 2017 and of the profit of the Company for the financial year ended on that date;
- 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;
- that the financial statements for the financial year ended 31<sup>st</sup> March 2017 have been prepared on a 'going concern' basis;
- that proper internal financial controls were in place and that such internal financial controls were adequate and were operating effectively; and
- 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 31<sup>st</sup> March 2017 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 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://mycemco.com/sites/default/files/Related%20Party%20Transaction%20Policy.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 emerge on a regular basis. The Risk Management processes of our Company focus on ensuring that these risks are identified and evaluated in a timely manner 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 thereafter evaluated by the Audit Committee and the Board of Directors on a quarterly basis.

### 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. The details of the vigil mechanism are given in the Corporate Governance Report and the same has been posted on the Company's website. The web link to access the said policy is as follows:

<http://mycemco.com/sites/default/files/HCIL%20Whistle%20Blower%20Policy.pdf>

### AUDITORS

The observations of S.R. Batliboi & Co. LLP, Statutory Auditors in their report on Accounts for the financial year ended 31<sup>st</sup> March 2017 read with the relevant notes are self-explanatory. The Auditors' Report does not contain any qualification, reservation or adverse remark.

Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 provides for mandatory rotation of statutory auditors after completion of tenure as stated therein. The term of office of the present statutory auditors of the Company, S.R. Batliboi & Co. LLP, will end after the closure of the ensuing AGM. The Board places on record its appreciation for the valuable services rendered by S.R. Batliboi & Co. LLP, during their tenure.

The Board of Directors at its meeting held on 9th February 2017 had considered and recommended for approval of the members, the appointment of S.N. Dhawan & Co. LLP, as statutory auditors of the Company to hold office from the conclusion of 58th Annual General Meeting until the conclusion of 63rd Annual General Meeting (FY 2017-18 to FY 2021-22) Accordingly, a Resolution seeking member's approval for the appointment of S.N. Dhawan & Co. LLP, Chartered Accountants, as statutory auditors of the Company is included at Item No. 3 of the Notice convening the AGM. S.N. Dhawan & Co. LLP, have given their consent and confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules made thereunder for their appointment as statutory auditors of the Company. The Board recommends the aforesaid resolution for approval of the members.

### **COST AUDIT**

The Cost Audit for the financial year ended 31<sup>st</sup> March 2016 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 the financial year ended 31<sup>st</sup> March 2017 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) Amendment 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 2017-18 on a remuneration of INR 2,50,000. 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 at Item No. 7 of 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 31<sup>st</sup> March 2017 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 'E'. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

### **PARTICULARS OF EMPLOYEES**

The particulars of employees required pursuant to Section 197 of the Companies Act, 2013 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 shall be provided on request. In accordance with the provisions of Section 136 of the Act, the Board's Report and the Accounts for the financial year ended 31<sup>st</sup> March 2017 are being sent to the members and others entitled thereto, excluding the information on employees' particulars 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, forming part of this Report are annexed as Annexure 'F'.

### **ACKNOWLEDGEMENTS**

Your Directors are thankful to all stakeholders including Customers, Bankers, Suppliers, Distributors, Dealers, and Contractors for their continued assistance, co-operation and support. The Directors wish to place on record their sincere appreciation to all employees for their commitment and continued contribution to the Company. The Directors are grateful for the confidence, faith and trust reposed by the shareholders in the Company. We are thankful to various agencies of the Central and State Government(s) for their continued support and co-operation.

For and on behalf of the Board

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

P.G. Mankad  
Chairman



## 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. Brief outline of the said Policy is given below:

  - 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.
  - 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.
  - 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.
  - 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.
  - 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.
  - 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.

The Policy is placed on the Company's website and the web link to access the same is  
<http://mycemco.com/sites/all/modules/custom/shareholdingpattern/HCIL-CSR-Policy.pdf>
2. Composition of the CSR Committee:
 

The members of the Committee as on 31st March 2017 were:

  - a) Mr. S. Krishna Kumar, Chairman of the Committee;
  - b) Mr. Kevin Gerard Gluskie; and
  - c) Mr. Sushil Kumar Tiwari.
3. Average net profit of the Company for last three financial years (FY2013, FY 2014-15 and FY 2015-16):
 

INR 94.3 million
4. Prescribed CSR Expenditure (two percent of the amount as in item 3 above):
 

INR 1.9 million
5. Details of CSR spent for the financial year 2016-17:
  - (a) Total amount spent for the financial year ended 31<sup>st</sup> March 2017:
 

INR 9.4 million
  - (b) Amount unspent, if any:
 

NIL

- (c) Manner in which the amount has been spent on CSR activities during the financial year ended 31<sup>st</sup> March 2017 is detailed below:

							₹ 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 was undertaken	Amount Outlay (budget) project or programs-wise (Apr 2016 - Mar 2017)	Amount spent on the projects or programs	Cumulative expenditure up to the reporting period (i.e. March 31, 2017)	Amount spent: Direct or through implementing agency
1	Development of training centre for skill enhancement and self employment	Education	Jhansi (Uttar Pradesh)	3.20	3.32	3.32	3.32
2	Construction of Library in a School	Education	Damoh (Madhya Pradesh)	1.35	1.30	1.30	1.30
3	Constructuon of Toilets at Schools/ Colleges	Education	Ammasandra (Karnataka)	0.20	0.16	0.16	0.16
4	Promotion of Sports at Schools	Education	Damoh (Madhya Pradesh), Ammasandra (Karnataka)	0.24	0.23	0.23	0.23
5	Repair of School Building	Education	Ammasandra (Karnataka)	0.10	-	-	-
6	Provided bags, books and notebooks to students	Education	Ammasandra (Karnataka)	0.08	-	-	-
7	Construction of Ghats (Steps) near the river bank	Rural Development	Damoh (Madhya Pradesh)	1.67	1.64	1.64	1.64
8	Deepening of ponds, providing water with tankers in water scarce areas	Rural Development	Damoh (Madhya Pradesh)	1.35	1.31	1.31	1.31
9	Bus Shelter and Approach Road	Rural Development	Damoh (Madhya Pradesh)	1.20	1.27	1.27	1.27
10	Construction and renovation of Community Centres	Rural Development	Damoh (Madhya Pradesh), Jhansi (Uttar Pradesh)	0.14	0.07	0.07	0.07
11	Sponsorship for Tumkur Zilla Utsava etc	Rural Development	Ammasandra (Karnataka)	0.13	0.09	0.09	0.09
12	Medical checkup camps and providing medicines	Healthcare	Damoh (Madhya Pradesh), Jhansi (Uttar Pradesh)	0.35	-	-	-
<b>Total</b>				<b>10.00</b>	<b>9.40</b>	<b>9.40</b>	<b>9.40</b>

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  
Date : 25th May 2017

Jamshed Naval Cooper  
Managing Director

S. Krishna Kumar  
Chairman – 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 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017;
  - (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  
Date : 25<sup>th</sup> May 2017

Jamshed Naval Cooper  
Managing Director

Anil Kumar Sharma  
Chief Financial Officer



**ANNEXURE – C TO THE BOARD’S REPORT****Nomination and Remuneration Policy****1. Preface**

HeidelbergCement India Ltd. (the “Company”) is committed to excel in every sphere of its activity by attracting and retaining qualified, talented and experienced professionals through efficient selection and evaluation mechanism.

The Board of Directors of the Company has constituted Nomination and Remuneration Committee (“the Committee”) to perform the delegated functions and to formulate a Policy for nomination, appointment and remuneration of Directors and Top and Senior Management Personnel<sup>1</sup> (“Senior Management”) of the Company. This Policy sets out the guiding principles for the Nomination and Remuneration Committee for identifying persons who are qualified for being appointed as Directors on the Board and those who may be appointed to fill the senior management positions. The Policy also sets out the guiding principles for determining the remuneration of executive directors, senior management personnel and other employees.

**2. Role of Nomination and Remuneration Committee**

The Board of Directors has entrusted the following responsibilities to the Committee:

- Identification of persons who are qualified to become directors and who may be appointed in senior management positions in accordance with the criteria laid down;
- Recommend to the Board the appointment and removal of Senior Management Personnel;
- Formulate the criteria for determining qualifications, positive attributes and independence of a director;
- Recommend to the Board a policy, relating to the remuneration of the directors, senior management personnel and other employees; and
- Carryout evaluation of every director’s performance.
- Devising a policy on Board diversity.

**3. Criteria for identification of Directors and Senior Management Personnel**

The Committee shall review potential candidates for appointment as Director and for filling senior management positions and give its recommendations to the Board. In evaluating the suitability of potential candidates the Committee may take into account factors, such as:

- personal and professional ethics, integrity and values ;
- educational and professional background ;
- leadership skills, standing in the profession;
- business knowledge, relevant competencies and skills, experience;
- actual or potential conflicts of interest, if any;
- willingness to devote time and efforts to effectively carry out duties and responsibilities;
- during the process of identification of suitable candidates for appointment as independent directors it must be ensured that the criteria of independence laid down under Section 149(6) of the Companies Act, 2013 are duly fulfilled.

The Committee may also institute an enquiry into the background and qualifications of the potential candidates.

**4. Criteria for determining Remuneration**

The Board, on the recommendation of the Nomination and Remuneration Committee, shall review and approve the remuneration payable to the Executive Directors on their appointment / re-appointment, which shall be within the overall limit provided under the Companies Act, 2013. The Board shall also approve the remuneration payable to the Key Managerial Personnel (KMP) of the Company at the time of their appointment. Non-Executive Directors shall be entitled to sitting fees for attending the meetings of the Board and the Committees thereof. The Executive Directors, Senior Management Personnel and other employees shall be given letter of appointment describing their job description, duties, rights and responsibilities. The remuneration shall comprise of fixed and performance based components as detailed below:

**Fixed Remuneration:** It shall be determined for each grade of employees and senior management personnel after taking into account the comparative remuneration profile with respect to industry, scale of the company’s business, criticality of the position and competencies and experience of the person. It shall be the Company’s endeavour to pay fixed remuneration which will:

- attract, retain and motivate professionals required to successfully run the Company;
- encourage people to perform to their highest potential;
- align the performance of the business with the performance of key individuals and teams within the Company;
- allow the Company to compete in each relevant employment market;

**Performance Based Remuneration:**

- (a) **Variable Pay:** The Company shall reward Executive Directors, Senior Management Personnel and other

<sup>1</sup> “Top and Senior Management” means personnel of the Company who are members of its core management team excluding Board of Directors comprising all members of management one level below the Executive Directors, including the functional heads.

employees based upon the Company's performance and their own individual performance to create a strong relationship between performance and remuneration. The percentage of performance based remuneration / variable pay in the total remuneration package of each employee shall be determined according to his / her level in the organization so as to ensure that the remuneration package is fairly balanced to attract, retain and motivate skilled professionals.

The variable pay shall be divided into two parts, of which first part would be dependent upon company's performance which shall be measured in financial terms such as achievement of targeted EBIT or Net Profit during the calendar year gone by. The other part shall depend upon the individual employee's performance against the targets set in the goal agreement. The weightage of the company performance vis-a-vis individual performance in the variable pay may range from 40 to 60 percent depending upon seniority of the concerned employee in the organisation structure.

There shall be a goal agreement setting out the annual objectives / targets of an individual employee cascading from the organisational goals. These annual objectives / targets shall be:

- Formulated clearly, i.e. goals must be described in a concrete, precise and comprehensible manner.
- Can be influenced, i.e. the employee must have a decisive influence on the goal's achievement.
- Realistic, fair and challenging, i.e. it must be possible for the employee to achieve a goal without being underchallenged or overchallenged.
- Must be able to measure whether the goal has been achieved, i.e. by means of quantitative standards (key figures) or qualitative standards (quality criteria based on common definitions) defined and ascertained during target setting.

The aforesaid objectives shall strike a balance between short term and long term goals of the Company. The progress of the employees towards achievement of the objectives shall be reviewed at the end of half year followed by a full year assessment at the end of each calendar year, and based on the achievements against the Key Performance Indicators, performance based remuneration shall be paid.

- (b) Long Term Retention Plan: In order to retain high calibre senior personnel, the Company shall continue with its Long Term Retention Plan (LTRP). The period of LTRP shall cover 3 to 4 years. The basis of disbursement may vary each year.

Performance Management System (PMS): The Company has a detailed and structured PMS. Based on the review of performance through the PMS process, the Company shall assess the employees' competencies, eligibility for promotion and increment of senior management personnel, Key Managerial Personnel and other employees. The MD shall from time to time decide the annual increments / mid-term revisions to be given to employees, including senior management personnel and KMP as per the guidelines given in this policy. The MD is also authorised to approve the policies for giving loans/ financial assistance to the employees.

Retirement benefits: The Company shall comply with the applicable laws for payment of retirement benefits such as Provident Fund, Superannuation, Leave Encashment and Gratuity.

Termination payments: Each employment contract shall set out in advance the notice period in case of resignation / termination of employment or the payment to be made in lieu thereof.

## **5. Amendment**

The Committee / the Board of Directors reserve the right to amend or modify this Policy in whole or in part, at any time without assigning any reason whatsoever.

**ANNEXURE - D TO THE BOARD'S REPORT****Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on 31<sup>st</sup> March 2017

[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: 13<sup>th</sup> 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., 9<sup>th</sup> Floor, Tower C, Infinity Towers, DLF Cyber City, Phase II,  
Gurugram, Haryana – 122002.  
Phone No. : 0124 – 4503795
- vi) Whether listed company: Yes
- vii) Name, Address and Contact details of Registrars and Transfer Agent, if any:  
  
Integrated Registry Management Services Private Limited  
(Unit: HeidelbergCement India Ltd.)  
30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road,  
Malleswaram, Bengaluru - 560 003, Karnataka  
Phone Nos.: 080-23460815 to 23460818  
Fax No.: 080-23460819  
Email ID: vijayagopal@integratedindia.in and alfint@vsnl.com

**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:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Cement	3242	100%

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

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



#### IV. SHARE HOLDING 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 2016]				No. of Shares held at the end of the year [as on 31 March 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A. Promoters</b>									
<b>(1) Indian</b>									
a) Individual/ HUF	-	-	-	-	-	-	-	-	-
b) Central Govt	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corp.	-	-	-	-	-	-	-	-	-
e) Banks / FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (1)</b>	-	-	-	-	-	-	-	-	-
<b>(2) Foreign</b>	-	-	-	-	-	-	-	-	-
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...	-	-	-	-	-	-	-	-	-
<b>Total shareholding of Promoter (A) (2)</b>	157,244,693	-	157,244,693	69.39	15,72,44,693	-	15,72,44,693	69.39	-
<b>Total Shareholding Promoter &amp; Promoter Group (A)=(A)(1)+(A)(2)</b>	157,244,693	-	157,244,693	69.39	15,72,44,693	-	15,72,44,693	69.39	-
<b>B. Public Shareholding</b>									
<b>1. Institutions</b>									
a) Mutual Funds	1,37,54,656	4,385	1,37,59,041	6.07	91,24,148	4,135	91,28,283	4.03	-2.04
b) Banks / FI	57,228	1,442	58,670	0.03	2,52,200	1,442	2,53,642	0.11	0.09
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	69,24,342	1,400	69,25,742	3.06	65,90,429	1,300	65,91,729	2.91	-0.15
g) FIs	1,72,34,066	132	1,72,34,198	7.61	2,57,32,606	132	2,57,32,738	11.36	3.75
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
<b>Sub-total (B)(1):-</b>	3,79,70,292	3,35,799	3,83,06,091	16.90	4,16,99,383	3,35,449	4,20,34,832	18.55	1.65
<b>2. Non-Institutions</b>									
a) Bodies Corp.	-	-	-	-	-	-	-	-	-
i) Indian	37,55,129	17,379	37,72,508	1.66	30,91,043	17,379	31,08,422	1.37	-0.29
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals									
i) Individual shareholders holding nominal share capital upto Rs. 1 lakh	1,67,61,346	11,58,455	1,79,19,801	7.91	1,50,09,288	11,16,090	1,61,25,378	7.12	-0.79
ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakh	74,56,393	1,57,000	76,13,393	3.36	59,94,539	1,57,000	61,51,539	2.71	-0.65
c) Others (specify)									
Non Resident Indians	13,63,857	58,670	14,22,527	0.63	13,77,961	58,295	14,36,256	0.63	0.01
Overseas Corporate Bodies	-	1,500	1,500	-	-	1,500	1,500	-	-
Foreign Nationals	-	-	-	-	-	-	-	-	-
Clearing Members	2,84,982	-	2,84,982	0.13	4,49,369	-	4,49,369	0.20	0.07
Trusts	7,594	40,027	47,621	0.02	21,100	40,027	61,127	0.03	-
Foreign Bodies -D R	-	-	-	0.00	-	-	-	-	-
<b>Sub-total (B)(2):-</b>	2,96,29,301	14,33,031	3,10,62,332	13.71	2,59,43,300	13,90,291	2,73,33,591	12.06	-1.65
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	6,75,99,593	17,68,830	6,93,68,423	30.61	6,76,42,683	17,25,740	6,93,68,423	30.61	-
<b>C. Shares held by Custodian for GDRs &amp; ADRs</b>	-	-	-	-	-	-	-	-	-
<b>Grand Total (A+B+C)</b>	22,48,44,286	17,68,830	22,66,13,116	100	22,48,87,376	17,25,740	22,66,13,116	100	-

**(ii) Shareholding of Promoters**

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year – 01-04-2016			Shareholding at the end of the year – 31-03-2017			% 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	Cementum I B.V. 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)**

Sl. No.	Name of the Share holder	Shareholding at the beginning of the year – 01-04-2016			Cumulative shareholding during the year (01.04.2016 to 31.03.2017)			
		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	Cementum I B.V.	157,244,693	69.39	31.03.2017	No Movement During the year -	-	157244693	69.39

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

Sl. No.	Name Of The Shareholders	Shareholding At The Beginning Of The Year - 01.04.2016		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding During The Year - 31.03.2017	
		No. of Shares	% to Total Shares of the Company				No of Shares	% to Total Shares of the Company
1	FIRST STATE INVESTMENTS (HONGKONG) LIMITED A/C FIR	3988162	1.76	01.04.2016			3988162	1.76
				27.05.2016	73560	TRANSFER	4061722	1.79
				03.06.2016	38339	TRANSFER	4100061	1.81
				30.06.2016	8604	TRANSFER	4108665	1.81
				15.07.2016	-169457	TRANSFER	3939208	1.74
				22.07.2016	-152323	TRANSFER	3786885	1.67
				12.08.2016	18916	TRANSFER	3805801	1.68
				19.08.2016	51609	TRANSFER	3857410	1.70
				26.08.2016	31283	TRANSFER	3888693	1.72
				19.09.2016	46848	TRANSFER	3935541	1.74
				23.09.2016	38534	TRANSFER	3974075	1.75
				30.09.2016	76406	TRANSFER	4050481	1.79
				07.10.2016	240693	TRANSFER	4291174	1.89
				14.10.2016	80181	TRANSFER	4371355	1.93
				21.10.2016	21422	TRANSFER	4392777	1.94
				04.11.2016	928077	TRANSFER	5320854	2.35
				11.11.2016	180979	TRANSFER	5501833	2.43
				17.02.2017	655572	TRANSFER	6157405	2.72
				31.03.2017			6157405	2.72

Sl. No.	Name Of The Shareholders	Shareholding At The Beginning Of The Year - 01.04.2016		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding During The Year - 31.03.2017	
		No. of Shares	% to Total Shares of the Company				No of Shares	% to Total Shares of the Company
2	LIFE INSURANCE CORPORATION OF INDIA	3608764	1.59	01.04.2016	NO MOVEMENT DURING THE YEAR			
				31.03.2017	-		3608764	1.59
3	HDFC STANDARD LIFE INSURANCE COMPANY LIMITED	3196878	1.41	01.04.2016			3196878	1.41
				22.04.2016	-120474	TRANSFER	3076404	1.36
				13.05.2016	3052	TRANSFER	3079456	1.36
				27.05.2016	-6103	TRANSFER	3073353	1.36
				09.09.2016	30705	TRANSFER	3104058	1.37
				30.09.2016	-10491	TRANSFER	3093567	1.37
				14.10.2016	-37590	TRANSFER	3055977	1.35
				28.10.2016	-114948	TRANSFER	2941029	1.30
				16.12.2016	-949	TRANSFER	2940080	1.30
				17.02.2017	-17700	TRANSFER	2922380	1.29
				24.02.2017	17700	TRANSFER	2940080	1.30
				31.03.2017	42785	TRANSFER	2982865	1.32
4	JP MORGAN INDIAN INVESTMENT COMPANY (MAURITIUS) LIMITED	2975000	1.31	01.04.2016	NO MOVEMENT DURING THE YEAR			
				31.03.2017	-		2975000	1.31
5	SUNDARAM MUTUAL FUND A/C SUNDARAM SELECT MICRO CAP	2934663	1.30	01.04.2016			2934663	1.30
				06.05.2016	-9640	TRANSFER	2925023	1.29
				26.08.2016	-25023	TRANSFER	2900000	1.28
				23.09.2016	-52538	TRANSFER	2847462	1.26
				02.12.2016	-140000	TRANSFER	2707462	1.19
				06.01.2017	-257462	TRANSFER	2450000	1.08
				13.01.2017	-250000	TRANSFER	2200000	0.97
				31.03.2017			2200000	0.97
6	FRANKLIN INDIA SMALLER COMPANIES FUND	2560499	1.13	01.04.2016			2560499	1.13
				04.11.2016	-1000000	TRANSFER	1560499	0.69
				17.02.2017	-1560499	TRANSFER	0	0.00
				31.03.2017			0	0.00
7	CAISSE DE DEPOT ET PLACEMENT DU QUEBEC-FIRST STATE INVESTMENT INTERNATIONAL	2243976	0.99	01.04.2016			2243976	0.99
				27.05.2016	40384	TRANSFER	2284360	1.01
				03.06.2016	21049	TRANSFER	2305409	1.02
				30.06.2016	4792	TRANSFER	2310201	1.02
				15.07.2016	-94538	TRANSFER	2215663	0.98
				22.07.2016	-88385	TRANSFER	2127278	0.94



		Shareholding At The Beginning Of The Year - 01.04.2016		Cumulative Shareholding During The Year - 31.03.2017			
Sl. No.	Name Of The Shareholders	No. of Shares	% to Total Shares of the Company	Date	Increase/ Decrease in Share holding	Reason	No of Shares  % to Total Shares of the Company
				07.10.2016	4140	TRANSFER	2131418 0.94
				14.10.2016	25732	TRANSFER	2157150 0.95
				21.10.2016	6875	TRANSFER	2164025 0.95
				04.11.2016	298170	TRANSFER	2462195 1.09
				11.11.2016	57760	TRANSFER	2519955 1.11
				17.02.2017	278805	TRANSFER	2798760 1.24
				31.03.2017			2798760 1.24
8	ASIA VISION FUND	1925000	0.85	01.04.2016	NO MOVEMENT DURING THE YEAR		
				31.03.2017	-		1925000 0.85
9	FRANKLIN TEMPLETON MUTUAL FUND A/C FRANKLIN BUILD	1000000	0.44	01.04.2016			1000000 0.44
				15.04.2016	-99232	TRANSFER	900768 0.40
				22.04.2016	-200768	TRANSFER	700000 0.31
				30.06.2016	-50000	TRANSFER	650000 0.29
				15.07.2016	-20384	TRANSFER	629616 0.28
				22.07.2016	-29616	TRANSFER	600000 0.26
				12.08.2016	-5675	TRANSFER	594325 0.26
				19.08.2016	-94325	TRANSFER	500000 0.22
				31.03.2017	-150000	TRANSFER	350000 0.15
10	THE EMERGING MARKETS SMALL CAP SERIES OF THE DFA I	878204	0.39	01.04.2016			878204 0.39
				09.12.2016	-7546	TRANSFER	870658 0.38
				17.02.2017	-23205	TRANSFER	847453 0.37
				24.02.2017	-41985	TRANSFER	805468 0.36
				03.03.2017	-33405	TRANSFER	772063 0.34
				10.03.2017	-7722	TRANSFER	764341 0.34
				17.03.2017	-15023	TRANSFER	749318 0.33
				24.03.2017	-21935	TRANSFER	727383 0.32
				31.03.2017	-35816	TRANSFER	691567 0.31
11	BIRLA SUN LIFE TRUSTEE COMPANY PRIVATE LIMITED	840799	0.37	01.04.2016			840799 0.37
				03.02.2017	510000	TRANSFER	1350799 0.60
				31.03.2017	0		1350799 0.60
12	JPMORGAN INDIA SMALLER COMPANIES FUND*	653398	0.29	01.04.2016			653398 0.29
				31.03.2017	500000	TRANSFER	1153398 0.51

Sl. No.	Name Of The Shareholders	Shareholding At The Beginning Of The Year - 01.04.2016		Date	Increase/ Decrease in Share holding	Reason	Cumulative Shareholding During The Year - 31.03.2017	
		No. of Shares	% to Total Shares of the Company				No of Shares	% to Total Shares of the Company
13	EMERGING MARKETS CORE EQUITY PORTFOLIO*	736453	0.32	01.04.2016			736453	0.32
				27.05.2016	7608	TRANSFER	744061	0.33
				03.06.2016	6571	TRANSFER	750632	0.33
				10.06.2016	21942	TRANSFER	772574	0.34
				24.06.2016	7622	TRANSFER	780196	0.34
				22.07.2016	11268	TRANSFER	791464	0.35
				05.08.2016	15675	TRANSFER	807139	0.36
				02.09.2016	16899	TRANSFER	824038	0.36
				25.11.2016	14763	TRANSFER	838801	0.37
				02.12.2016	19692	TRANSFER	858493	0.38
				09.12.2016	20041	TRANSFER	878534	0.39
				20.01.2017	7068	TRANSFER	885602	0.39
				27.01.2017	7439	TRANSFER	893041	0.39
				03.02.2017	27099	TRANSFER	920140	0.41
				10.02.2017	10735	TRANSFER	930875	0.41
				31.03.2017	0		930875	0.41
14	THE SCOTTISH ORIENTAL SMALLER COMPANIES TRUST PLC*	0	0.00	01.04.2016			0	0.00
				11.11.2016	267563	TRANSFER	267563	0.12
				18.11.2016	977626	TRANSFER	1245189	0.55
				25.11.2016	295381	TRANSFER	1540570	0.68
				13.01.2017	240501	TRANSFER	1781071	0.79
				17.02.2017	1428901	TRANSFER	3209972	1.42
				31.03.2017	0		3209972	1.42

\* Not in the list of top 10 shareholders as on 01.04.2016. The same is mentioned above since the shareholder was one of the top 10 shareholders as on 31.03.2017

(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 #

(₹ in Million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year i.e., as on 01-04-2016</b>				
i) Principal Amount*	183.5	9,119.7	-	9,303.2
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	161.0	-	161.0
<b>Total (i+ii+iii)</b>	<b>183.5</b>	<b>9,280.8</b>	<b>-</b>	<b>9,464.3</b>
Change in Indebtedness during the financial year ended 31-03-2017				
- Addition	368.4	-	-	368.4
- Reduction	-	-2,845.0	-	-2,845.0
<b>Net Change</b>	<b>368.4</b>	<b>-2,845.0</b>	<b>-</b>	<b>-2,476.6</b>
Indebtedness at the end of the financial year i.e., as on 31-03-2017				
i) Principal Amount*	551.9	6,294.5	-	6,846.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	141.2	-	141.2
<b>Total (i+ii+iii)</b>	<b>551.9</b>	<b>6,435.7</b>	<b>-</b>	<b>6,987.6</b>

# Computed in accordance with the provisions of IND-AS.

\*The entire foreign currency loan is hedged and therefore, the exchange fluctuation has no impact on indebtedness of the Company (refer notes to accounts).

## VI. Remuneration of Directors and Key Managerial Personnel

A. Remuneration to Managing Director, Whole-time Director and/or Manager during the financial year ended 31-03-2017:

(₹ in Million)

Sl. No.	Particulars of Remuneration	Name of MD/WT/ Manager	Total Amount
		<b>Mr. Sushil Kumar Tiwari, Wholetime Director</b>	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	22.5	22.5
	(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, specify...	-	-
5.	Others, (Contribution to Provident Fund and Superannuation Fund)	1.4	1.4
	<b>Total (A)</b>	<b>23.9</b>	<b>23.9</b>
	Overall ceiling as per the Act for payment of managerial remuneration to Whole-time Director		50.4*

\* 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 31-03-2017:

## 1. Independent Directors

(₹ in Million)

Particulars of Remuneration	Name of Director			Total Amount
	Mr. P.G. Mankad	Mr. S. Krishna Kumar	Mr. Pradeep V. Bhide	
Fee for attending board / committee meetings	0.64	0.52	0.64	1.80
Commission	-	-	-	-
Others	-	-	-	-
<b>Total (1)</b>	<b>0.64</b>	<b>0.52</b>	<b>0.64</b>	<b>1.80</b>

## 2. Other Non-Executive Directors

(₹ 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	-	-	-	-	-
<b>Total (2)</b>	-	-	-	-	-
<b>Total (B)=(1+2)</b>					<b>1.80</b>

Overall ceiling as per the Act for payment of remuneration to Independent Directors and other Non-Executive Directors: 10.1\*

Total Managerial Remuneration (A+B) 25.7#

The overall ceiling on remuneration for Executive and Non-Executive Directors: 60.5

\* 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

(₹ in Million)

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel		Total
		Mr. Rajesh Relan Legal Head & Company Secretary	Mr. Anil Kumar Sharma CFO	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	5.7	23.2	28.9
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify...	-	-	-
5.	Others, (Contribution to Provident Fund and Superannuation Fund)	0.2	1.3	1.5
	<b>Total</b>	<b>5.9</b>	<b>24.5</b>	<b>30.4</b>

**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)
<b>A. COMPANY</b>					
Penalty					
Punishment			None		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			None		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			None		
Compounding					

## ANNEXURE - E TO THE BOARD'S REPORT

### Form No. MR-3

#### Secretarial Audit Report

for the financial year ended 31<sup>st</sup> March, 2017

[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 31<sup>st</sup> March, 2017, 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 31<sup>st</sup> March, 2017, 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 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,

2009;

- 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.
- 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.
- Direct Taxes – Income Tax Act, 1961, Service Tax, Customs Act, Value Added Tax Act, Sales Tax.
- 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.

We have also examined compliance with the applicable clauses of the Secretarial Standard-1 and Secretarial Standard-2 formulated by The Institute of Company Secretaries of India and notified by 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 there are adequate systems and processes in the Company commensurate with the size and operations of 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.

We also report that the compliances of other applicable laws, as listed in Para (VI) above, are based on the Management Certifications.

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

**Nityanand Singh (Prop.)**  
FCS No.: 2668/ CP No. : 2388

Place: New Delhi  
Date: 25/05/2017

## 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 2017:
  - a. Commissioning of Waste Heat Recovery based Power Plant (WHR) for line 1 at Narsingarh plant. Optimisation of WHR for all lines at Narsingarh.
  - b. Reduction in specific power consumption through initiatives like optimisation of connected load, optimised usage of plant compressors by inter-connection of compressed air line, automation of plant lighting (timer based operation), use of LED bulbs in place of CFL bulbs and conventional lights.
- (ii) Steps taken by the Company for utilising alternate sources of energy:
  - a. Commissioning of Waste Heat Recovery based Power Plant (WHR) for line 1 at Narsingarh Plant.
- (iii) Capital investment on energy conservation equipment:
 

The Company has invested approximately MINR 80 in FY2016-17 on energy conservation equipment listed at A(i) above.

### B. Technology Absorption

- (i) Efforts made towards Technology Absorption:
  - a. Commissioning of Waste Heat Recovery system for Line 1 at Narsingarh Plant.
  - b. Higher usage of Pet coke in fuel mix.
  - c. Adaptation to best practices and processes of HeidelbergCement Group, 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 has reduced power demand from the Grid supply thus reducing consumption of fossil fuels being used by power plants to generate and supply the requisite power.
  - b. Higher Pet coke usage led to reduction in overall fuel cost and also helped in conserving natural resources.
  - c. Adaptation of best practices and processes of HeidelbergCement Group 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.
  - d. Optimize the mill grinding media loading with improved tonnage per hour and reduction in specific Power consumption.
- (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:

₹ in Million

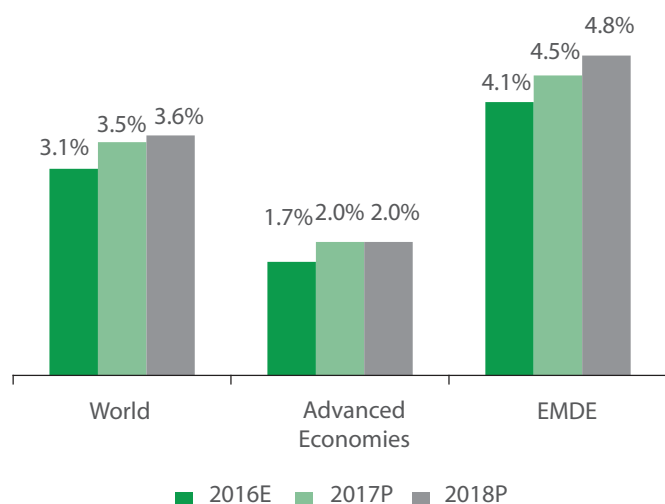
Foreign exchange used:	Financial Year ended 31.03.2017	Previous Financial ended 31.03.2016
- Imports	64.6	43.3
- Expenditure	891.4	1021.9
Total	956.0	1065.2
Foreign exchange earnings:	Nil	Nil

## Management Discussion and Analysis

### Economic Overview

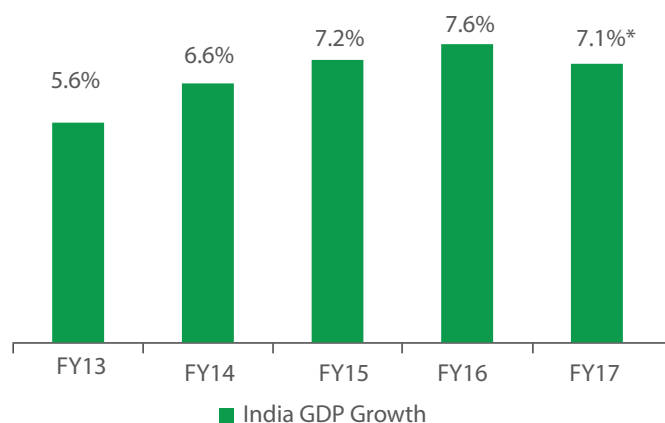
According to the IMF, world GDP grew 3.1% in 2016 indicating strengthening of the global economy. The Advanced Economies grew by 1.7% and the Emerging Markets & Developing Economies (EMDE) by 4.1%. The Euro region witnessed a GDP growth of 1.7%. Growth in the Asia-Pacific economies was about 5.3%. Global economic activity is gradually rebounding - a sign of cyclical recovery after a slowdown. It is projected that the growth of the global economy would further improve to 3.5% in 2017 and 3.6% in 2018.

#### World GDP YoY Growth



Source: IMF's World Economic Outlook, April 2017

#### India GDP YoY growth



Source: CSO

Note: \* Estimated figure

Global crude and coal prices, which were quite low in the beginning of the year gradually strengthened, triggering inflationary pressures. The overall consumer price inflation during FY17 remained well within the RBI's target of 5%. Reduction in repo rate by RBI of 50 bps and 25 bps in April and October 2016 respectively were seen as positive steps. The Central Statistical Office has estimated India's GDP growth at 7.1% for FY17, making it one of the fastest growing large economies in the world. The growth can be attributed to improved performance in all sectors backed by good monsoon after two successive years of deficient rainfall. Growth momentum received a setback in the third quarter on account of the demonetization drive. Foreign exchange reserves touching the highest ever level of USD 369.95 billion and FDI equity inflows of USD 43.2 billion during FY17 indicate a positive outlook for the Indian economy.

### Cement Industry Review

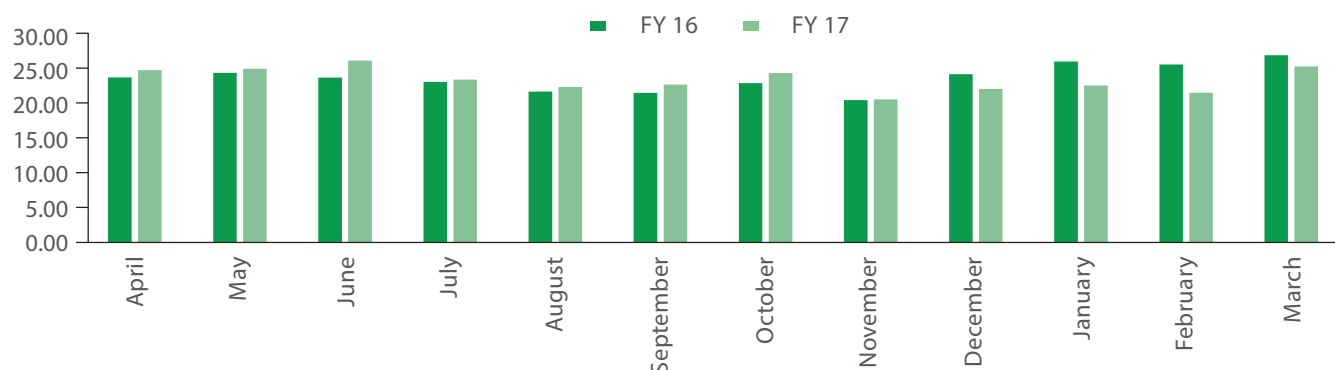
At the end of March 2017, the overall installed cement manufacturing capacity stood close to 440 million tonnes. India continues to be the second largest cement producer and consumer globally. Real estate, infrastructure and industrial construction are the major consumers of cement in India.

The slowdown witnessed by the infrastructure sector between 2012 and 2014 had impacted capacity utilization of the industry which now shows signs of improvement. The prolonged decline in cement demand has resulted in slowing the pace of capacity additions. The cement industry has focused on rationalization of fuel consumption since it constitutes a significant part of the variable cost. The cement industry has increased consumption of Pet coke and other alternative fuels, reducing dependence on linkage and imported coal as the latter are less economical. Despite the doubling in prices from USD 40 per tonne, pet coke still continues to be economical compared to coal, though this increase has impacted the margins of the industry. The decision of the Ministry of Railways in August 2016, to increase the freights ranging from 8% to 14% for coal moved between 100 km to 700 km has increased the landed cost of coal.

The cement industry had pinned its expectation of 6-7% growth for FY17. However, the developments during the 3<sup>rd</sup> quarter led to deceleration in the momentum, gained during the first-half of FY17. The year FY17 also witnessed a consistent decline in YoY production lowering growth to 6.7% CAGR for the period of FY06-16. The capacity utilization levels vary significantly across geographies. Due to strong rural demand, Central India continues to be better placed in terms of capacity utilization, which hovered around 70-75% compared to all India average of ~65%.

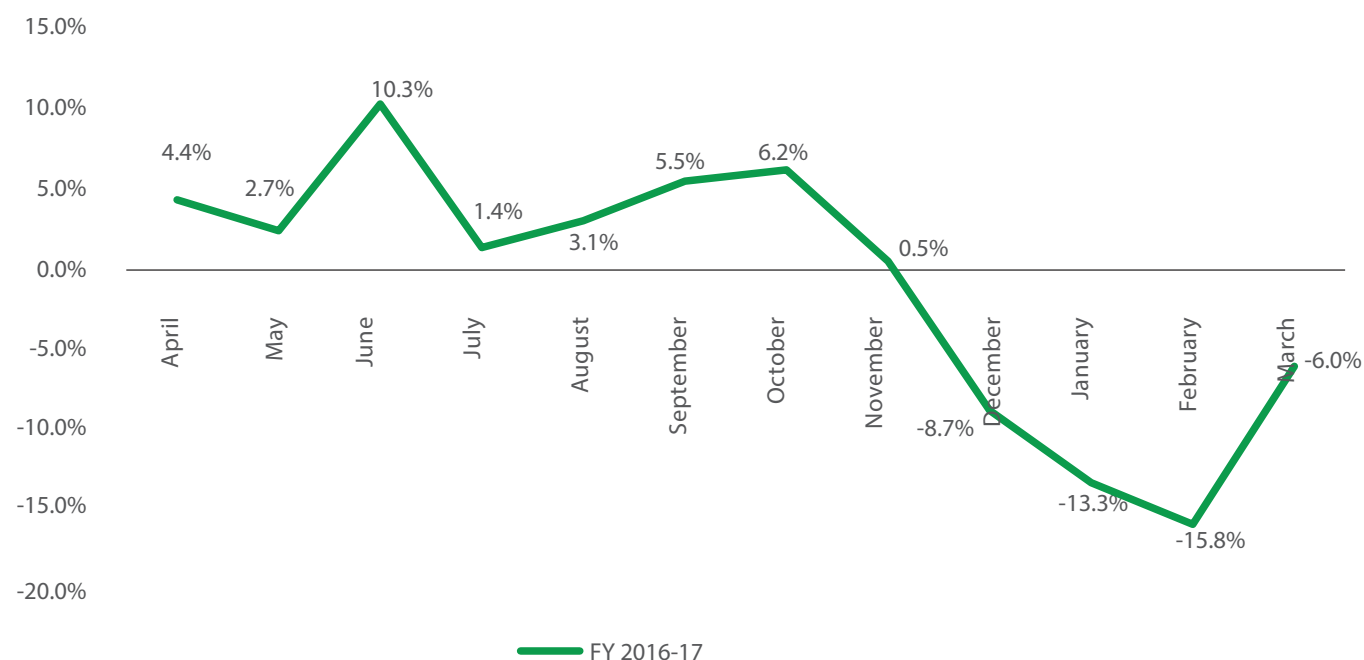


### Cement Industry Production, million tonnes



Source: Ministry of Commerce & Industry

### Cement Industry Production, change %



Source: Ministry of Commerce & Industry

### Opportunities & Threats

#### Opportunities

The signs of revival in the Indian economy are becoming visible. The Government has announced a host of projects to give impetus to housing and infrastructure sectors, which have the potential to boost cement demand but execution of these projects holds the key. Most notable amongst them is allocation of USD 3.42 billion in the Union Budget towards government's mission of 'Housing for All by 2022'. The government plans to build one crore rural houses by 2019 and has also assigned ₹ 23,000 crores for Pradhan Mantri Awaas Yojana. The government in its budget for 2017-18 has

apportioned ₹ 64,000 crores to NHAI for the construction of roads and highways and ₹ 27,000 crores for Pradhan Mantri Gram Sadak Yojana. Other schemes like AMRUT (Atal Mission for Rejuvenation and Urban Transformation), Make in India and Smart Cities Plan too hold the potential to drive the industry's growth.

The government in the Union Budget 2017-18 has also assigned infrastructure status to 'affordable housing' which is also expected to give impetus to cement demand. With the implementation of Goods & Services Tax, inter-state sales would become a level playing field for all companies and will help in ease of trading and access to newer markets.

## Threats

Despite the stable macro-economic parameters, its resultant effect was not visible in cement demand. The sluggish demand is being attributed to low demand from the housing segment and delays in award of infrastructure projects. The supply side continues to stare at over-capacity resulting in lower capacity utilization. A significant increase in the power & fuel cost impacted the margins since the industry was unable to pass on the increases to the consumers mostly due to competitive environment. The Government has imposed clean environment cess of INR 400 per tonne on coal. Any further increase in power and fuel costs will pose a threat to the profitability. Restrictions on sand and aggregate mining due to environmental issues led to shortage of these essential construction materials. Recurrence of such problems will impact the cement demand.

## Company Review

### Operational and Financial Review

The Company operates three plants located at Jhansi (UP), Damoh (MP) and Ammasandra (Karnataka) with an installed capacity of 5.4 MTPA. During FY17, the Company produced 4.44 MT registering a growth of 0.3% over FY16. 4.47 MT of cement was sold registering an increase of 0.8% in volume terms. The capacity utilisation stood at 82.3% in FY17 against the industry average of ~65%. The Company's Waste Heat Recovery Power Generation Project (WHRPG) which was commissioned in Q4FY16 at Narsingarh (MP), attained generation stability during FY17. The power generated by WHRPG is substituting grid power, enabling the Company to reduce its power cost. During FY17 the 12,000 Tonnes Fly-ash Silo Project was commissioned at Imlai plant which will secure fly-ash inventory for sustained production.

(INR in million)

Particulars	FY17	FY16
Gross Revenue	20,018.5	19,159.2
Power & Fuel Cost	4,292.7	4,520.4
Freight and forwarding expenses	2,392.2	2,323.6
EBITDA	3,025.5	2,536.1
EBIT	2,034.0	1,538.3
Finance Cost	897.7	1,084.5
Net Profit after Tax	762.1	353.9
Earnings Per Share (EPS)	3.4	1.6
Book Value Per Share	42.67	39.49

During FY17, the prices of the fuel, pet coke and coal went up. While the power tariff was increased in MP and Karnataka last year - tariff was further increased in MP from April 2017. Better consumption parameters, improved fuel-mix and savings from WHRPG helped to overcome the impact of higher fuel and power costs during the year. The company's EBITDA margin stood at 17.4% in FY17 as compared to 15.2% in the previous year. The PAT of the Company has more than doubled to ₹762.1 million in FY17 from ₹353.9 million in FY16. During

FY17 the gross long-term debt reduced to ₹6,846 million from ₹8,603 million in FY16 consequent to the repayment of 4 tranches of ECB aggregating to USD 45 million and receipt of second tranche of interest-free loan of ₹629.4 million from the Government of Uttar Pradesh. Overall, the Debt to Equity ratio improved to 0.71:1.

Credit Rating: India Ratings and Research Pvt. Ltd. has upgraded the Long-Term Issuer Rating of the Company by one notch i.e., from "IND AA" to "IND AA+" with a stable outlook.

## Product Performance and Customer Relations

The Company continues to be committed to its customers and every endeavour is made to create and maintain unmatched customer satisfaction by delivering quality product at competitive price. The superior quality and reliability of our products has made a deep mark in the minds of our customers. Our brand mascot "Chutkoo" is now extensively recognised and identified in the Central India markets.

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.

## Outlook

The government has increased its focus on building infrastructure. Some of the government's initiatives such as building affordable houses and roads are expected to drive growth for the industry. The grant of infrastructure status to affordable housing is a significant move as it will reduce the borrowing costs of real estate developers and also open up new avenues for raising funds. The aforesaid move coupled with the announcement of interest subsidy scheme on housing loan has the potential to revive the demand in the hitherto sluggish housing segment, which bodes well for the cement industry.

Given the accelerated pace of awarding infrastructure projects witnessed in the last quarter of FY17, the Company expects cement industry to grow by 6% to 7% in FY18. In the wake of this, the Company expects to improve its capacity utilisation.

## 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:

- 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.
- 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 coal linkages 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 freight is a significant component of the total cost. Transport strikes or increase in fuel costs can impact the margins.

Mitigation Measure: The Company strives to appropriately balance its Rail-Road mix, which currently stands at 50:50. Optimised warehousing facilities and astute measures to control logistics costs remains the key focus area for the Company. Increasing its sale in the markets where logistic costs are low is a continuous process.

### Internal Control Systems

The Company has well-structured and effective internal controls which are periodically reviewed and strengthened. They track and alert the management in terms of utilization of Company's resources, accuracy in financial reporting and compliance with the applicable laws. Internal auditors appointed by the Board of Directors, on the recommendation of the Audit Committee, assess and confirm the adequacy and effectiveness of the internal control systems. Statutory auditors have also audited the internal financial controls over financial reporting and have opined that the same are adequate and are operating effectively.

All material audit observations and follow-up actions thereon are reported to the Audit Committee, which also reviews the adequacy and effectiveness of the internal control systems. Improved internal controls and focus on cost reduction have helped the Company to stay competitive.

### Human Resources

Attracting, developing and retaining talented employees form an integral part of the Company's business objectives. During the year, the Company has continued its focus on programs aimed at achieving these objectives:

- a. Employee Engagement & Talent Management

An engaged employee creates engaged customers. The Company has enjoyed high engagement from its employees as reflected in its consistently improving performance over the years. To enhance employee engagement, the Company has made concerted efforts in the field of training and development, providing congenial as well as challenging work environment, conducting several employee and family engagement activities in the plants and field, and has also maintained various employee communication channels for continual two way exchange of feedback. The Company also encourages maintaining work-life balance and increasing social engagement of the employees through programs such as flexi hours, in-house wellness programs,

celebration of festivals, sports activities, various in-house competitions and knowledge sharing opportunities. The Company has conducted a few programmes under the umbrella of ASCEND (Achieve Success and Competitive Edge by Nurturing Dreams) for its middle and senior management. In its endeavour to strengthen its talent pool, the Company has been hiring graduates from the campuses. The young managers are continuously groomed by providing them with higher responsibilities and cross-functional knowledge. In addition, there is equal focus on career and succession program, made robust by annual reviews at the group level. The Company has given equal impetus to workmen development through training in the areas of safe driving, behaviour-based safety and technical skills building programs in areas of welding, hydraulics, power distribution and some shop floor improvement programs. We kept the workmen engaged through various cultural programs and festival celebrations. Their families too were engaged in sports and celebrations apart from a few health awareness programs.

- b. Occupational Health and Safety

Safety and health of employees at the workplace has been the Company's foremost priority. The Company achieved zero fatality in its operations during the year under review. A series of initiatives aimed at providing a healthy and safe workplace to its people are a part of the daily work culture. To strengthen the commitment towards safety, a continuous reminder that "Someone is waiting for you at Home" is emphasised consistently in all communications. Daily Safety Gate meetings at all plants, Safety Oath by every employee and awareness to operational risks are emphasised consistently. Sharing of safety best practices and safety group discussions using mobile communication devices are promoted.

- c. Industrial Relations

The Company had 1,381 employees on its rolls, as on 31<sup>st</sup> March 2017. Employee Relations remained cordial during the year. The Company is engaged in continuous dialogue with the unions and workmen. This has enabled in building a healthy work culture for consistent development and growth.

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. No complaint was received during the year under review.

### 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 and sensitivity around business's responsibility towards society and 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) on Business Responsibility Report forming part of the Annual Report, the Company is presenting its maiden Business Responsibility Report hereunder: (in the prescribed format).

### 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, DLF Cyber City, Phase II, Gurugram, Haryana-122002. Phone No. : 0124-4503795								
4.	Website	www.mycemco.com								
5.	E-mail id	investors.mcl@mycem.in								
6.	Financial year reported	1 <sup>st</sup> April 2016 to 31 <sup>st</sup> March 2017								
7.	Sector(s) that the company is engaged in (industrial activity code wise): [Source: National Industrial Classification Code (NIC)]	<table><tr><th>Group</th><th>Class</th><th>Sub-class</th><th>Description</th></tr><tr><td>239</td><td>2394</td><td>23941 23942</td><td>Manufacture of clinker and cement</td></tr></table>	Group	Class	Sub-class	Description	239	2394	23941 23942	Manufacture of clinker and cement
Group	Class	Sub-class	Description							
239	2394	23941 23942	Manufacture of clinker and cement							
8.	List three key products/services that the company is manufacturing/ provides (as in balance sheet)	The Company manufactures only two kinds of cement:- Portland Pozzolana Cement; and Portland Slag Cement.								
9.	Total no. of locations where business activity is undertaken by the Company.	National locations:  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, Haryana, Karnataka and Kerala.								
		International locations : Nil								
10.	Markets served by the Company	<table><tr><th>Local</th><th>State</th><th>National</th><th>International</th></tr><tr><td>√</td><td>√</td><td>√</td><td>-</td></tr></table>	Local	State	National	International	√	√	√	-
Local	State	National	International							
√	√	√	-							



## SECTION B: FINANCIAL DETAILS OF THE COMPANY

1.	Paid up Capital (INR)	₹ 2,266.2 million
2.	Total turnover (INR)	₹ 20,018.5 million
3.	Total profit after tax (INR)	₹ 762.1 million
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after tax (%)	₹ 9.4 million
5.	List of activities in which expenditure in 4 above has been incurred	(a) Education (b) Healthcare (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

#### a). 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	Wholtime 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 life cycle.
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	NA <sup>1</sup>	Y	NA <sup>2</sup>	Y	NA <sup>3</sup>
2	Has the policy been formulated in consultation with the relevant stakeholders?	Y	Y	Y	Y	NA	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	Y <sup>4</sup>	Y <sup>4</sup>	Y <sup>4</sup>	NA	Y <sup>4</sup>	NA	Y	NA
	If yes, has it been signed by MD / Owner / CEO / appropriate Board Director?	Y	Y	Y	Y	NA	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	NA	Y	NA	Y	NA
6	Indicate the link for the policy to be viewed online?	Y <sup>5</sup>	Y <sup>6</sup>	Y <sup>6</sup>	Y <sup>6</sup>	NA	Y <sup>6</sup>	NA	Y <sup>5</sup>	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	NA	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	NA	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.								

- Human Rights: The Company doesn't have a standalone policy on human rights. Aspects of human rights such as child labour, forced labour, occupational health and safety, non-discrimination are covered in its human resource manual.

2. 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.
3. 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.
4. The Board has taken note of the Policy in this regard.
5. These Policies are available on the website of the Company at the following links:-  
<http://www.mycemco.com/sites/default/files/Code-of-Conduct1.pdf>  
<http://mycemco.com/sites/all/modules/custom/shareholdingpattern/HCIL-CSR-Policy.pdf>
6. These Policies are available on internal portal which can be accessed only by the 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 emerge from the discussions at these meetings are recorded, implemented wherever necessary and reviewed in subsequent meetings. Besides, the CSR Committee of the Board reviews the social performance of the Company on half-yearly 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?**

This is the maiden Business Responsibility Report of the Company. The report can be accessed at [www.mycemco.com](http://www.mycemco.com) under Annual Report Section.

**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 highest 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 readily accessible on the Company's 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 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 Supplier's 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 no complaint was received from shareholders. Similarly no complaint was received from any of the other stakeholders under the vigil mechanism established by the Company.

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

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

- i. Portland Pozzolana Cement
- ii. Portland Slag Cement

The Company manufactures only above two types of cement, meaning thereby that 100 percent of company products get covered under this aspect.

As an active member of the 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 the health and safety. The steps have also been 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., are used during production process which help in conserving natural raw materials. Alternative fuels are also 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 2016-17)	Previous Year (FY 2015-16)
Electrical Energy (kwh)/Tonne of Cement)	76.2	76.5
Coal and other Fuels (k Cal/ Tonne of Clinker)	715	723

**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 varying 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 procedures in place for sustainable sourcing of material, including their transportation. Limestone is the primary raw material for manufacturing of cement. The Company is using latest mining techniques to be cost effective in its operations and avoid wastage. The transportation of limestone from Patheria mine to Narsingarh Clinkerisation plant is done in a sustainable manner via 21 km long Overland 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 extracting 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 assuming 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 Facility.

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

The company treats its human capital as the most vital asset. Making available a safe workplace, friendly policies, growth and learning opportunities, and a good work-life balance to employees feature 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 31<sup>st</sup> March 2017 was 1381.

- 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 1860.

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

The Company had 31 permanent women employees and around 10 on contract basis as on 31<sup>st</sup> March 2017.

- 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 union bodies.

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

All the workmen (679 numbers) comprising 49.17% 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 the FY 2016-17 and as such no complaint was pending as at 31<sup>st</sup> March 2017.

- 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 undergo safety trainings, including firefighting 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	90%
b)	Permanent Women Employees	80%
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 CSR projects.

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

According to the 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.

**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 Resource manual of the Company covers the aspects relating to human rights such as child labour, forced labour, occupational health and safety and non-discrimination. The said Policies are applicable to the Company only. The Company does not have any joint venture in India. The Company encourages its affiliates operating in India 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 in FY2016-17 relating to human rights.

**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 ecofriendly measures including best in class technology and processes and ensuring optimal utilization of resources helps make our effective contribution towards this.

**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 and the Company does not have any joint venture in India. The Company encourages its affiliates operating in India to follow the principles envisaged in the Policy.

**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 is a member of the 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 Cement Sustainability Initiatives CO<sub>2</sub> protocol. The details of initiatives taken by the Company in this regard are available on the Company's website at the following 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. 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. Environmental audits are carried out regularly and necessary corrective actions are taken to mitigate the same. All the manufacturing divisions are certified as per the ISO-14001 environment management system and integrated with quality and safety management systems (ISO 9001 and OHSAS 18001). The periodic audits conducted as part of these management systems help the Company in identifying potential risks at its plants.

**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 has successfully commissioned the Waste Heat Recovery based Power Generation Plant at its Narsingarh Plant in Damoh, Madhya Pradesh on

15<sup>th</sup> February 2016. The Power Plant utilises the waste heat generated by the clinker lines to generate power. The power generated by the said Plant is substituting equivalent grid power.

**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 exercises adequate responsibility in providing its suggestions on public or regulatory aspects, as and when necessary.

**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. Cement Sustainability Initiative (CSI), a body of World Business Council for Sustainable Development.

The Company articulates the larger interest of the industry and the community at the aforesaid forums.

**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
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 undertaken and implemented by the in-house teams.

**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 an amount of INR 9.4 million on various CSR activities during FY2016-17. 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 bonds with the local communities and reinforcing 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 the top most priority and the motto of the company. There are 14 consumer cases pending before different Forums/ Commissions/Courts as on 31<sup>st</sup> March 2017.

**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 Act; Legal Metrology Act 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?**

Under the Customer Excellence Program, the Company carried out Net Promoter Score (NPS) survey to elicit insights on customer needs and also their feedback. The exercise helped identify key loyalty drivers and the Company is leveraging upon them to further boost 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 intrinsic 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 details of compliances, for the financial year ended 31st March 2017, are as follows :-

## Board Of Directors

### Composition of the Board

As on 31<sup>st</sup> March 2017, the Company's Board comprised of Nine Directors viz., Seven Non-Executive Directors (out of which three are Independent Directors); a Managing Director and a Whole-time Director. The Chairman of the Board is an Independent Director. None of the directors of the Company are related to each other.

The composition of the Board is in conformity with Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which stipulates that: (i) the Board should have at least a 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 31<sup>st</sup> March 2017, the Board of Directors met four times on 24<sup>th</sup> May 2016, 21<sup>st</sup> July 2016, 14<sup>th</sup> November 2016 and 9<sup>th</sup> February 2017. 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 are as under:**

S. No.	Name of the Director	Category / Status of Directorship	No. of Board Meetings attended during the period 01.04.2016 to 31.03.2017	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 DIN: 00005001	Independent	4	3	3	-	-
2.	Dr. Albert Scheuer DIN: 02170574	Non-Executive	3	-	-	-	-
3.	Mr. Kevin Gerard Gluskie DIN: 07413549	Non-Executive	4	2	-	2	-
4.	Mr. S. Krishna Kumar DIN: 01785323	Independent	4	-	-	-	-
5.	Mr. Pradeep V. Bhide DIN: 03304262	Independent	4	7	4	3	-
6.	Ms. Soek Peng Sim DIN: 06958955	Non-Executive	4	2	-	-	-
7.	Mr. Juan-Francisco Defalque DIN: 07318811	Non-Executive	3	2	-	-	-
8.	Mr. Jamshed Naval Cooper DIN: 01527371	Executive	4	4	-	-	-
9.	Mr. Sushil Kumar Tiwari DIN: 03265246	Executive	3	1	-	-	-

\* 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.

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

The Board had approved a Code of Conduct for Board Members and Senior Management Personnel of the Company which also incorporates the duties of independent directors as laid down in the Companies Act, 2013. The Code has been displayed on the Company's website viz., [www.mycemco.com](http://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; and
- Nomination and Remuneration Committee.

The Board of the Company takes all decisions with regard to constituting, 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 / information.

## Audit Committee

The Audit Committee of the Company as on 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017, the Audit Committee met five times on 24<sup>th</sup> May 2016, 21<sup>st</sup> July 2016, 14<sup>th</sup> November 2016, 14<sup>th</sup> December 2016 and 9<sup>th</sup> February 2017. 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 members 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	Mr. Jamshed Naval Cooper*	3
5	Ms. Soek Peng Sim*	2

\* The Board of Directors of the Company at its meeting held on 14th November 2016 has appointed Ms. Soek Peng Sim as a member of the Audit Committee in place of Mr. Jamshed Naval Cooper.

The role of the Audit Committee is to provide oversight over the accounting systems, financial reporting 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](http://www.mycemco.com).

The Company Secretary acts as the Secretary to the Committee. The 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. Mr. S. Krishna Kumar, Chairman of the Audit Committee, possesses accounting and financial management expertise and all the members of the Committee also have accounting and financial knowledge.

## Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee as on 31<sup>st</sup> March 2017 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](http://www.mycemco.com). During the financial year ended 31<sup>st</sup> March 2017, the Committee met four times on 24<sup>th</sup> May 2016, 21<sup>st</sup> July 2016, 14<sup>th</sup> November 2016 and 9<sup>th</sup> February 2017 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

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 no complaints were received from shareholders. There were no pending investor complaints as on 31<sup>st</sup> March 2017.

## Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee as on 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017 the Committee met twice on 24<sup>th</sup> May 2016 and 14<sup>th</sup> November 2016. 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](http://www.mycemco.com). The details of attendance of the members of the Corporate Social Responsibility

Committee are as follows:

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

\* The Board of Directors of the Company at its meeting held on 24th May 2016 has appointed Mr. Kevin Gerard Gluskie as a member of CSR Committee in place of Dr. Albert Scheuer.

### Nomination and Remuneration Committee

The Nomination and Remuneration Committee as on 31<sup>st</sup> March 2017 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 31<sup>st</sup> March 2017, the Committee met twice on 24<sup>th</sup> May 2016 and 14<sup>th</sup> November 2016. 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	2
2	Mr. P.G. Mankad	2
3	Dr. Albert Scheuer*	-
4	Mr. Kevin Gerard Gluskie*	1

\* The Board of Directors of the Company at its meeting held on 24th May 2016 has appointed Mr. Kevin Gerard Gluskie as a member of the Nomination and Remuneration Committee in place of Dr. Albert Scheuer.

### 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. 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, 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 Nomination and Remuneration Policy is given as Annexure C to the Board's Report.

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

The Non-Executive Directors are paid sitting fees for attending the meetings of the Board/its Committees in the following manner:-

(Amount in Rupees)

Name of Meeting	Amount payable to each director per meeting
Meeting of Board of Directors	50,000
Meeting of Audit Committee	40,000
Meeting of Nomination and Remuneration Committee	30,000
Meeting of Corporate Social Responsibility Committee	30,000
Meeting of Stakeholders' Relationship Committee	30,000
Meeting of Independent Directors	30,000

### Sitting fee of Non-Executive Directors

Name of the Director	Board Meetings	Audit Committee Meetings	Stakeholders' Relationship Committee Meetings	Nomination and Remuneration Committee Meetings	Corporate Social Responsibility Committee Meetings	Meeting of Independent Directors	Sittings fee paid from 1.4.2016 to 31.03.2017*
Non-Executive Independent Directors							
Mr. P.G. Mankad, Chairman	4	5	4	2	N.A.	2	6,40,000
Mr. S. Krishna Kumar	4	5	N.A.	N.A.	2	2	5,20,000
Mr. Pradeep V. Bhide	4	5	4	2	N.A.	2	6,40,000
Total							18,00,000

\* 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 service tax 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, Ms. Soek Peng Sim, Mr. Kevin Gerard Gluskie and Mr. Juan-Francisco Defalque during the financial year ended 31<sup>st</sup> March 2017.

### Remuneration of Whole-time Director

The details of the Remuneration paid to Mr. Sushil Kumar Tiwari, Whole-time Director, from 1<sup>st</sup> April 2016 to 31<sup>st</sup> March 2017 are given below :-

	(₹)
Basic Salary	51,69,180
Perquisites & Allowances	1,21,49,121
Variable Pay #	51,96,803
Contribution to PF and Superannuation Fund	13,95,679
<b>Total</b>	<b>2,39,10,783</b>

# 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 have any Stock Option Scheme.

The Company does not pay any sitting fees/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 the 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%20Programme%20for%20IDs.pdf>

### 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 31<sup>st</sup> March 2017, the independent directors of the Company met twice on 21<sup>st</sup> September 2016 and on 14<sup>th</sup> November 2016 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. All the Independent Directors were present at the said meetings. The independent directors have expressed their satisfaction on the outcome of the performance evaluation.

### Subsidiary

The Company does not have any subsidiary company.

### Related Party Transactions

All the transactions entered into between the Company and its related parties during the financial year ended 31<sup>st</sup> March 2017 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://mycemco.com/sites/default/files/Related%20Party%20Transaction%20Policy.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 also 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, fraud, conflict of interest, mismanagement and violation of the 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 reporting such genuine concerns. The Vigil Mechanism/Whistle Blower Policy is posted on the website of the Company. No grievance was received from any employee during the year under review. No employee was denied access to the Audit Committee in this regard.

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

The Company has adopted Indian Accounting Standards (Ind-AS) from 1st April 2016. The financial statements of the Company for the financial year ended 31<sup>st</sup> March 2017 are Ind-AS compliant and the corresponding figures for the financial year ended 31<sup>st</sup> March 2016 have been restated.

### 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 evaluated by the Audit Committee and the Board of Directors on a quarterly basis.

### 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](http://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](http://www.mycemco.com). The Company's website, [www.mycemco.com](http://www.mycemco.com) also contains useful information as required to be displayed pursuant to Regulation 46(2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

### General Shareholders Information:

#### Directors

#### Appointment / Resignation of Directors

There was no change in the Board of Directors during the financial year ended 31<sup>st</sup> March 2017.

#### Retirement by rotation

Dr. Albert Scheuer (DIN: 02170574) retires by rotation at the ensuing AGM and being eligible offers himself for re-appointment. His brief profile is given in the Notice of AGM.

**Independent Directors:** Mr. P.G. Mankad (DIN: 00005001), Mr. S. Krishna Kumar (DIN: 01785323) and Mr. Pradeep V. Bhide (DIN: 03304262) were appointed as Independent Directors by the members for a term of five years from 1<sup>st</sup> April 2014 up to 31<sup>st</sup> March 2019 in the 55<sup>th</sup> AGM held on 19<sup>th</sup> June 2014 and they continue to be on the Board of Directors. All the independent directors 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 SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

## General Meetings of Shareholders

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

Mr. P.G. Mankad, Chairman of the Board of Directors and Chairman of Stakeholders' Relationship Committee; Mr. S. Krishna Kumar, Chairman of the Audit Committee; Mr. Pradeep V. Bhide, 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 21<sup>st</sup> September 2016.

Financial Year ended	Date & Time	Venue	Details of Special Resolutions passed at AGM
31.03.216	21.09.2016, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurugram, Haryana.	No Special Resolution was passed at the AGM held on 21.09.2016.
31.03.2015 (fifteen months)	07.08.2015, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurugram, Haryana	a. For Re-appointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director of the Company from 10th June 2015 till 9th June 2017. b. For amendment of Articles of Association of the Company.
31.12.2013	19.06.2014, 9.30 A.M.	Epicentre, Apparel House, Sector 44, Institutional Area, Gurugram, Haryana	a. For Re-appointment of Mr. Sushil Kumar Tiwari as Whole-time Director of the Company from 29th April 2014 till 9th June 2015. b. For borrowing money up to ₹20,000 million under Section 180(1)(c) of the Companies Act, 2013. c. For creation of charge / mortgage on the properties of the Company to secure borrowings up to ₹20,000 million under Section 180(1)(a) of the Companies Act, 2013.

## Postal Ballot

During the year under review the Company has not passed any Resolution through Postal Ballot. It may be further noted that no resolution is proposed to be passed through Postal Ballot before the ensuing AGM.

## Annual General Meeting

Date : 22<sup>nd</sup> September 2017  
Day : Friday  
Time : 9.30 A.M.  
Venue : Auditorium in Apparel House Building,  
Sector 44, Institutional Area, Gurugram,  
Haryana.

## Financial Calendar for 2017-18

Proposed Board Meetings for approving quarterly financial results for the financial year 2017-18 are as under:

Approval of the financial results for the quarter ending 30th June 2017, 30th September 2017 and 31 <sup>st</sup> December 2017.	Within 45 days from the end of the respective quarter.
Audited annual financial results for financial year ending 31st March 2018.	Within 60 days from the end of the financial year.

AGM for the financial year ending 31 <sup>st</sup> March 2018.	July to September 2018.
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**Book Closure:** 16<sup>th</sup> September 2017 to 22<sup>nd</sup> September 2017 (both days inclusive).

**Dividend:** The Board of Directors has recommended dividend of INR 2/- per equity share of INR 10 each (20%) for FY 2016-17, subject to the approval of the members at the ensuing AGM. The dividend will be paid within 30 days from the date of AGM.

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

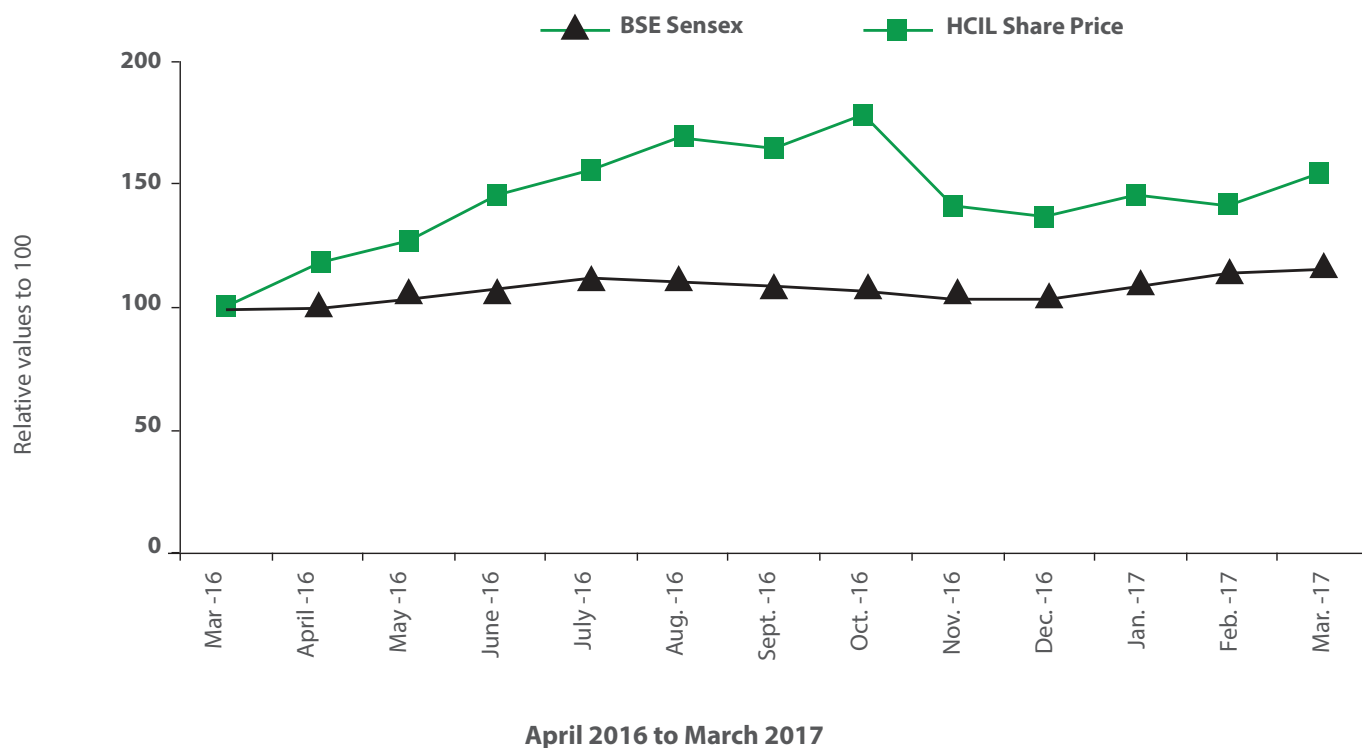
There are no arrears of listing fees to be paid to BSE and NSE.

## Share Price Data

Share Price of HeidelbergCement India Ltd. at BSE & NSE during the financial year ended 31st March 2017 is as follows:

Month	BSE		NSE	
	High (₹)	Low (₹)	High (₹)	Low (₹)
April 16	104.80	81.45	105.00	81.50
May 16	104.20	90.75	104.00	90.20
June 16	119.60	98.10	119.50	98.10
July 16	134.70	112.00	134.50	111.55
August 16	144.75	119.20	144.90	118.80
September 16	141.30	126.55	141.80	123.60
October 16	150.55	131.00	150.50	131.00
November 16	148.80	102.00	147.00	102.40
December 16	123.10	101.75	123.65	101.85
January 17	125.00	109.25	124.80	109.10
February 17	135.00	109.50	134.80	109.35
March 2017	125.90	111.00	125.25	110.60

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



## Shareholding Pattern as on 31st March 2017

Category	No. of Equity Shares	% of Equity shareholding
Promoters (Foreign Body Corporate)	157,244,693	69.39
Mutual Funds	9,128,283	4.03
Financial Institutions & Banks	253,642	0.11
Central /State Government	328,440	0.14
Insurance Companies	6,591,729	2.91
FII's	25,732,738	11.36
NRI's & OCB's	1,437,756	0.63
Bodies Corporate	3,108,422	1.37
Trusts	61,127	0.03
Resident Individuals	22,276,917	9.83
Clearing members	449,369	0.20
<b>Total</b>	<b>226,613,116</b>	<b>100.00</b>

## Distribution Schedule of Equity Shares as on 31st March 2017

No. of equity shares of ₹10 each	No. of shareholders	% of shareholders	No. of shares held	% of shareholding
1-500	42775	85.86	6336048	2.80
501-1000	3720	7.47	3096137	1.36
1001-2000	1606	3.23	2533547	1.12
2001-3000	556	1.12	1443065	0.64
3001-4000	231	0.46	840094	0.37
4001-5000	226	0.45	1089958	0.48
5001-10000	340	0.68	2630530	1.16
10001 and above	363	0.73	208643737	92.07
<b>Total</b>	<b>49817</b>	<b>100.00</b>	<b>226613116</b>	<b>100.00</b>

## Dematerialisation of shares/liquidity/unclaimed shares

The Equity Shares of the Company are actively traded at BSE and NSE in dematerialised form. International Securities Identification Number (ISIN) for both the depositories, viz., NSDL and CDSL is INE578A01017. As on 31<sup>st</sup> March 2017, 99.24% 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.

## Non-Convertible Debentures

The Company has on 16<sup>th</sup> December 2013 issued and allotted 370 unsecured, redeemable, non-convertible debentures ("Debentures") of face value of ₹10 million each, aggregating to ₹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 6<sup>th</sup>, 7<sup>th</sup> and 8<sup>th</sup> 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.

## Share Transfer System

Share transfers are processed and share certificates duly endorsed are delivered 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 has 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 of 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.

The shareholders who wish to transfer their shares held in physical form can lodge the duly completed request for registration of transfer of shares with Integrated Registry Management Services Private Ltd., Bengaluru. In case of transfer of shares, deletion of name of deceased shareholder,



transmission or transposition of names in respect of shares held in physical form it is mandatory to submit photocopy of PAN Card of the transferee(s), surviving holder(s), legal heir(s) and joint holder(s) respectively along with the request for transfer, transmission or transposition.

The name of the Company's Registrars and Transfer Agent (RTA) has been changed from 'Integrated Enterprises (India) Limited' to 'Integrated Registry Management Services Private Limited'. The address of the RTA and other contact details continue to be the same.

### Outstanding warrants and their implications on equity

As on 31<sup>st</sup> March 2017, there are no outstanding GDRs, ADRs, convertible warrants or any other instruments convertible into equity shares, issued by the Company.

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

The Company's Foreign Currency External Commercial Borrowings of USD 125 million (balance outstanding as on 31.03.2017 being USD 20 million) were already fully hedged through Cross Currency Swaps. The foreign exchange exposure against 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:

HeidelbergCement India Ltd.  
9th Floor, Tower C, Infinity Towers  
DLF Cyber City, Phase II  
Gurugram, Haryana – 122002  
Phone Nos. : 0124 – 4503795  
Fax No. : 0124 – 4147698  
E-mail-Ids : investors.mcl@mycem.in  
rajesh.relan@heidelbergcement.in  
shrinivas.hari@heidelbergcement.in

#### Registrars & 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: vijayagopal@integratedindia.in and alfint@vsnl.com

### 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 31<sup>st</sup> March 2017.

Place: Gurugram  
Date: 25<sup>th</sup> May 2017

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 for the financial year ended 31st March 2017, as stipulated in the Chapter IV of SEBI (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 Chapter IV of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

We state that during the financial year ended 31st March 2017, no complaint was received from shareholders and as such no investor complaint was pending as on 31<sup>st</sup> March 2017.

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**

**Nityanand Singh**  
**Proprietor**

Place: New Delhi

Date : 25<sup>th</sup> May 2017

**FCS No. 2668 CP No. 2388**

### **Disclosure pursuant to Regulation 10(1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. As on 25<sup>th</sup> May 2017 following persons constituted the 'Group':-**

**Promoters and persons acting in concert:** Cementum 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, Singha Cement (Private) 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 Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of HeidelbergCement India Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss, including the statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

## 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 Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act, read with [Rule 7 of the Companies (Accounts) Rules, 2014 and the Companies (Indian Accounting Standards) Rules, 2015. 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 the design, implementation and maintenance of adequate internal financial control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its profit including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## 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 1 a statement on the matters specified in paragraphs 3 and 4 of the Order.
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 purpose 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, Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
  - d. In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

- e. On the basis of written representations received from the directors as on March 31, 2017, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, 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 over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
- g. 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 Ind AS financial statements – Refer Note 32 to the Ind AS financial statements;
  - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts – Refer Note 5 to the Ind AS financial statements;
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The Company has provided requisite disclosures in Note 41 to these Ind AS financial statements as /to the holding of Specified Bank Notes on November 8, 2016 and December 30, 2016 as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. Based on our audit procedures and relying on the management representation regarding the holding and nature of cash transactions, including Specified Bank Notes, we report that these disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the Management.

For **S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Sanjay Vij**

Partner

Membership Number: 095169

Place of Signature: Gurgaon

Date: May 25, 2017



**Annexure 1 referred to in paragraph 1 of our report of even date under Section 'Report on Other Legal and Regulatory Requirements'**

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by the management during the period but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by the management, the title deeds of immovable properties included in property, plant and equipment/ fixed assets are held in the name of the company.
- (ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of verification is reasonable. No material discrepancies were noticed on such physical verification. Inventories lying with third parties have been confirmed by them as at March 31, 2017 and no material discrepancies were noticed in respect of such confirmations.
- (iii) (a) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii)(a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits from the public.
- (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 section 148(1) of the Companies Act, 2013, related to the manufacture of cement, and are of the opinion that prima facie, the specified accounts and records have been made and maintained. We have not, however, made a detailed examination of the same.
- (vii) (a) The Company is regular in depositing with appropriate authorities undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, customs duty, excise duty, value added tax, cess and other material statutory dues applicable to it.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, investor education and protection fund, employees' state insurance, income-tax, wealth-tax, service tax, sales-tax, customs duty, excise duty, cess and other material statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.
- (c) According to the records of the Company, the dues outstanding of income-tax, sales-tax, wealth-tax, service tax, duty of custom, duty of excise, value added tax and cess on account of any dispute, are as follows:

Name of Statute	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	35.0	1994-95, 1997-98, 2000-01 to 2004-05 and 2009-2010	High Court
		11.0	1997-98, 2002-03 and 2007-08 to 2013-14	Appellate Tribunal
		3.3	2000-01 and 2001-02	Deputy Commissioner (Appeals)
		2.6	2000-01, 2011-12 and 2012-13	Additional Commissioner
		3.7	2006-07	Joint Commissioner (Appeals)
		15.2	2012-13 and 2013-14	Deputy Commissioner
		100.9	2002-03 to 2007-08	Assessing Officer, Sales Tax

Name of Statute	Nature of dues	Amount (Rs. in million)	Period to which the amount relates	Forum where dispute is pending
Various State Entry Tax Act	Entry Tax	578.2	2003-04 to till date	Supreme Court
		145.5	1999-2000 to 2007-08, 2009-10	Appellate Tribunal
Income Tax Act, 1961	Income Tax	26.0	2010-11, 2012-13 to 2014-15	Commissioner of Income Tax (Appeals)
		8.0	2011-12	Appellate Tribunal
Central Excise Act, 1944	Excise Duty and Cenvat	7.9	2007-08	Supreme Court
		21.9	1995-96 to 2000-01	High Court
		19.9	2003-04, 2005-06 to 2013-14	Central Excise and Service Tax Appellate Tribunal
		20.2	2007-08 to 2014-15	Commissioner of Central Excise (Appeals)
Finance Act 1994  (Amended 2009)	Service Tax	13.3	2007-08 to 2012-13	Central Excise and Service Tax Appellate Tribunal
		0.2	2008-09 to 2009-10	Commissioner of Central Excise (Appeals)
Madhya Pradesh Rural Road Development Authority	Rural Infrastructure and Road development tax	17.1	2005-06 till date	Supreme Court

- (viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of dues to bank or debenture holders. The Company has no outstanding dues in respect of financial institutions.
- (ix) In our opinion and according to the information and explanations given by the management, the Company has utilized the monies raised by way of debt instruments in the nature of term loans for the purposes for which they were raised.
- (x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud / material fraud on the company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) In our opinion, the Company is not a nidhi company. Therefore, the provisions of clause 3(xii) of the order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by the management, transactions with the related

parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the financial statements, as required by the applicable accounting standards.

- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) are not applicable to the company and, not commented upon.
- (xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

**For S.R. Batliboi & Co. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

**per Sanjay Vij**

Partner

Membership Number: 095169

Place: Gurgaon

Date: May 25, 2017

**Annexure 2 to the independent auditor's report of even date on the financial statements of HeidelbergCement India Limited****Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

To the Members of HeidelbergCement India Limited

We have audited the internal financial controls over financial reporting of HeidelbergCement India Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

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

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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 its business, including adherence to the 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 Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting 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") and the Standards on Auditing as specified under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, 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.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting.

**Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting 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 control over financial reporting 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 Over Financial Reporting**

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

**Opinion**

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting 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.R. Batliboi & CO. LLP**

Chartered Accountants

ICAI Firm Registration Number: 301003E/E300005

per **Sanjay Vij**

Partner

Membership Number: 095169

Place of Signature: Gurgaon

Date: May 25, 2017

## Balance Sheet as at 31 March 2017

Particulars	Notes	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
<b>Assets</b>				
<b>Non-current assets</b>				
Property, plant and equipment	3	18,744.2	18,975.0	17,864.4
Capital work-in-progress	3	62.9	560.5	1,274.2
Intangible assets	4	26.5	36.9	49.6
Financial assets				
Security deposits	5	273.0	356.6	319.1
Derivative instruments	5	-	274.6	1,033.7
Other non-current assets	6	311.0	325.3	393.4
		<b>19,417.6</b>	<b>20,528.9</b>	<b>20,934.4</b>
<b>Current assets</b>				
Inventories	7	1,396.4	1,782.1	1,910.0
Financial assets				
Security deposits	5	101.6	28.2	26.4
Derivative instruments	5	186.5	808.1	862.9
Trade receivables	8	125.6	257.6	191.4
Cash and cash equivalents	9	142.0	77.7	1,462.6
Other financial assets	5	7.7	19.4	11.0
Other current assets	10	2,699.0	2,644.1	2,565.4
		<b>4,658.8</b>	<b>5,617.2</b>	<b>7,029.7</b>
<b>Total assets</b>		<b>24,076.4</b>	<b>26,146.1</b>	<b>27,964.1</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Equity share capital	11	2,266.2	2,266.2	2,266.2
Other equity	12	7,403.3	6,683.1	6,403.3
		<b>9,669.5</b>	<b>8,949.3</b>	<b>8,669.5</b>
<b>Non-current liabilities</b>				
Financial liabilities				
Borrowings	13	5,751.9	6,708.6	9,248.9
Other financial liabilities	14	62.0	30.2	29.3
Provisions	15	217.1	191.6	201.8
Government grants	16	328.1	124.8	-
Deferred tax liabilities (net)	17	530.0	419.4	471.1
		<b>6,889.1</b>	<b>7,474.6</b>	<b>9,951.1</b>
<b>Current liabilities</b>				
Financial liabilities				
Borrowings	13	-	700.0	-
Trade payables	18	1,914.1	1,859.6	1,909.9
Other current financial liabilities	19	2,820.0	4,609.1	5,081.4
Other current liabilities	20	562.8	460.3	443.8
Government grants	16	59.8	20.8	-
Provisions	15	2,161.1	2,072.4	1,908.4
		<b>7,517.8</b>	<b>9,722.2</b>	<b>9,343.5</b>
<b>Total liabilities</b>		<b>14,406.9</b>	<b>17,196.8</b>	<b>19,294.6</b>
<b>Total equity and liabilities</b>		<b>24,076.4</b>	<b>26,146.1</b>	<b>27,964.1</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>			

The accompanying notes are an integral part of the financial statements.

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Firm Registration No. 301003E/E300005  
Chartered Accountants

per **Sanjay Vij**  
Partner  
Membership No. 095169

Place: Gurugram  
Date: 25 May 2017

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

**P.G. Mankad**  
Chairman

**S. Krishna Kumar**  
Director

**P.V. Bhide**  
Director

**Jamshed Naval Cooper**  
Managing Director

**Sushil Kumar Tiwari**  
Wholetime Director

**Kevin Gerard Gluskie**  
Director

**Anil Kumar Sharma**  
Chief Financial Officer

**Rajesh Relan**  
Legal Head & Company Secretary



## Statement of profit and loss for the year ended 31 March 2017

Particulars	Notes	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
Revenue from operations	21	20,018.5	19,159.2
Other income	22	236.9	224.4
<b>Total Income (I)</b>		<b>20,255.4</b>	<b>19,383.6</b>
<b>Expenses</b>			
Cost of raw material consumed	23	3,259.9	3,427.8
(Increase)/decrease in inventories of finished goods and work-in-progress	24	346.6	(93.4)
Excise duty on sale of goods		2,843.9	2,675.7
Employee benefits expense	25	1,147.6	1,050.2
Depreciation and amortization expense	26	991.5	997.8
Finance costs	27	897.7	1,084.5
Other expenses	28	9,631.9	9,787.2
<b>Total Expense (II)</b>		<b>19,119.1</b>	<b>18,929.8</b>
<b>Profit before tax (I) - (II)</b>		<b>1,136.3</b>	<b>453.8</b>
<b>Tax expenses</b>			
Current tax		239.5	107.5
Current tax related to earlier years		2.0	5.0
Net current tax expense		<b>241.5</b>	<b>112.5</b>
Deferred tax charge		132.7	(12.6)
<b>Total tax expense</b>		<b>374.2</b>	<b>99.9</b>
<b>Profit for the year (III)</b>		<b>762.1</b>	<b>353.9</b>
<b>Other comprehensive income (OCI)</b>			
Remeasurement gain/(losses) of net defined benefit plans		(24.3)	(6.1)
Income tax effect		8.4	2.1
		<b>(15.9)</b>	<b>(4.0)</b>
Net movement on cash flow hedge		(39.7)	(107.1)
Income tax effect		13.7	37.0
		<b>(26.0)</b>	<b>(70.1)</b>
<b>Other comprehensive income for the year, net of tax (IV)</b>		<b>(41.9)</b>	<b>(74.1)</b>
<b>Total comprehensive income for the year, net of tax (III) + (IV)</b>		<b>720.2</b>	<b>279.8</b>
<b>Earnings per share [nominal value of share ₹ 10]</b>			
<b>Basic and diluted</b>	29	3.36	1.56
<b>Summary of significant accounting policies</b>	2.1		

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

For **S.R. Batliboi & Co. LLP**  
 Firm Registration No. 301003E/E300005  
 Chartered Accountants

**per Sanjay Vij**  
 Partner  
 Membership No. 095169

Place: Gurugram  
 Date: 25 May 2017

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

**P.G. Mankad**  
 Chairman

**S. Krishna Kumar**  
 Director

**P.V. Bhide**  
 Director

**Jamshed Naval Cooper**  
 Managing Director

**Sushil Kumar Tiwari**  
 Wholetime Director

**Kevin Gerard Gluskie**  
 Director

**Anil Kumar Sharma**  
 Chief Financial Officer

**Rajesh Relan**  
 Legal Head & Company Secretary

## Statement of change in equity for the year ended 31 March 2017

**a. Equity Share Capital:**

Equity shares of ₹ 10 each issued, subscribed and fully paid	Numbers	₹ in million
At 1 April 2015	226,613,116	2,266.1
At 31 March 2016	226,613,116	2,266.1
<b>At 31 March 2017</b>	<b>226,613,116</b>	<b>2,266.1</b>

Equity shares of ₹ 10 each issued, subscribed and partly paid	Numbers	₹ in million
At 1 April 2015	18,193	0.1
At 31 March 2016	18,193	0.1
<b>At 31 March 2017</b>	<b>18,193</b>	<b>0.1</b>

**b. Other equity:**

For the year ended 31 March 2017

Particulars	Other Equity Reserves and Surplus					Retained earnings (Note 12)	Items of OCI		(₹ in Million) Total
	Capital reserve (including opening revaluation reserve)	Capital subsidy reserve	Capital redemption reserve	Securities premium reserve	Debenture redemption reserve		Cash flow hedge reserve	Other item of OCI	
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)		(Note 12)	(Note 12)	
<b>As at 1 April 2016</b>	<b>672.8</b>	<b>6.4</b>	<b>159.9</b>	<b>3,707.1</b>	<b>307.5</b>	<b>1,809.1</b>	<b>24.3</b>	<b>(4.0)</b>	<b>6,683.1</b>
Profit for the year	-	-	-	-	-	762.1	-	-	762.1
Other comprehensive income (Note 12)	-	-	-	-	-	-	(26.0)	(15.9)	(41.9)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>762.1</b>	<b>(26.0)</b>	<b>(15.9)</b>	<b>720.2</b>
Transfer from retained earnings (Note 12)	-	-	-	-	134.2	(134.2)	-	-	-
<b>At 31 March 2017</b>	<b>672.8</b>	<b>6.4</b>	<b>159.9</b>	<b>3,707.1</b>	<b>441.7</b>	<b>2,437.0</b>	<b>(1.7)</b>	<b>(19.9)</b>	<b>7,403.3</b>

For the year ended 31 March 2016

Particulars	Other Equity Reserves and Surplus					Retained earnings (Note 12)	Items of OCI		Total
	Capital reserve (including opening revaluation reserve)	Capital subsidy reserve	Capital redemption reserve	Securities premium reserve	Debenture redemption reserve		Cash flow hedge reserve	Other item of OCI	
	(Note 12)	(Note 12)	(Note 12)	(Note 12)	(Note 12)		(Note 12)	(Note 12)	
<b>As at 1 April 2015</b>	<b>672.8</b>	<b>6.4</b>	<b>159.9</b>	<b>3,707.1</b>	<b>173.4</b>	<b>1,589.3</b>	<b>94.4</b>	<b>-</b>	<b>6,403.3</b>
Profit for the year	-	-	-	-	-	353.9	-	-	353.9
Other comprehensive income (Note 12)	-	-	-	-	-	-	(70.1)	(4.0)	(74.1)
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>353.9</b>	<b>(70.1)</b>	<b>(4.0)</b>	<b>279.8</b>
Transfer from retained earnings (Note 12)	-	-	-	-	134.1	(134.1)	-	-	-
<b>At 31 March 2016</b>	<b>672.8</b>	<b>6.4</b>	<b>159.9</b>	<b>3,707.1</b>	<b>307.5</b>	<b>1,809.1</b>	<b>24.3</b>	<b>(4.0)</b>	<b>6,683.1</b>

For **S.R. Batliboi & Co. LLP**  
Firm Registration No. 301003E/E300005  
Chartered Accountants

per **Sanjay Vij**  
Partner  
Membership No. 095169

Place: Gurugram  
Date: 25 May 2017

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

**P.G. Mankad**  
Chairman

**S. Krishna Kumar**  
Director

**P.V. Bhide**  
Director

**Jamshed Naval Cooper**  
Managing Director

**Sushil Kumar Tiwari**  
Wholetime Director

**Kevin Gerard Gluskie**  
Director

**Anil Kumar Sharma**  
Chief Financial Officer

**Rajesh Relan**  
Legal Head & Company Secretary

## Cash flow statement for the year ended 31 March 2017

Particulars	Notes	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
<b>Cash flow from operating activities</b>			
Profit before tax		1,136.3	453.8
<b>Non-cash adjustments to reconcile profit before tax to net cash flows:</b>			
Depreciation and amortization expense		991.5	997.8
Property, plant and equipment written off		9.1	2.6
Profit on sale of property, plant and equipment (net)		(1.4)	(6.4)
Unrealized foreign exchange loss/ (gain)		(1.1)	0.4
Sundry balances written off		1.7	1.1
Provision/ liabilities no longer required written back		(169.4)	(69.6)
Interest expenses		880.2	1,069.5
Interest income		(31.8)	(145.1)
<b>Operating profit before working capital changes</b>		<b>2,815.1</b>	<b>2,304.1</b>
Movements in working capital :			
Increase/ (decrease) in trade payables and other liabilities		337.4	282.6
Increase / (decrease) in provisions		230.5	169.4
Decrease / (increase) in trade receivables		132.0	(66.2)
Decrease / (increase) in inventories		385.7	127.9
Decrease / (increase) in other assets		(41.5)	(115.2)
<b>Cash generated from operations</b>		<b>3,859.2</b>	<b>2,702.6</b>
Direct taxes paid (net of refunds)		(245.2)	(133.2)
<b>Net cash flow from operating activities (A)</b>		<b>3,614.0</b>	<b>2,569.4</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment including intangible assets, capital work in progress and capital advances		(473.7)	(1,249.0)
Proceeds from sale of property, plant and equipment and intangible assets		27.8	32.6
Interest received		43.5	136.7
<b>Net cash flow used in investing activities (B)</b>		<b>(402.4)</b>	<b>(1,079.7)</b>
<b>Cash flows from financing activities</b>			
Proceeds from borrowings and government grants		610.7	1,029.1
Repayments of borrowings		(2,825.3)	(2,752.6)
Interest paid		(932.7)	(1,151.1)
<b>Net cash flow used in financing activities (C)</b>		<b>(3,147.3)</b>	<b>(2,874.6)</b>
<b>Net increase/ (decrease) in cash and cash equivalents (A + B + C)</b>		<b>64.3</b>	<b>(1,384.9)</b>
Cash and cash equivalents at the beginning of the year		77.7	1,462.6
<b>Cash and cash equivalents at the end of the year</b>	<b>9</b>	<b>142.0</b>	<b>77.7</b>
<b>Summary of significant accounting policies</b>	<b>2.1</b>		

As per our report of even date

For **S.R. Batliboi & Co. LLP**  
 Firm Registration No. 301003E/E300005  
 Chartered Accountants

per **Sanjay Vij**  
 Partner  
 Membership No. 095169

Place: Gurugram  
 Date: 25 May 2017

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

**P.G. Mankad**  
 Chairman

**S. Krishna Kumar**  
 Director

**P.V. Bhide**  
 Director

**Jamshed Naval Cooper**  
 Managing Director

**Sushil Kumar Tiwari**  
 Wholetime Director

**Kevin Gerard Gluskie**  
 Director

**Anil Kumar Sharma**  
 Chief Financial Officer

**Rajesh Relan**  
 Legal Head & Company Secretary

# Notes to Financial Statements for the year ended 31 March 2017

## 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 9<sup>th</sup> floor, Infinity Tower 'C', DLF Cyber City, Gurugram, Haryana 122002.

The Company is engaged in the manufacturing and selling of Cement and Cement related products at its three locations viz. Ammasandra (Karnataka), Damoh (Madhya Pradesh) and Jhansi (Uttar Pradesh).

The financial statements were authorised for issue in accordance with a resolution of the directors on 25 May 2017.

## 2. BASIS OF PREPARATION

These financial statements have been prepared in accordance with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 as amended by the Companies (Indian Accounting Standards) (Amendment) Rules, 2016, the relevant provisions of the Companies Act, 2013 ("the Act") and guidelines issued by the Securities and Exchange Board of India (SEBI), as applicable.

For all periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements for the year ended 31 March 2017 are the first the company has prepared in accordance with Ind AS. Refer to note 40 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

- Derivative financial instruments,
- Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments),

In addition, the carrying values of recognised assets and liabilities designated as hedged items in fair value hedges that would otherwise be carried at amortised cost are adjusted to record changes in the fair values attributable to the risks that are being hedged in effective hedge relationships.

The financial statements are presented in Indian Rupees (INR) and all values are rounded to the nearest million (INR 000,000), except when otherwise indicated.

### 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).

**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.

Based on the Educational Material on Ind AS 18 issued by the ICAI, the Company has assumed that recovery of excise duty flows to the company on its own account. This is for the reason that it is a liability of the manufacturer which forms part of the cost of production, irrespective of whether the goods are sold or not. Since the recovery of excise duty flows to the company on its own account, revenue includes excise duty.

The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the company. Accordingly, it is excluded from revenue.

The following specific recognition criteria must also be met before revenue is recognized:

**(i) Sale of goods**

Revenue from 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) 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 in the nature of VAT incentive 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 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)

On transition to Ind AS, the company has elected to continue with the carrying value of all of its tangible assets recognized as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of tangible assets.

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

The Company, based on technical assessment and management estimate, depreciates certain items of building, 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 a period of 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**

On transition to Ind AS, the company has elected to continue with the carrying value of all of its intangible assets recognized as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of 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:

<b>Intangible Assets</b>	<b>Estimated Useful Lives (Years)</b>
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 from 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.

For arrangements entered into prior to April 1, 2015, the company has determined whether the arrangement contain lease on the basis of facts and circumstances existing on the date of transition.

**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 of finished goods includes excise duty. 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 a 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) and Employees' State Insurance Corporation (ESIC) are 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.



# Notes to financial statements for the year ended 31 March 2017

## 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
<b>Cost or valuation</b>											
At 1 April 2015	91.9	257.0	1,119.8	211.6	16,034.7	55.6	93.8	1,274.2	19,138.6	49.6	49.6
Additions	14.6	97.9	40.6	11.6	1,941.9	13.7	2.3	1,298.3	3,420.9	1.9	1.9
Disposals	-	-	(0.2)	-	(33.6)	(0.0)	(0.2)	-	(34.0)	-	-
Capitalised during the year	-	-	-	-	-	-	-	(2,012.0)	(2,012.0)	-	-
<b>At 31 March 2016</b>	<b>106.5</b>	<b>354.9</b>	<b>1,160.2</b>	<b>223.2</b>	<b>17,943.0</b>	<b>69.3</b>	<b>95.9</b>	<b>560.5</b>	<b>20,513.5</b>	<b>51.5</b>	<b>51.5</b>
Additions	14.7	-	60.7	4.4	699.4	4.7	0.7	273.5	1,058.1	1.2	1.2
Disposals	-	-	(1.1)	(0.1)	(37.8)	(0.1)	(0.1)	-	(39.2)	-	-
Capitalised during the year	-	-	-	-	-	-	-	(771.1)	(771.1)	-	-
<b>At 31 March 2017</b>	<b>121.2</b>	<b>354.9</b>	<b>1,219.8</b>	<b>227.5</b>	<b>18,604.6</b>	<b>73.9</b>	<b>96.5</b>	<b>62.9</b>	<b>20,761.3</b>	<b>52.7</b>	<b>52.7</b>
<b>Depreciation/ Amortization</b>											
At 1 April 2015	-	-	-	-	-	-	-	-	-	-	-
Charge for the year	-	11.8	126.0	15.0	804.5	13.3	12.6	-	983.2	14.6	14.6
Disposals	-	-	-	-	(5.2)	-	-	-	(5.2)	-	-
<b>At 31 March 2016</b>	<b>-</b>	<b>11.8</b>	<b>126.0</b>	<b>15.0</b>	<b>799.3</b>	<b>13.3</b>	<b>12.6</b>	<b>-</b>	<b>978.0</b>	<b>14.6</b>	<b>14.6</b>
Charge for the year	-	14.2	85.5	14.7	846.9	9.1	9.5	-	979.9	11.6	11.6
Disposals	-	-	(0.2)	(0.0)	(3.3)	(0.0)	(0.2)	-	(3.7)	-	-
<b>At 31 March 2017</b>	<b>-</b>	<b>26.0</b>	<b>211.3</b>	<b>29.7</b>	<b>1,642.9</b>	<b>22.4</b>	<b>21.9</b>	<b>-</b>	<b>1,954.2</b>	<b>26.2</b>	<b>26.2</b>

### Net book value

<b>At 31 March 2017</b>	<b>121.2</b>	<b>328.9</b>	<b>1,008.5</b>	<b>197.8</b>	<b>16,961.7</b>	<b>51.5</b>	<b>74.6</b>	<b>62.9</b>	<b>18,807.1</b>	<b>26.5</b>	<b>26.5</b>
<b>At 31 March 2016</b>	<b>106.5</b>	<b>343.1</b>	<b>1,034.2</b>	<b>208.2</b>	<b>17,143.7</b>	<b>56.0</b>	<b>83.3</b>	<b>560.5</b>	<b>19,535.5</b>	<b>36.9</b>	<b>36.9</b>
<b>At 1 April 2015</b>	<b>91.9</b>	<b>257.0</b>	<b>1,119.8</b>	<b>211.6</b>	<b>16,034.7</b>	<b>55.6</b>	<b>93.8</b>	<b>1,274.2</b>	<b>19,138.6</b>	<b>49.6</b>	<b>49.6</b>

Net book value	31 March 2017	31 March 2016	1 April 2015
Property, plant and equipment	18,744.2	18,975.0	17,864.4
Capital work-in-progress	62.9	560.5	1,274.2
Intangible assets	26.5	36.9	49.6

### Note :

- The borrowing cost capitalised during the year ended 31 March 2017 was ₹ 12.7 million (31 March 2016: ₹ 91.2 million, 1 April 2015: ₹ 154.1 million).
- Assets having written down value amounting to ₹ 7.6 million (31 March 2016: ₹ 37.7 million, 1 April 2015: ₹ 69.0 million) are being held for disposal in the near future.

## Notes to financial statements for the year ended 31 March 2017

### 5. FINANCIAL ASSETS

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
<b>Security deposits</b>			
Unsecured, considered good	374.6	384.8	345.5
<b>Total</b>	<b>374.6</b>	<b>384.8</b>	<b>345.5</b>
Current	101.6	28.2	26.4
Non-current	273.0	356.6	319.1
<b>Derivative instruments</b>			
Derivative instruments at fair value through OCI			
Interest rate swap cash flow hedges and forward contracts	186.5	1,082.7	1,896.6
<b>Total</b>	<b>186.5</b>	<b>1,082.7</b>	<b>1,896.6</b>
Current	186.5	808.1	862.9
Non-current	-	274.6	1,033.7
<b>Other financial assets</b>			
Interest accrued on bank deposits	-	-	5.5
Interest accrued on other deposits	7.7	19.4	5.5
<b>Total</b>	<b>7.7</b>	<b>19.4</b>	<b>11.0</b>
Current	7.7	19.4	11.0
Non-current	-	-	-

#### Derivative instruments at fair value through OCI

Derivative instruments at fair value through OCI reflect the positive change in fair value of foreign exchange forward contracts and interest rate swap, designated as cash flow hedges to hedge highly probable forecast purchase in US dollars (USD).

#### Interest rate swaps

The Company had an interest rate swap agreement whereby the Company receives a fixed rate of interest of 9.08% and pays interest at a variable rate. The swap is being used to hedge the exposure to changes in the fair value of its fixed rate unsecured loan. The decrease in fair value of the interest rate swap has been recognised in finance costs and offset with a similar gain on the bank borrowings.

#### Break up of financial assets carried at amortised cost

Security deposits	374.6	384.8	345.5
Other financial assets	7.7	19.4	11.0
Trade receivables (note 8)	125.6	257.6	191.4
Cash and cash equivalents (note 9)	142.0	77.7	1,462.6
<b>Total</b>	<b>649.9</b>	<b>739.5</b>	<b>2,010.5</b>

#### Break up of financial assets carried at fair value through profit or loss

Derivative instruments	186.5	1,082.7	1,896.6
<b>Total</b>	<b>186.5</b>	<b>1,082.7</b>	<b>1,896.6</b>

## 6 OTHER NON-CURRENT ASSETS

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
Capital advances	158.0	171.1	256.0
Advance income-tax (net of provision for taxation)	82.0	78.3	57.6
Prepaid expenses	71.0	75.9	79.8
<b>Total</b>	<b>311.0</b>	<b>325.3</b>	<b>393.4</b>

## 7. INVENTORIES

(valued at lower of cost and net realizable value)

Raw materials	127.8	113.8	189.9
Work-in-progress	408.2	688.9	739.4
Finished goods	399.2	465.1	321.2
Stores and spares (includes in transit ₹ 22.2 million, 31 March 2016: ₹ Nil and 1 April 2015: ₹ 17.1 million)	461.2	514.3	659.5
<b>Total</b>	<b>1,396.4</b>	<b>1,782.1</b>	<b>1,910.0</b>

## 8. TRADE RECEIVABLES

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
Trade receivables	125.6	222.1	172.7
Receivables from related parties	-	35.5	18.7
<b>Total</b>	<b>125.6</b>	<b>257.6</b>	<b>191.4</b>

### Break-up for security details:

Unsecured, considered good	125.6	257.6	191.4
Doubtful	23.4	23.4	23.4
	<b>149.0</b>	<b>281.0</b>	<b>214.8</b>
Allowances for doubtful debts	(23.4)	(23.4)	(23.4)
<b>Total</b>	<b>125.6</b>	<b>257.6</b>	<b>191.4</b>

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member. Trade receivables are non-interest bearing and are generally on terms of 0 to 60 days.

For terms and conditions relating to related party receivables, Refer Note 31.

## 9. CASH AND CASH EQUIVALENTS

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
Balances with banks:			
On current accounts	140.1	61.4	316.2
Deposits with original maturity of less than three months	-	-	1,144.1
Cheques on hand	1.1	15.6	1.0
Cash on hand	0.8	0.7	1.3
<b>Total</b>	<b>142.0</b>	<b>77.7</b>	<b>1,462.6</b>

Cash at banks earns interest at floating rates based on daily bank deposit rates. 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**

(unsecured, considered good, unless stated otherwise)	<b>31 March 2017</b> ₹ in Million	<b>31 March 2016</b> ₹ in Million	<b>1 April 2015</b> ₹ in Million
Advances other than capital advances*	71.7	79.4	149.7
Prepaid expenses	60.9	43.1	43.2
Balances with statutory/ government authorities and others			
- Considered good	1,999.6	1,925.0	1,773.5
- Doubtful	9.2	9.2	9.9
VAT receivable	370.9	429.8	359.9
CENVAT receivable	195.9	166.8	239.1
	<b>2,708.2</b>	<b>2,653.3</b>	<b>2,575.3</b>
Allowances for doubtful deposits	(9.2)	(9.2)	(9.9)
<b>Total</b>	<b>2,699.0</b>	<b>2,644.1</b>	<b>2,565.4</b>

\*Advances other than capital advances includes payment to vendors for supply of goods and services.

**11. SHARE CAPITAL**

	<b>Equity Shares</b>		<b>Preference Shares</b>	
	<b>Numbers</b>	<b>₹ in Million</b>	<b>Numbers</b>	<b>₹ in Million</b>
<b>Authorized share capital</b>				
At 1 April 2015	230,000,000	2,300.0	5,000,000	500.0
At 31 March 2016	230,000,000	2,300.0	5,000,000	500.0
At 31 March 2017	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**

<b>Equity shares of ₹ 10 each issued, subscribed and fully paid</b>	<b>Numbers</b>	<b>₹ in Million</b>
At 1 April 2015	226,613,116	2,266.1
At 31 March 2016	226,613,116	2,266.1
At 31 March 2017	226,613,116	2,266.1
<b>Equity shares of ₹ 10 each issued, subscribed and partly paid</b>		
At 1 April 2015	18,193	0.1
At 31 March 2016	18,193	0.1
At 31 March 2017	18,193	0.1
	<b>226,631,309</b>	<b>2,266.2</b>



**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**

<b>Cementum I B V, the holding company</b>	<b>Numbers</b>	<b>₹ in Million</b>
At 1 April 2015	157,244,693	1,572.4
At 31 March 2016	157,244,693	1,572.4
At 31 March 2017	157,244,693	1,572.4

**b. Details of shareholders holding more than 5% shares in the Company**

<b>Name of the Shareholder</b>	<b>Numbers</b>	<b>% holding in the class</b>
<b>Equity shares of Rs.10/- each fully paid</b>		
Cementum I B V, the holding company		
At 1 April 2015	157,244,693	69.39%
At 31 March 2016	157,244,693	69.39%
At 31 March 2017	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**

	<b>31 March 2017 ₹ in Million</b>	<b>31 March 2016 ₹ in Million</b>	<b>1 April 2015 ₹ in Million</b>
<b>(A) Retained earnings</b>			
Balance as per last financial statements	<b>1,809.1</b>	<b>1,589.3</b>	<b>1,589.3</b>
Profit for the year	762.1	353.9	-
Less: Appropriations			
Transfer to debenture redemption reserve	(134.2)	(134.1)	-
<b>Total Retained earnings (A)</b>	<b>2,437.0</b>	<b>1,809.1</b>	<b>1,589.3</b>
<b>(B) Cash flow hedge reserve</b>			
Balance as per last financial statements	24.3	94.4	94.4
Add: Fair value change recognized	(26.0)	(70.1)	-
<b>Closing Balance (B)</b>	<b>(1.7)</b>	<b>24.3</b>	<b>94.4</b>
<b>(C) Remeasurement gain/(losses) of net defined benefit plans, net of tax</b>			
Balance as per last financial statements	(4.0)	-	-
Additions during the year	(15.9)	(4.0)	-
<b>Closing balance (C)</b>	<b>(19.9)</b>	<b>(4.0)</b>	<b>-</b>

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
<b>(D) Debenture redemption reserve</b>			
Balance as per the last financial statements	307.5	173.4	173.4
Add: amount transferred from retained earnings	134.2	134.1	-
<b>Closing balance (D)</b>	<b>441.7</b>	<b>307.5</b>	<b>173.4</b>
<b>(E) Other reserves</b>			
Capital reserve (including opening revaluation reserve)	672.8	672.8	672.8
Capital subsidy reserve	6.4	6.4	6.4
Capital redemption reserve	159.9	159.9	159.9
Securities premium account	3,707.1	3,707.1	3,707.1
<b>Closing balance (E)</b>	<b>4,546.2</b>	<b>4,546.2</b>	<b>4,546.2</b>
<b>Total (A+B+C+D+E)</b>	<b>7,403.3</b>	<b>6,683.1</b>	<b>6,403.3</b>

**Nature and purpose of reserves:**
**i. Cash flow hedge reserve**

This represent 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 account**

Security premium account 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 reserve account, and company can use this reserve for buy-back of shares.

### 13. BORROWINGS

	Maturity	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
<b>Non-current borrowings</b>				
<b>From related parties</b>				
<b>Debentures</b>				
370 (31 March 2016: 370, 1 April 2015: 370) 10.4% redeemable, listed, non-convertible debentures of ₹ 10,000,000/- each (unsecured)	2019-2021	3,700.0	3,700.0	3,700.0
<b>Term loans</b>				
Indian rupee loan from a party other than banks (unsecured)	2018	1,500.0	1,500.0	1,500.0
Foreign currency loan from a party other than banks (unsecured)	2017	-	1,325.1	4,048.9
<b>From other parties</b>				
Indian rupee loan from a party other than banks (secured)	2023	551.9	183.5	-
<b>Total non-current borrowings</b>		<b>5,751.9</b>	<b>6,708.6</b>	<b>9,248.9</b>
<b>Current borrowings</b>				
<b>Loan payable on demand (from Bank)</b>				
Working capital loan from a bank (unsecured)	2016	-	700.0	-
<b>Current maturity of term loans</b>				
Foreign currency loan from a party other than banks (unsecured)	2017	1,301.2	2,981.5	3,737.5
<b>Total current borrowings</b>		<b>1,301.2</b>	<b>3,681.5</b>	<b>3,737.5</b>
Less : Amount disclosed under the head "Other current financial liabilities" (refer note 19)		(1,301.2)	(2,981.5)	(3,737.5)
<b>Net current borrowings</b>		<b>-</b>	<b>700.0</b>	<b>-</b>
<b>The above amount includes</b>				
Aggregated secured borrowings		551.9	183.5	-
Aggregated unsecured borrowings		6,501.2	10,206.6	12,986.4
<b>Net amount</b>		<b>7,053.1</b>	<b>10,390.1</b>	<b>12,986.4</b>

**(a) Debentures**

10.4% Debentures (listed at BSE Limited) are redeemable at par in three tranches of ₹ 1,250.0 million, ₹ 1,250.0 million and ₹ 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 amounting to ₹ 1,500.0 million (31 March 2016: ₹ 1,500.0 million, 1 April 2015: ₹ 1,500.0 million) on unsecured basis. This is repayable on completion of 5 years from the date of drawdown of the respective tranches. Interest rate in respect of this borrowings is 10.5% p.a. for the year ended 31 March 2017, 31 March 2016 and 1 April 2015.

- (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 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 2017 and 31 March 2016.

**(c) Foreign currency loan from a party other than banks :**

The Company has availed foreign currency term loan in the form of External Commercial Borrowing (ECB) in US Dollars from the parent company Cementum I.B.V. outstanding USD 20 million equivalent to ₹ 1,301.2 million (31 March 2016: USD 65 million equivalent to ₹ 4,306.6 million, 1 April 2015: USD 125 million equivalent to ₹ 7,786.4 million) on unsecured basis at a rate linked to LIBOR. The loan is repayable after a period of 5 years from the date of drawdown of the respective tranches. Exposure of fluctuation in foreign currency and LIBOR rate have been hedged through a Cross Currency Interest Rate Swap agreement with a bank whereby Company's liability of repayment of loan is converted and fixed in Indian rupees and interest rate is fixed for the entire duration of such loans. Interest rate in this borrowings is in range of 7.65% p.a to 9.55% p.a for the period ended 31 March 2017, 31 March 2016 and 1 April 2015.

**14. OTHER NON-CURRENT FINANCIAL LIABILITIES**

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
Trade payables	62.0	30.2	29.3
	<b>62.0</b>	<b>30.2</b>	<b>29.3</b>

**15. PROVISIONS**

**Non-current provisions**

Provision for mine reclamation expenses (refer note 32 (c) (iii))	-	-	29.8
Provision for gratuity (refer note 33)	217.1	191.6	172.0
	<b>217.1</b>	<b>191.6</b>	<b>201.8</b>

**Current provisions**

Provision for litigations (refer note 32 (c) (ii))	2,049.5	1,972.7	1,828.0
Provision for leave benefits	70.2	63.6	60.1
Provision for wealth tax	-	-	0.1
Provision for gratuity (refer note 33)	25.0	19.4	20.2
Provision for mine reclamation expenses (refer note 32 (c) (iii))	16.4	16.7	-
	<b>2,161.1</b>	<b>2,072.4</b>	<b>1,908.4</b>

**16. GOVERNMENT GRANTS**

Balance as per last financial statements	145.6	-	-
Received during the year	272.8	145.6	-
Released to statement of profit & loss	(30.5)	-	-
<b>Closing balance</b>	<b>387.9</b>	<b>145.6</b>	<b>-</b>
Current	59.8	20.8	-
Non-current	328.1	124.8	-

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 2017 and 31 March 2016 are:

<b>Statement of Profit or loss :</b>	<b>31 March 2017 ₹ in Million</b>	<b>31 March 2016 ₹ in Million</b>
<b>Current income tax:</b>		
Current income tax charge	239.5	107.5
Adjustments in respect of current income tax of previous year	2.0	5.0
<b>Deferred tax:</b>		
Relating to origination and reversal of temporary differences	132.7	(12.6)
<b>Income tax expense reported in the statement of profit or loss</b>	<b>374.2</b>	<b>99.9</b>
<b>Other comprehensive income:</b>		
<b>Deferred tax related to items recognised in OCI during the year:</b>		
Net loss/(gain) on remeasurements of defined benefit plans	(8.4)	(2.1)
Net (gain)/loss on revaluation of cash flow hedges	(13.7)	(37.0)
<b>Income tax charged to OCI</b>	<b>(22.1)</b>	<b>(39.1)</b>
<b>Reconciliation of tax expense and the accounting profit multiplied by India's tax rate for 31 March 2017 and 31 March 2016:</b>	<b>31 March 2017 ₹ in Million</b>	<b>31 March 2016 ₹ in Million</b>
<b>Accounting profit before income tax</b>	1,136.3	453.8
<b>At India's statutory income tax rate of 34.61% (31 March 2016: 34.61%)</b>	393.3	157.0
Adjustments in respect of current income tax of previous years	(1.3)	11.5
Deductible expenses for tax purposes	(26.5)	(78.2)
<b>Non-deductible expenses for tax purposes:</b>		
Corporate social responsibility expenditure	3.3	3.6
Other non-deductible expenses	5.4	6.0
<b>At the effective income tax rate of 32.93% (31 March 2016: 22.02%)</b>	<b>374.2</b>	<b>99.9</b>
<b>Income tax expense reported in the statement of profit and loss</b>	<b>374.2</b>	<b>99.9</b>

<b>Deferred tax liability</b>	<b>31 March 2017 ₹ in Million</b>	<b>31 March 2016 ₹ in Million</b>	<b>1 April 2015 ₹ in Million</b>
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization charged for the financial reporting	2,634.8	2,337.1	1,957.9
Impact of expenditure allowed for tax purposes on payment basis but not charged to statement of profit & loss	140.6	140.6	140.6
Others	-	14.1	37.3
<b>Gross deferred tax liabilities</b>	<b>2,775.4</b>	<b>2,491.8</b>	<b>2,135.8</b>

<b>Deferred tax asset</b>	<b>31 March 2017 ₹ in Million</b>	<b>31 March 2016 ₹ in Million</b>	<b>1 April 2015 ₹ in Million</b>
Unused tax credits (MAT credit entitlement)	587.0	345.5	233.0
Unabsorbed depreciation/ carry forward tax losses	1,284.9	1,382.1	1,099.8
Impact of expenditure charged to statement of profit and loss but allowable for tax purposes on payment basis	346.7	333.5	320.4
Provision for doubtful debts and advances	11.3	11.3	11.5
Others	15.5	-	-
<b>Gross deferred tax asset</b>	<b>2,245.4</b>	<b>2,072.4</b>	<b>1,664.7</b>
<b>Net deferred tax liability</b>	<b>530.0</b>	<b>419.4</b>	<b>471.1</b>

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.

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
<b>Reconciliation of deferred tax liabilities (net):</b>		
<b>Opening balance</b>	419.4	471.1
Tax (income)/expense during the year recognised in statement of profit or loss	132.7	(12.6)
Tax (income)/expense during the year recognised in OCI	(22.1)	(39.1)
<b>Closing balance</b>	<b>530.0</b>	<b>419.4</b>

## 18. TRADE PAYABLES

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
Trade payables (refer note a)	1,842.0	1,760.0	1,864.7
Trade payables to related parties (refer note d)	72.1	99.6	45.2
	<b>1,914.1</b>	<b>1,859.6</b>	<b>1,909.9</b>

## 19. OTHER CURRENT FINANCIAL LIABILITIES

Current maturities of long-term borrowings (refer note b)	1,301.2	2,981.5	3,737.5
Interest accrued but not due on borrowings (refer note b)	141.2	161.0	163.3
Trade and other deposits (refer note b and c)	1,320.1	1,201.4	933.4
Interest accrued on security deposits (refer note b and c)	22.3	31.3	26.9
Payable against purchase of property, plant and equipment	35.2	233.9	220.3
	<b>2,820.0</b>	<b>4,609.1</b>	<b>5,081.4</b>

### Terms and conditions of the above financial liabilities:

- Trade payables are non-interest bearing and are normally settled within 0 to 60 day terms.
- Other current financial liabilities are generally interest bearing and have an average term of six months for borrowings and one year for deposits.
- Interest payable is normally settled quarterly/half yearly/yearly throughout the financial year.
- For terms and conditions with related parties, refer to Note 31.

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million	1 April 2015 ₹ in Million
<b>Break up of financial liabilities carried at amortised cost</b>			
Borrowings (non-current) (note 13)	5,200.0	6,525.1	9,248.9
Borrowings (current) (note 13)	-	700.0	-
Trade payables (note 18)	1,914.1	1,859.6	1,909.9
Trade payables (note 14)	62.0	30.2	29.3
Current maturity of long term borrowings (note 19)	1,301.2	2,981.5	3,737.5
Other current financial liabilities (Note 19)	1,518.8	1,627.6	1,343.9
	<b>9,996.1</b>	<b>13,724.0</b>	<b>16,269.5</b>

### Break up of financial liabilities carried at fair value through profit or loss

Borrowings (non-current) (note 13)	551.9	183.5	-
	<b>551.9</b>	<b>183.5</b>	<b>-</b>

**20. OTHER CURRENT LIABILITIES**

Advance from customers	420.3	261.0	241.5
Withholding income tax (TDS) payable	30.0	44.8	39.3
Value added tax/ sales tax payable	69.9	96.9	97.5
Excise and service tax payable	18.8	33.7	20.0
Other statutory dues	23.8	23.9	45.5
	<b>562.8</b>	<b>460.3</b>	<b>443.8</b>

**21. REVENUE FROM OPERATIONS**

	<b>31 March 2017</b> ₹ in Millions	<b>31 March 2016</b> ₹ in Millions
<b>Sale of products</b>		
Cement	19,689.7	18,769.5
Clinker	30.3	187.5
	<b>19,720.0</b>	<b>18,957.0</b>
<b>Other operating revenue</b>		
VAT incentive (refer note 35)	230.9	151.7
Scrap sales	55.2	35.1
Miscellaneous income	12.4	15.4
	<b>298.5</b>	<b>202.2</b>
<b>Revenue from operations</b>	<b>20,018.5</b>	<b>19,159.2</b>

Sale of goods includes excise duty collected from customers of ₹ 2,843.9 million (31 March 2016: ₹ 2,675.7 million). Sale of goods net of excise duty is ₹ 16,876.1 million (31 March 2016: ₹ 16,281.3 million)

**22. OTHER INCOME**

	<b>31 March 2017</b> ₹ in Million	<b>31 March 2016</b> ₹ in Million
Interest income on other deposits	23.7	37.5
Interest income on bank deposits	8.1	107.6
Government grants	30.5	-
Rent	2.7	3.3
Provisions/ liabilities no longer required written back	169.4	69.6
Profit on sale of property, plant and equipment (net)	1.4	6.4
Exchange differences (net)	1.1	-
	<b>236.9</b>	<b>224.4</b>

**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 2017 ₹ in Million	31 March 2016 ₹ in Million
Inventory at the beginning of the year	113.8	189.9
Add: Purchases	3,273.8	3,351.7
	<b>3,387.6</b>	<b>3,541.6</b>
Less: inventory at the end of the year	(127.7)	(113.8)
<b>Cost of raw material consumed</b>	<b>3,259.9</b>	<b>3,427.8</b>

**24. (INCREASE)/ DECREASE IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS**

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
<b>Inventories at the end of the year</b>		
Work-in-progress	408.2	688.9
Finished goods	399.2	465.1
	<b>807.4</b>	<b>1,154.0</b>
<b>Less: Inventories at the beginning of the year</b>		
Work-in-progress	688.9	739.4
Finished goods	465.1	321.2
	<b>1,154.0</b>	<b>1,060.6</b>
	<b>346.6</b>	<b>(93.4)</b>

**25. EMPLOYEE BENEFIT EXPENSE\***

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
Salary, wages and bonus	1,009.5	913.6
Contribution to provident and other funds	59.7	59.9
Gratuity expense (refer note 33)	30.9	31.7
Staff welfare expenses	47.5	45.0
	<b>1,147.6</b>	<b>1,050.2</b>

**26. DEPRECIATION AND AMORTIZATION EXPENSE**

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
Depreciation of tangible assets	979.9	983.2
Amortization of intangible assets	11.6	14.6
	<b>991.5</b>	<b>997.8</b>

**27. FINANCE COSTS\***

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
Interest:		
on borrowings	801.9	1,007.3
others	78.3	62.2
Unwinding of discount and effect of changes in discount rate on provisions (Note 32 (c) (iii))	2.4	3.3
Bank charges and guarantee commission	15.1	11.7
	<b>897.7</b>	<b>1,084.5</b>

\* Directly attributable income/expenses in relation to project under construction have been transferred to capital work in progress (refer note 42).

**28. OTHER EXPENSES\***

	31 March 2017 ₹ in Million	31 March 2016 ₹ in Million
Consumption of stores and spares	612.8	661.8
Freight and forwarding	2,392.2	2,323.6
(Increase) / decrease of excise duty on inventory	(10.2)	30.0
Power and fuel	4,292.7	4,520.4
Rent	32.0	29.8
Repairs and maintenance		
- Buildings	55.9	54.8
- Plant and machinery	219.9	201.5
- Others	9.6	4.3
Insurance	14.1	12.8
Rates and taxes	610.4	589.3
Travelling expenses	79.7	67.0
Directors fees	1.8	1.7
Payment to auditor		
As auditor:		
Audit fees	7.5	9.4
Tax audit fees	0.5	0.5
Limited reviews	2.9	2.9
Reimbursement of expenses	0.6	0.9
Legal and professional expenses	39.0	30.3
Technical know how fees	170.0	170.0
Printing and stationery	8.5	9.4
Communication expenses	77.5	78.6
Advertisement and publicity expenses	147.0	153.2
Commission on sale	612.9	607.1
Cement handling expenses	107.8	96.7
Property, plant and equipment written off	9.1	2.6
Sundry balances written off	1.7	1.1
Loss on foreign currency transactions	-	0.4
Corporate social responsibility expenses	9.4	10.3
Miscellaneous expenses	126.6	116.8
	<b>9,631.9</b>	<b>9,787.2</b>

**29. EARNINGS PER SHARE (EPS)**

	31 March 2017 ₹ in Million	31 March 2016 ₹ 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	762.1	353.9
<b>Net profit for calculation of basic /Diluted EPS</b>	<b>762.1</b>	<b>353.9</b>
	<b>No in Million</b>	<b>No in Million</b>
Weighted average number of equity shares in calculating Basic/ Diluted EPS	<b>226.6</b>	<b>226.6</b>
<b>Basic and diluted EPS</b>	<b>3.36</b>	<b>1.56</b>

\* Directly attributable income/expenses in relation to project under construction have been transferred to capital work in progress (refer note 42).



**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 38 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	Cementum I.B.V
Fellow subsidiaries	HeidelbergCement Asia Pte Ltd Cochin Cements Limited Zuari Cement Limited

##### II. Related Parties with whom transaction have taken place

##### Key management personnel

Mr. Sushil Kumar Tiwari, Whole Time Director  
Mr. P.G. Mankad, Independent Director  
Dr. Albert Scheuer, Non-Executive Director  
Mr. Kevin Gerard Gluskie, Non-Executive Director  
Mr. S. Krishna Kumar, Independent Director  
Mr. Pradeep V. Bhide, Independent Director  
Ms. Soek Peng Sim, Non-Executive Director  
Mr. Juan-Francisco, Non-Executive Director  
Mr. Jamshed Naval Cooper, Managing Director  
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 2017	31 March 2016	31 March 2017	31 March 2016
<b>Transactions with Cementum I B.V.:</b>				
-Interest on ECB	115.0	236.6	-	-
-ECB repaid	2,125.3	2,752.6	-	-
<b>Transactions with HeidelbergCement AG:</b>				
- Payroll cost reimbursed	0.3	4.4	-	-
- Group Overhead Recharge	3.8	5.1	-	-
- End-user workstation charges	57.2	61.0	-	-
-Interest on ECB & Debentures	541.5	543.5	-	-
<b>Transactions with Cochin Cements Limited:</b>				
- Sale of Clinker	-	-	23.3	81.9
- Expenses Recovered	-	-	10.3	34.0
<b>Transactions with Zuari Cement Limited</b>				
- Purchase of Clinker	-	-	33.6	-
<b>Transactions with HeidelbergCement Asia Pte Limited:</b>				
- Technical Know How Fee	-	-	170.0	170.0

Particulars	Enterprises where controls exists			Fellow Subsidiaries		
	31-Mar-17	31-Mar-16	1-Apr-15	31-Mar-17	31-Mar-16	1-Apr-15
<b>Receivable</b>						
- Cochin Cements Limited	-	-	-	-	35.5	18.7
<b>Payable</b>						
- HeidelbergCement AG	20.2	23.1	6.9	-	-	-
- HeidelbergCement Asia Pte Limited	-	-	-	38.3	76.5	38.3
- Zuari Cement Limited	-	-	-	13.6	-	-
<b>Loans taken</b>						
-Cementum I.B.V	1,301.2	4,306.6	7,786.4	-	-	-
- HeidelbergCement AG	1,500.0	1,500.0	1,500.0	-	-	-
<b>Issue of debenture</b>						
- HeidelbergCement AG	3,700.0	3,700.0	3,700.0	-	-	-
<b>Interest accrued but not due on ECB loan</b>						
-Cementum I.B.V	16.3	35.3	39.2	-	-	-
- HeidelbergCement AG	20.2	20.2	19.4	-	-	-
<b>Interest accrued but not due on debenture</b>						
- HeidelbergCement AG	104.7	105.5	104.7	-	-	-

### 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. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). 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 2017 ₹ in million	31 March 2016 ₹ in million
Short-term employee benefits	53.2	32.8
Post-employment gratuity and medical benefits	-	-
Termination benefits	2.9	2.9
<b>Total compensation paid to key management personnel</b>	<b>56.1</b>	<b>35.7</b>

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 director are not included above.

### Loans from related parties

#### a) Foreign currency loan from a party other than banks :

The Company has availed foreign currency term loan in the form of External Commercial Borrowing (ECB) in US Dollars from the parent company Cementum I.B.V. outstanding USD 20 million equivalent to ₹ 1,301.2 million (31 March 2016: USD 65 million equivalent to ₹ 4,306.6 million, 1 April 2015: USD 125 million equivalent to ₹ 7,786.4 million) on unsecured basis at a rate linked to LIBOR. The loan is repayable after a period of 5 years from the date of drawdown of the respective tranches. Exposure of fluctuation in foreign currency and LIBOR rate have been hedged through a Cross Currency Interest Rate Swap agreement with a bank whereby Company's liability of repayment of loan is converted and fixed in Indian rupees and interest rate is fixed for the entire duration of such loans.

#### b) 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 amounting to ₹ 1,500.0 million (31 March 2016: ₹ 1,500.0 million, 1 April 2015: ₹ 1,500.0 million) on unsecured basis. This is repayable on completion of 5 years from the date of drawdown of the respective tranches.

#### c) Debentures

10.4% Debentures (listed at BSE Limited) are redeemable at par in three tranches of ₹ 1,250.0 million, ₹ 1,250.0 million and ₹ 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.

## 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) ₹ 95.7 million (31 March 2016: ₹ 105.5 million, 1 April 2015: ₹ 623.7 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 ₹ 10.4 million (31 March 2016: ₹ 19.3 million, ) in respect of cancellable operating leases and ₹ 21.6 million (31 March 2016: ₹ 10.8 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:

(₹ in million)

S. No.	Particulars	31 March 2017	31 March 2016	1 April 2015
(i)	Not later than one year;	12.9	12.2	4.7
(ii)	Later than one year and not later than five years;	6.1	18.3	-
(iii)	Later than five years;	-	-	-

Out of the total rent recognised, ₹ Nil (31 March 2016: ₹ 0.3 million) relating to residential accommodation provided to the employees has been shown under Employee benefit expenses.

**(c) Contingencies and Provision for litigations**
**(i) Contingent liabilities not provided for**

(₹ in million)

Particulars	31 March 2017	31 March 2016	1 April 2015
(a) Claims against the company not acknowledged as debt	117.5	113.7	109.2
(b) Other money for which the company is contingently liable:			
-Excise Duty/ Service Tax/ CENVAT Credit	70.3	93.7	104.1
-Sales Tax/ Trade Tax/ Entry Tax	131.7	135.6	135.7
-Income Tax	46.5	31.0	12.4
-Differential Royalty on Limestone*	-	2,492.2	2,505.1
<b>Total</b>	<b>366.0</b>	<b>2,866.2</b>	<b>2,866.5</b>

\*The Company had filed writ petition against the order of the Madhya Pradesh State Mining Department (referred as 'department') towards payment of additional royalty on limestone based on the ratio of 1.6 tonnes of limestone to 1 tonne of cement produced. The Company holds the view that the payment of royalty on limestone is correctly made based on the actual quantity of limestone extracted from the mining area. All writ petitions & writ appeals filed by the cement manufacturers regarding Royalty have been disposed off by Madhya Pradesh High Court vide its Order dated 8th July 2014 and it has quashed and set aside the department's contention to use notional conversion factor of 1.6 instead of actual consumption. Further, The Mineral resource Department, Government of Madhya Pradesh has issued direction to its collectors vide letter dated July 19, 2016 for assessment of royalty on limestone which required royalty calculation based on 1.6 tonnes of Limestone per tonne of clinker in case no weighbridge/ beltometer is installed. The Company has commenced the process of getting the reassessment done.

The management believes that chances of earlier reported contingent liability of ₹ 2,492.2 million to crystallize as remote.

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**

(₹ in million)

Particulars	Balance as at 1 April 2016	Additions during the year charged to respective expenses head	Amounts reversed during the year	Balance as on 31 March 2017
Trade Tax/Sales Tax/VAT	19.7	-	-	<b>19.7</b>
	(55.2)	(2.0)	(37.5)	(19.7)
Entry Tax	1,705.8	196.2	140.0	<b>1,762.0</b>
	(1,549.3)	(234.3)	(77.8)	(1,705.8)
Provision taken for Cess on Captive Power	86.8	-	-	<b>86.8</b>
	(86.8)	(-)	(-)	(86.8)
Rural Infrastructure and Road Development tax, Madhya Pradesh	124.2	21.9	-	<b>146.1</b>
	(101.1)	(23.1)	(-)	(124.2)
Environment protection fees, Karnataka	14.5	-	-	<b>14.5</b>
	(14.5)	(-)	(-)	(14.5)
Other Litigations	21.7	0.6	1.9	<b>20.4</b>
	(21.1)	(0.6)	(-)	(21.7)
<b>TOTAL</b>	<b>1,972.7</b>	<b>218.7</b>	<b>141.9</b>	<b>2,049.5</b>
	(1,828.0)	(260.0)	(115.3)	(1,972.7)

**Note:** Figures in brackets are for the previous period.

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

(₹ in million)

Particulars	31 March 2017	31 March 2016
Opening provision	<b>16.7</b>	29.9
Add: Provision made during the period	-	-
Add: Unwinding of discount and effect of changes in discount rate on provisions	<b>2.4</b>	3.3
Less: Provision utilised during the period	<b>2.7</b>	16.5
Closing provision	<b>16.4</b>	16.7

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:-

(₹ in million)

Particulars	Mar-17	Mar-16
Current service cost	17.8	17.8
Interest cost on benefit obligation	22.6	23.2
Expected return on plan assets	(9.5)	(9.3)
Defined benefit cost included in Statement of Profit & Loss	30.9	31.7

(₹ in million)

Particulars	Mar-17	Mar-16
Remeasurement recognised in other comprehensive income		
- changes in financial assumptions	26.2	9.5
- change in experience adjustments	(3.3)	(10.7)
-(Return) on plan asset (excluding interest income)	1.4	7.2
<b>Amount recognised in OCI</b>	<b>24.3</b>	<b>6.1</b>

**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*

(₹ in million)

Particulars	Gratuity	
	Mar-17	Mar-16
Balance at the beginning of the year	325.7	306.2
Current service cost	17.8	17.8
Interest cost on benefit obligation	22.6	23.2
Actuarial (gains) losses recognised in other comprehensive income		
- changes in financial assumptions	26.2	9.5
- experience adjustments	(3.3)	(10.7)
Benefit paid	(32.0)	(20.3)
Balance at the end of the year	357.0	325.7

*Reconciliation of the present value of plan assets*

(₹ in million)

Particulars	Gratuity	
	Mar-17	Mar-16
Balance at the beginning of the year	114.7	114.0
Expected return	9.5	9.3
Contribution by employer	24.1	18.9
Return on plan assets recognised in other comprehensive income	(1.4)	(7.2)
Benefits paid	(32.0)	(20.3)
Balance at the end of the year	114.9	114.7

*Details of Provision for gratuity*

(₹ in million)

Particulars	Gratuity	
	Mar-17	Mar-16
Present value of defined benefit obligation	357.0	325.7
Present value of plan assets	(114.9)	(114.7)
Net defined benefit liability	242.1	211.0

**(iii) Plan assets**

The major categories of plan assets of the fair value of total plan assets are as follows:

Particulars	31 March 2017(%)	31 March 2016 (%)	1 April 2015 (%)
Investments with insurer	96.58	97.95	98.03
Investments in government bonds	0.08	0.08	0.09
Bank balance	3.34	1.97	1.88
<b>Total</b>	<b>100.00</b>	<b>100.00</b>	<b>100.00</b>

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 2017	31 March 2016	1 April 2015
Discount rate	6.85%	7.50%	8.10%
Salary increase rate	7.50%	6.50%	8.50%
Attrition rate	5.00%	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:

(₹ in million)

Gratuity Plan	Sensitivity level		Impact on DBO	
	31 March 2017	31 March 2016	31 March 2017	31 March 2016
<b>Assumptions</b>				
Discount rate	0.5%	0.5%	(8.8)	(7.7)
	-0.5%	-0.5%	9.3	8.1
Future salary increases	0.5%	0.5%	8.4	7.4
	-0.5%	-0.5%	(8.0)	(7.1)

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:

(₹ in million)

	31 March 2017	31 March 2016
Within the next 12 months (next annual reporting period)	53.8	47.3
Between 2 and 5 years	206.9	202.8
Beyond 5 years	219.6	203.2

The average duration of the defined benefit plan obligation at the end of the reporting period is 5 years (31 March 2016: 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, 2017 and 31 March, 2016 and 1 April, 2015 respectively.

The details of the fund and plan assets position are as follows:

(₹ in million)

	31 March 2017	31 March 2016	1 April 2015
Plan assets at year end, at fair value	235.6	212.4	196.5
Present value of defined obligation at year end	182.8	171.2	167.3
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 2017	31 March 2016	1 April 2015
Discount rate	6.85%	7.65%	7.81%
Expected guaranteed interest rate	8.65%	8.70%	8.75%
Expected Rate of Return on Asset	9.21%	9.41%	9.22%

**C) CONTRIBUTION TO DEFINED CONTRIBUTION PLANS INCLUDED UNDER HEAD 'CONTRIBUTION TO PF AND OTHER FUNDS' UNDER NOTE 25 'EMPLOYEE BENEFIT EXPENSES'**

(₹ in million)

Particulars	31 March 2017	31 March 2016
Provident Fund	48.8	48.6
Other Post Employment Funds	4.8	4.9
<b>Total</b>	<b>53.6</b>	<b>53.5</b>

- 34** As per Micro, Small and Medium Enterprises Act, 2006, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers. As per the information available with the Company, none of the creditors fall under the definition of "Supplier" as per Section 2(n) of the Act. In view of this prescribed disclosures under Section 22 of the Act are not required to be made in the financial statements.

**35 SALES AND ENTRY TAX BENEFIT**

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 on sales for a period of 10 years within the state of Madhya Pradesh in respect of the increased production facility.

- 36** Capital advances include 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 timelines 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 2017 vacated the aforesaid stay/injunction. The company invoked the Bank guarantee and recovered the advance payment amount 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 matter is at the stage of cross-examination of the Company witnesses.

## 37. 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 ₹ 1.6 million (31 March 2016: ₹ 1.6 million).

- b). Amount spent during the year ending on 31 March 2017

(₹.in million)

S.N	Particulars	Amount incurred	Amount yet to be paid	Total
(i)	Construction/acquisition of any asset	4.3	-	4.3
(ii)	On purposes other than (i) above	5.1	-	5.1
	<b>Total</b>	<b>9.4</b>	<b>-</b>	<b>9.4</b>

- c). Amount spent during the period ended on 31 March 2016

(₹.in million)

S.N	Particulars	Amount incurred	Amount yet to be paid	Total
(i)	Construction/acquisition of any asset	9.6	-	9.6
(ii)	On purposes other than (i) above	0.7	-	0.7
	<b>Total</b>	<b>10.3</b>	<b>-</b>	<b>10.3</b>

## 38 FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company has exposure to the following risks arising from financial instruments:

- credit risk (see 38(ii));
- liquidity risk (see 38 (iii)); and
- market risk (see 38 (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 counterparty 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 counterparty.

#### 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 counterparty 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 have total exposure in sales 0.04% (31 March 2016: 0.05%) and in receivables 4.9% (31 March 2016: 3.7%, 1 April 2015: 6.0%).

### 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 18% of the Company's debt will mature in less than one year at 31 March 2017 (31 March 2016: 35%, 1 April 2015: 29%) 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.

(₹ in million)

	Less than one year	1 to 5 years	> 5 years	Total
<b>Year ended</b>				
<b>31-Mar-17</b>				
Borrowings	-	5,200.0	551.9	5,751.9
Other financial liabilities	2,820.0	62.0	-	2,882.0
Trade and other payables	1,914.1	-	-	1,914.1
	<b>4,734.1</b>	<b>5,262.0</b>	<b>551.9</b>	<b>10,548.0</b>
<b>Year ended</b>				
<b>31-Mar-16</b>				
Borrowings	700.0	5,325.1	1,383.5	7,408.6
Other financial liabilities	4,609.1	30.2	-	4,639.3
Trade and other payables	1,859.6	-	-	1,859.6
	<b>7,168.7</b>	<b>5,355.3</b>	<b>1,383.5</b>	<b>13,907.5</b>
<b>As at 1 April 2015</b>				
Borrowings	-	6,798.9	2,450.0	9,248.9
Other financial liabilities	5,081.4	29.3	-	5,110.7
Trade and other payables	1,909.9	-	-	1,909.9
	<b>6,991.3</b>	<b>6,828.2</b>	<b>2,450.0</b>	<b>16,269.5</b>

**(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 2017 and 31 March 2016, 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 has a cross currency interest rate swap agreement with a bank for ECB Loan of USD 20,000,000 (31 March 2016: USD 65,000,000) whereby the Company pays a fixed rate of interest for various tranches of loan and receives a variable rate linked to LIBOR. The swap is being used to hedge the ECB loan taken on floating interest rate linked to LIBOR.

The loss on reinstatement of bank borrowings up to year end amounting to ₹ 206.7 million (up to 31 March 2016: ₹ 1,086.8 million) has been charged off to Statement of profit and loss and offset with a similar gain on increase in fair value of Derivative Assets. The Company has closing derivative assets of ₹ 186.5 million (31 March 2016: ₹ 1,082.7 million) which is presented under financial assets in Note 5. Effective portion of cash flow hedge and differential accrued interest amounting to Rs.(-) 2.5 million (31 March 2016: ₹ 37.2 million) has been taken to "cash flow hedge reserve" under other equity in Note 12.

**Cross currency interest rate swap outstanding as at Balance Sheet date**

Particulars	Currency	Mar-17	Mar-16	Purpose
Cross Currency Interest rate Swap	USD	20,000,000	65,000,000	For hedging payment of ECB foreign currency loan and interest thereon.
Forward Contract	USD	-	1,723,560	For hedging payment against import of capital goods.

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-17			31-March-16		
		Amount in foreign currency	Exchange Rate	₹ in million	Amount in foreign currency	Exchange Rate	₹ in million
Trade Payables	USD	166,691.8	65.1	10.8	95,980.0	66.25	6.4
	EUR	273,389.3	69.3	18.9	121,717.5	75.39	9.2
	CHF	10,550.0	68.1	0.7	-	-	-

### Foreign currency sensitivity on unhedged exposure:

1% increase in foreign exchange rates will have the following impact on profit before tax:

(₹ in million)

Particulars	31-March-17	31-March-16
USD	(0.2)	(0.0)
EUR	(0.2)	(0.1)
CHF	(0.0)	-

**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.

## 39 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.

(₹ in million)

		31-Mar-17	31-Mar-16	01-Apr-15
Borrowings (Non-current and Current)		5,751.9	7,408.6	9,248.9
Government grants (Non-current and Current)		387.9	145.6	0.0
Current maturity of long term borrowings		1,301.2	2,981.5	3,737.5
Less: Cash and cash equivalents		-142.0	-77.7	1,462.6
<b>Net debt</b>	<b>(A)</b>	<b>7,299.0</b>	<b>10,458.0</b>	<b>14,449.0</b>
Equity	<b>(B)</b>	9,669.5	8,949.3	8,669.5
<b>Capital and net debt</b>	<b>(C)=(A)+(B)</b>	<b>16,968.5</b>	<b>19,407.3</b>	<b>23,118.5</b>
Gearing ratio	<b>(D)=(A)/(C)</b>	<b>43</b>	<b>54</b>	<b>62</b>

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 2017 and 31 March 2016.

#### **40. FIRST-TIME ADOPTION OF IND AS**

These financial statements, for the year ended 31 March 2017, are the first the company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

##### **Exemptions applied**

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has applied the following exemptions:

##### **a) Deemed Cost for PPE and Intangible assets**

Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition after making necessary adjustment for de-commissioning liabilities. This exemption has been used for intangible assets covered by Ind AS 38, Intangible assets and investment property covered by Ind AS 40 investment properties.

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognized as at April 1, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of property, plant and equipment and intangible assets.

##### **b) Business Combination**

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a specific date prior to the transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to the transition date. The company elected to apply Ind AS 103 prospectively to business combinations occurring after its transition date. Business combinations occurring prior to the transition date have not been restated.

##### **Ind AS mandatory exceptions**

##### **c) Hedge accounting**

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria as of 1 April 2015 are reflected as hedges.

The Company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the entity had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the Company continues to apply hedge accounting on and after the date of transition to Ind AS.

##### **d) Estimates**

An Entity's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustment to reflect any difference in accounting policies), unless there is objective evidence that those estimates are in error.

Ind AS estimates as at 1 April, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.



### Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

#### Reconciliation of equity as at 31 March 2016 and as at 1 April 2015 (date of transition to Ind AS)

(₹ In million)

Particulars	Notes to First time adoption	Balance Sheet as at 31 March 2016			Opening Balance Sheet as at 1 April 2015		
		Previous GAAP	Effect of transition to Ind-AS	Ind AS	Previous GAAP	Effect of transition to Ind-AS	Ind AS
<b>Assets</b>							
<b>Non-current assets</b>							
Property, plant and equipment	A	18,998.1	-23.1	18,975.0	17,888.1	-23.7	17,864.4
Capital work-in-progress		560.5	-	560.5	1,274.2	-	1,274.2
Intangible assets		36.9	-	36.9	49.6	-	49.6
Financial assets							
Security deposits		356.6	-	356.6	319.1	-	319.1
Derivative instruments		274.6	-	274.6	1,033.7	-	1,033.7
Other non-current assets	A, D	649.3	-324.0	325.3	604.3	-210.9	393.4
		<b>20,876.0</b>	<b>-347.1</b>	<b>20,528.9</b>	<b>21,169.0</b>	<b>-234.6</b>	<b>20,934.4</b>
<b>Current assets</b>							
Inventories		1,782.1	-	1,782.1	1,910.0	-	1,910.0
Financial assets							
Security deposits		28.2	-	28.2	26.4	-	26.4
Derivative instruments		808.1	-	808.1	862.9	-	862.9
Trade receivables		257.6	-	257.6	191.4	-	191.4
Cash and cash equivalents		77.7	-	77.7	1,462.6	-	1,462.6
Other financial assets		19.4	-	19.4	11.0	-	11.0
Other current assets	A	2,642.5	1.6	2,644.1	2,563.8	1.6	2,565.4
		<b>5,615.6</b>	<b>1.6</b>	<b>5,617.2</b>	<b>7,028.1</b>	<b>1.6</b>	<b>7,029.7</b>
<b>Total assets</b>		<b>26,491.6</b>	<b>-345.5</b>	<b>26,146.1</b>	<b>28,197.1</b>	<b>-233.0</b>	<b>27,964.1</b>
<b>Equity and liabilities</b>							
<b>Equity</b>							
Equity share capital		2,266.2	-	2,266.2	2,266.2	-	2,266.2
Other equity	J	6,690.0	-6.9	6,683.1	6,449.4	-46.1	6,403.3
		<b>8,956.2</b>	<b>-6.9</b>	<b>8,949.3</b>	<b>8,715.6</b>	<b>-46.1</b>	<b>8,669.5</b>
<b>Non-current liabilities</b>							
Financial liabilities							
Borrowings	B	6,860.9	-152.3	6,708.6	9,248.9	-	9,248.9
Other financial liabilities		30.2	-	30.2	29.3	-	29.3
Provisions	C	191.6	-	191.6	207.6	-5.8	201.8
Government grants	B	-	124.8	124.8	-	-	-
Deferred tax liabilities (net)	D	748.9	-329.5	419.4	652.2	-181.1	471.1
		<b>7,831.6</b>	<b>-357.0</b>	<b>7,474.6</b>	<b>10,138.0</b>	<b>-186.9</b>	<b>9,951.1</b>

Particulars	Notes to First time adoption	Balance Sheet as at 31 March 2016			Opening Balance Sheet as at 1 April 2015		
		Previous GAAP	Effect of transition to Ind-AS	Ind AS	Previous GAAP	Effect of transition to Ind-AS	Ind AS
<b>Current liabilities</b>							
Financial liabilities							
Borrowings		700.0	-	700.0	-	-	-
Trade payables		1,859.6	-	1,859.6	1,909.9	-	1,909.9
Other current financial liabilities		4,609.1	-	4,609.1	5,081.4	-	5,081.4
Other current liabilities		460.3	-	460.3	443.8	-	443.8
Government grants	<b>B</b>	-	20.8	20.8	-	-	-
Provisions	<b>C</b>	2,074.8	-2.4	2,072.4	1,908.4	-	1,908.4
		<b>9,703.8</b>	<b>18.4</b>	<b>9,722.2</b>	<b>9,343.5</b>	<b>-</b>	<b>9,343.5</b>
<b>Total liabilities</b>		<b>17,535.4</b>	<b>-338.6</b>	<b>17,196.8</b>	<b>19,481.5</b>	<b>-186.9</b>	<b>19,294.6</b>
<b>Total equity and liabilities</b>		<b>26,491.6</b>	<b>-345.5</b>	<b>26,146.1</b>	<b>28,197.1</b>	<b>-233.0</b>	<b>27,964.1</b>

**Reconciliation of total comprehensive income for the year ended 31 March 2016**

Particulars	Notes to First time adoption	Previous GAAP ₹ in Million	Effect of transition to Ind-AS ₹ in Million	Ind AS ₹ in Million
Revenue from operations (gross)		19,159.2	-	19,159.2
Less: Excise duty	<b>E</b>	(2,675.7)	2,675.7	-
Revenue from operations (net)		16,483.5	2,675.7	19,159.2
Other income		224.4	-	224.4
<b>Total Income (I)</b>		<b>16,707.9</b>	<b>2,675.7</b>	<b>19,383.6</b>
<b>Expenses</b>				
Cost of raw material consumed		3,427.8	-	3,427.8
Increase in inventories of finished goods and work-in-progress		(93.4)	-	(93.4)
Excise duty on sale of goods	<b>E</b>	-	2,675.7	2,675.7
Employee benefits expense	<b>F</b>	1,056.3	(6.1)	1,050.2
Depreciation and amortization expense	<b>G, A</b>	940.0	57.8	997.8
Finance costs	<b>B, C</b>	1,087.9	(3.4)	1,084.5
Other expenses	<b>A</b>	9,785.6	1.6	9,787.2
<b>Total Expense (II)</b>		<b>16,204.2</b>	<b>2,725.6</b>	<b>18,929.8</b>
<b>Profit before tax</b>		<b>503.7</b>	<b>(49.9)</b>	<b>453.8</b>
<b>Tax expenses</b>				
Current tax		107.5	-	107.5
Current tax related to earlier years		5.0	-	5.0

Particulars	Notes to First time adoption	Previous GAAP ₹ in Million	Effect of transition to Ind-AS ₹ in Million	Ind AS ₹ in Million
Less: MAT credit entitlement	D	(112.5)	112.5	-
Net current tax expense		-	112.5	112.5
Deferred tax charge	D	117.2	(129.8)	(12.6)
<b>Total tax expense</b>		<b>117.2</b>	<b>(17.3)</b>	<b>99.9</b>
<b>Profit for the year</b>		<b>386.5</b>	<b>(32.6)</b>	<b>353.9</b>
<b>Other comprehensive income</b>	H			
Remeasurement gain/(losses) of net defined benefit plans	F	-	(6.1)	(6.1)
Income tax effect		-	2.1	2.1
		-	(4.0)	(4.0)
Net movement on cash flow hedge	I	-	(107.1)	(107.1)
Income tax effect		-	37.0	37.0
		-	(70.1)	(70.1)
<b>Other comprehensive income for the year, net of tax</b>		<b>-</b>	<b>(74.1)</b>	<b>(74.1)</b>
<b>Total comprehensive income for the year, net of tax</b>		<b>386.5</b>	<b>(106.7)</b>	<b>279.8</b>

### Impact of Ind AS adoption on the statements of cash flows for the year ended 31 March 2016

(₹ in million)

	Previous GAAP	Adjustment	Ind AS
Cash flow from operating activities	2,563.7	5.7	2,569.4
Cash flow from investing activities	(1,080.7)	1.0	(1,079.7)
Cash flow from financing activities	(2,867.9)	-6.7	(2,874.6)
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>(1,384.9)</b>	<b>-</b>	<b>(1,384.9)</b>
Cash and cash equivalents 1 April 2015	1,462.6	-	1,462.6
<b>Cash and cash equivalents 31 March 2016</b>	<b>77.7</b>	<b>-</b>	<b>77.7</b>

### NOTES TO THE RECONCILIATION OF EQUITY AS AT 1 APRIL 2015 AND 31 MARCH 2016 AND PROFIT OR LOSS FOR THE YEAR ENDED 31 MARCH 2016

#### A. Property, plant and equipment and Depreciation

Under IGAAP, Leasehold Land were classified as Fixed Assets as the standard on leases excluded Land. However, as per Ind AS 17, where the substantial risks and rewards incidental to ownership of an asset has not been transferred in the name of Company, the Company has classified such land under Operating Leases. The amount paid towards such leases has been shown as prepaid expenses under other current/non-current assets.

This change has resulted in decrease in property plant and equipment and increase in other current/non-current assets as on 31 March 2016 by ₹ 23.1 million (1 April 2015 ₹ 23.7 million)

In addition, this change has resulted in an increase in other expenses and decrease in depreciation expenses for the year ended 31 March 2016 by ₹ 1.6 million. There is no impact on the total equity and profit.

**B. Borrowings and Government Grant**

Ind AS 109 requires transaction costs incurred towards origination of borrowings to be deducted from the carrying amount of borrowings on initial recognition. These costs are recognised in the profit or loss over the tenure of the borrowing as part of the interest expense by applying the effective interest rate method.

Under previous GAAP, these transaction costs were charged to profit or loss as and when incurred. Accordingly, borrowings as at 31 March 2016 have been reduced by ₹ 6.7 million (1 April 2015: ₹ Nil) with a corresponding adjustment to retained earnings. The profit for the year ended 31 March 2016 increased by ₹ 6.7 million as a result of the lower finance cost. Further, the benefit of a government loan at below current market rate of interest amounting to Rs.145.6 million is treated as a government grant as on 31 March 2016 instead of recognizing as borrowings.

**C. Provisions**

Under the previous GAAP, discounting of provisions was not allowed. Under Ind AS, provisions are measured at discounted amounts, if the effect of time value is material. Accordingly, non-current provisions have been discounted to their present values. This change reduced the non-current provisions as at 1 April 2015 by ₹ 5.8 million and increased the current provisions as at 31 March 2016 by ₹ 3.3 million. Consequent to the same, the profit for the year ended 31 March 2016 reduced by ₹ 3.3 million and equity as at 31 March 2016 reduced by net of tax ₹ 2.2 million (equity as at 1 April 2015 increased by an ₹ 3.8 million).

**D. Deferred tax**

As various Ind AS transitional adjustments lead to temporary differences, therefore according to the Ind AS 12, the company has to account for such differences. Deferred tax adjustments are recognised in correlation to the underlying transaction either in retained earnings or a separate component of equity. The net impact on deferred tax liabilities (net of unused credit losses) as on 31 March 2016 is ₹ 329.5 million (1 April 2015: ₹ 181.1 million).

**E. Excise duty**

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year ended 31 March 2016 by ₹ 2,675.7 million. There is no impact on the total equity and profit.

**F. Remeasurements of post-employment benefit obligations**

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 6.1 million. There is no impact on the total equity as at 31 March 2016.

**G. Depreciation and amortization expense**

Pursuant to the applicability of Schedule II of The Companies Act, 2013 w.e.f. 1st April, 2015, the Company had reassessed the estimated useful lives of fixed Assets and accordingly depreciation of ₹ 59.4 million was on account of assets whose useful life is already exhausted as on 1st April, 2015 has been adjusted to opening balance of retained earnings in terms of transitional provision of the said Schedule II. However as per Ind AS, the change in useful lives needs to be effected from the year in which useful lives were changed, accordingly depreciation for the year has been increased by ₹ 59.4 million and corresponding deferred tax has been increased by ₹ 20.6 million.

**H. Other comprehensive income**

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

**I. Cost of hedging**

Under the previous GAAP, the Company had adopted the hedge accounting principles as provided in Accounting Standard 30, Financial Instruments: Recognition and Measurement, issued by the Institute of Chartered Accountants of India, and accordingly, the cost relating to hedging was expensed in the profit or loss to the extent considered ineffective. Under Ind AS 109, costs relating to hedging are accounted as a part of the other comprehensive income to the extent considered as effective and are aligned to the hedging strategy. However, this has no impact on total equity as at 1 April 2015 and as at 31 March 2016.

## J. Retained earnings

Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

41. During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in Rs.)

	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	515,500	93,036	<b>608,536</b>
Add: Permitted receipts	-	1,486,644	<b>1,486,644</b>
Less: Permitted payments	1,000	889,462	<b>890,462</b>
Less: Amount deposited in Banks	514,500	-	<b>514,500</b>
Closing cash in hand as on 30.12.2016	-	<b>690,218</b>	<b>690,218</b>

\* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

42. During the year, the Company has capitalized the following expenses of revenue nature to the cost of fixed assets/Capital work in progress which are incurred during construction period on substantial expansion of existing units/new projects/intangible assets of the Company. Consequently, expenses disclosed under the respective notes are net of amount capitalised by the company:

(₹ in million)

Particulars	Opening balance as at 1 April 2015	Additions during the year	Capitalisation during the year	Closing balance as at 31 March 2016	Additions during the year	Capitalisation during the year	Closing balance as at 31 March 2017
Salary, wages and Bonus	7.9	7.2	11.1	4.0	2.2	6.2	-
Staff welfare expenses	0.1	1.9	1.6	0.4	0.7	1.1	-
Power & fuel	12.1	6.3	8.8	9.6	(0.4)	9.2	-
Rates and taxes	0.7	1.2	1.6	0.3	-	0.3	-
Travelling expenses	1.6	5.2	4.9	1.9	1.3	3.2	-
Legal & professional expenses	29.9	28.6	40.6	17.9	11.6	29.5	-
Miscellaneous Expenses	5.1	3.1	5.6	2.6	1.0	3.6	-
Interest	40.8	63.1	91.2	12.7	-	12.7	-
<b>Total expenditure during construction period</b>	<b>98.2</b>	<b>116.6</b>	<b>165.4</b>	<b>49.4</b>	<b>16.4</b>	<b>65.8</b>	<b>-</b>

## 43. STANDARD ISSUED BUT NOT YET EFFECTIVE

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment', respectively. The amendments are applicable to the company from April 1, 2017.



**Amendment to Ind AS 7:**

The amendment to Ind AS 7 requires the Company to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**Amendment to Ind AS 102:**

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

The company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

**44. PROPOSED DIVIDEND**

	31 March 2017	31 March 2016
<b>Proposed dividends on Equity shares:</b>		
Proposed dividend for the year ended on 31 March 2017: ₹ 2.00 per share (31 March 2016: Nil)	453.2	-
Dividend Distribution Tax on proposed dividend	92.3	-
	<b>545.5</b>	<b>-</b>
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 2017.		

45. 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.
46. Previous period figures have been regrouped / reclassified, where necessary, to conform to this year's classification. As per our report of even date

For **S.R. Batliboi & Co. LLP**  
Firm Registration No. 301003E/E300005  
Chartered Accountants

**per Sanjay Vij**  
Partner  
Membership No. 095169

Place: Gurugram  
Date: 25 May 2017

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

**P.G. Mankad**  
Chairman

**Jamshed Naval Cooper**  
Managing Director

**S. Krishna Kumar**  
Director

**Sushil Kumar Tiwari**  
Wholetime Director

**Anil Kumar Sharma**  
Chief Financial Officer

**P.V. Bhide**  
Director

**Kevin Gerard Gluskie**  
Director

**Rajesh Relan**  
Legal Head & Company Secretary

# HeidelbergCement India Limited

CIN: L26942HR1958FLC042301

Regd. Office: 9th Floor, Tower 'C', Infinity Towers, DLF Cyber City, Phase II, Gurugram, Haryana -122002  
Ph. +91 0124-4503795, Fax +91 0124-4147698, Email Id: investors.mcl@mycem.in; Website: www.mycemco.com

## NOTICE of the Annual General Meeting

NOTICE is hereby given that the 58<sup>th</sup> Annual General Meeting of the Members of the Company will be held at 9.30 A.M. on Friday, the 22<sup>nd</sup> September 2017 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 consisting of the Balance Sheet as at 31<sup>st</sup> March 2017; the Profit and Loss Account and Cash Flow Statement for financial year ended 31<sup>st</sup> March 2017 including notes thereto together with the Reports of the Board of Directors and Auditors' thereon for the financial year ended 31<sup>st</sup> March 2017.
2. To declare a dividend on Equity Shares.
3. To appoint a Director in place of Dr. Albert Scheuer (holding DIN 02170574), who retires by rotation and being eligible offers himself for re-appointment.
4. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary Resolution:

"RESOLVED that pursuant to Section 139 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder S.N. Dhawan & Co. LLP, Chartered Accountants (Firm Registration No.: 000050N/ N500045) be and are hereby appointed as Auditors of the Company to hold office from the conclusion of 58<sup>th</sup> Annual General Meeting until the conclusion of 63<sup>rd</sup> Annual General Meeting (FY 2017-18 to FY 2021-22) at a fee of MINR 4.5 for the financial year 2017-18, in addition to reimbursement of applicable taxes and out of pocket expenses in connection with Audit of the accounts of the Company."

### SPECIAL BUSINESS:

5. To consider and if thought fit to pass, with or without modification(s) the following as an Ordinary 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 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. Jamshed Naval Cooper (holding DIN 01527371) as Managing Director of the Company without any remuneration for a further period of three years with effect from 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2020."

6. To consider and if thought fit to pass, with or without modification(s) the following as a 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 re-appointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director of the Company from 10<sup>th</sup> June 2017 till 9<sup>th</sup> June 2019, on the terms and conditions as detailed in Statement pursuant to Section 102 of the Act annexed hereto.

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 1<sup>st</sup> January 2017 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 Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee thereof and any person authorised by the Board in this behalf) 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 from time to time as may be deemed appropriate."

7. To consider and if thought fit to pass, with or without modification(s) the following 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 2017-18, amounting to ₹ 250,000 (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 : 25<sup>th</sup> May 2017  
Place : Gurugram

Rajesh Relan  
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.
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](http://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 58<sup>th</sup> Annual General Meeting (AGM) by electronic means and the business may be transacted through e-Voting Services. 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 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 have cast their vote by remote e-voting prior to the AGM may also attend the AGM but 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 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 19<sup>th</sup> September 2017 (9:00 A.M.) and ends on 21<sup>st</sup> September 2017 (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 15<sup>th</sup> September 2017 i.e., the date prior to the commencement of book closure, 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 the member, no change shall be allowed subsequently.
  - V. The process and manner for remote e-voting are as under:
    - A. **In case of members receiving an email from NSDL [for members whose email IDs are registered with the Company/Depository Participants(s)] :**
      - (i) Open email and open PDF file viz; "HeidelbergCement India Limited remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.
      - (ii) Launch internet browser by typing the following URL: <https://www.evoting.nsdl.com/>
      - (iii) Click on Shareholder – Login
      - (iv) Put user ID and password as initial password/ PIN noted in step (i) above and then click Login.
      - (v) Password change menu appears. Change the password/PIN with new password of your choice with minimum 8 digits/

characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- (vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.
- (vii) Select "EVEN" of "HeidelbergCement India Limited".
- (viii) Now you are ready for remote e-voting as "Cast Vote" page opens.
- (ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.
- (x) Upon confirmation, the message "Vote cast successfully" will be displayed.
- (xi) Once you have voted on the resolution, you will not be allowed to modify your vote.
- (xii) 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. together with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer through e-mail to officenns@gmail.com with a copy marked to evoting@nsdl.co.in.

**B. In case of members receiving physical copy of the Notice of AGM and Attendance Slip [for members whose email IDs are not registered with the Company/Depository Participants(s) or requesting physical copy] :**

Initial password is provided at the bottom of the Attendance Slip for the AGM in the format given below:

EVEN (Remote e-voting Event Number)	USER ID	PASSWORD/PIN
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Please follow all steps from Sl. No. (ii) to Sl. No. (xii) above, to cast vote.

- VI. In case of any queries, you may refer to the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available in the downloads section of [www.evoting.nsdl.com](http://www.evoting.nsdl.com) or call on NSDL's toll free no.: 1800-222-990.

VII. If you are already registered with NSDL for remote e-voting then you can use your existing User ID and password/PIN for casting your vote.

VIII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

IX. The voting rights shall be as per the number of equity shares held by the members as on the cut-off date of 15<sup>th</sup> September 2017.

X. 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. 15<sup>th</sup> September 2017, may obtain the login ID and password by sending a request at [evoting@nsdl.co.in](mailto: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](http://www.evoting.nsdl.com) or contact NSDL at toll free no.: 1800-222-990.

XI. 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.

XII. 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. Pawan Barodiya, Company Secretary in Whole-time Practice (ACS No. 38674, CP No. 14435) has been appointed as an alternate scrutinizer.

XIII. 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.

XIV. 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.

- XV. 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 him. The results shall also be submitted to BSE Limited and National Stock Exchange of India Limited.
6. (a) The Register of Members and the Share Transfer Books of the Company will remain closed from 16<sup>th</sup> September 2017 to 22<sup>nd</sup> September 2017 (both days inclusive).
- (b) The 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 on 15<sup>th</sup> September 2017. 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 15<sup>th</sup> September 2017.
- (c) **Members holding shares in electronic form may note that the bank particulars registered against their respective accounts will be used by the Company for payment of dividend. The Company or its Registrars and Transfer Agents (RTA), Integrated Registry Management Services Private Limited 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.**
- (d) **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.**
7. The share transfer instruments, complete in all respects, should be sent to the Registrars and Transfer Agents, Integrated Registry Management Services Private Limited, 30, Ramana Residency, 4<sup>th</sup> Cross, Sampige Road, Malleswaram, Bengaluru - 560003 well in advance so as to reach the Registrars and Transfer Agents prior to the book closure.
8. 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 Registrars and 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.
9. Members are requested to note that in case of transfers, 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 Dr. Albert Scheuer, who is proposed to be reappointed as Director, is given below:

Dr. Albert Scheuer, aged 59 years, completed Degree in Mechanical Engineering / Process Technology from the Technical University of Clausthal, Germany in the year 1982. He has also completed Doctorate in Mechanical Engineering in the year 1987.

Dr. Scheuer started his professional career with the Research Institute of the German Cement Industry in 1983. After joining HeidelbergCement group in 1992, he took on various positions at Leimen Cement Plant and Heidelberg Technology Center. From 1998 to 2005, he was in-charge of technical support for European cement plants as Managing Director of Heidelberg Technology Center. Since 2005, he was responsible for HeidelbergCement's activities in China as Chief Operating Officer and in August 2007 he was appointed as Member of the Managing Board and Executive Vice President of Lehigh Cement. He also took active part in the integration of the operations of Hanson, North America with HeidelbergCement Group. From 1<sup>st</sup> April 2008 till 31<sup>st</sup> March 2016, he was in-charge of Asia-Pacific Region of HeidelbergCement Group and was also entrusted with the responsibility of worldwide coordination of the activities of Heidelberg Technology Center. Since 1<sup>st</sup> April 2016, he is in-charge of companies of HeidelbergCement Group operating in the Northern and Eastern Europe and Central Asia.

Dr. Scheuer is not a director in any other Indian Company. Dr. Scheuer is not a member in any of the committees of the Board of Directors of the Company. He does not hold any Equity Shares in the Company. The Board of Directors has recommended the reappointment of Dr. Scheuer by the members at the ensuing AGM.

Except Dr. Scheuer, 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**

Section 139 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 provides for mandatory rotation of statutory auditors after completion of tenure as stated therein. The term of office of the present statutory auditors of the Company, S.R. Batliboi & Co. LLP, will end after the closure of the ensuing Annual General Meeting.

The Board of Directors at its meeting held on 9<sup>th</sup> February 2017 had considered and recommended for approval of the members, the appointment of S.N. Dhawan & Co. LLP, Chartered Accountants as statutory auditors of the Company to hold office from the conclusion of 58<sup>th</sup> Annual General Meeting until the conclusion of 63<sup>rd</sup> Annual General Meeting (FY 2017-18 to FY 2021-22).

A Resolution seeking member's approval for the appointment of S.N. Dhawan & Co. LLP, Chartered Accountants, as statutory auditors of the Company is included at Item No. 4 of the Notice convening the AGM. The Board has recommended the resolution set out at Item No. 4 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 proposed resolution.

#### **Item No. 5**

The members of the Company at the Annual General Meeting held on 7<sup>th</sup> August 2015 had approved the appointment of Mr. Jamshed Naval Cooper as Managing Director of the Company from 1<sup>st</sup> July 2014 till 30<sup>th</sup> June 2017.

The steps taken by Mr. Cooper during the past three years as Managing Director of HCIL have led to marked increase in productivity and profitability of the Company. He got the organization's focus on achieving cost leadership, continuous productivity optimization, health & safety, customer centric approach, clean and green workplace, people empowerment and development, environment consciousness (water security and zero waste discharge), brand positioning and premium creation, CADS (Channel Authorization Digital Signage – an innovative concept in the industry) and various other measures, the results of which are visible in the improvement of the Company's financial performance and employee commitment as well. He has innovatively deployed CSR activities to create sustainable relationship with the rural community. In view of this, the Board of Directors on the recommendation of the Nomination and Remuneration Committee at its meeting held on 25<sup>th</sup> May 2017 has unanimously decided to re-appoint Mr. Cooper for further tenure of three years from 1<sup>st</sup> July 2017 to 30<sup>th</sup> June 2020.

In accordance with the provisions of Section 196, 197, 203, Schedule V and other applicable provisions of the Companies Act, 2013 it is proposed to obtain approval of the members in this regard through resolution set out at Item No. 5 of the Notice.

Brief resume of Mr. Cooper is given below:

Mr. Jamshed Naval Cooper, aged 60 years, is a Science graduate with post-graduation in management specializing in marketing from Institute of Management Studies, Indore University. In his professional career spanning over 39 years, he has rich and vast experience of more than 33 years in the cement industry. During his illustrious career, he pioneered the 25Kg cement packing and launched bulk cement for the first time in India. One of his achievements has been in the area of managing and minimising the risks arising out of spurious lookalike brands.

Mr. Cooper joined HeidelbergCement India Limited as Head of Sales & Marketing in December 2006. He revamped the Sales and Marketing setup of the Company and realigned the channel network and logistics to increase the market share in high revenue yielding markets. Under his leadership, "mycem" has attained its premium positioning in the markets of Central India.

Mr. Cooper looks after the day-to-day management and administration of the affairs of the Company, subject to the overall superintendence, control and directions of the Board of

Directors. In accordance with the terms mutually agreed upon between HeidelbergCement AG of Germany and Mr. Cooper, the remuneration of Mr. Cooper shall continue to be borne and directly paid by HeidelbergCement AG to Mr. Cooper as a nominee of the ultimate shareholder. HeidelbergCement India Limited shall continue to provide chauffeur driven car to Mr. Cooper and reimburse the expenses incurred towards mobile phone, broadband connection, landline phone at his residence and club/chambers' membership fee.

Mr. Cooper is also Managing Director of Zuari Cement Ltd.; Chairman of Gulbarga Cement Limited and Sitapuram Power Limited and a Non-Executive Director of Cochin Cements Limited (all these companies are part of HeidelbergCement Group).

Mr. Cooper is a member of Stakeholders' Relationship Committee of the Company. He does not hold any Equity Shares in the Company. The Board of Directors has recommended the resolution set out at Item No. 5 of the Notice for approval of the members at the ensuing AGM.

Except Mr. Cooper, 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. 6**

The members of the Company at the Annual General Meeting held on 7<sup>th</sup> August 2015 had approved the reappointment of Mr. Sushil Kumar Tiwari as Whole-time Director of the Company for a period of two years from 10<sup>th</sup> June 2015 till 9<sup>th</sup> June 2017.

In his career spanning over 37 years, Mr. Tiwari has rich and vast experience of over 31 years in the cement industry. During his 10 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, which is 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 25<sup>th</sup> May 2017 has re-appointed Mr. Sushil Kumar Tiwari as Whole-time Director of

the Company for a further period of two years from 10<sup>th</sup> June 2017 to 09<sup>th</sup> June 2019.

The terms and conditions of Mr. Tiwari's remuneration effective from 1<sup>st</sup> January 2017 in accordance with the Nomination and Remuneration Policy of the Company are as under:

i) Basic Salary: ₹ 52,84,920 per annum. The annual increment, in accordance with the Nomination and Remuneration Policy of the Company, will be effective from 01 January 2018.

ii) House Rent Allowance: 50% of the basic salary.

iii) Variable Pay: Variable Pay shall be equivalent to ₹ 36,80,504 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. 36,80,504 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 2018.

iv) Long Term Incentive Plan (LTIP): LTIP payment of ₹ 34,25,706. 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: ₹ 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 1<sup>st</sup> 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.	

(₹ in million)

Particulars	For the financial year ended 31st March 2017	For the financial year ended 31st March 2016	For the period ended 31st March 2015 (fifteen months)
Gross Sales and Other Income	20,255.4	19,383.6	23,852.4
EBITDA (Earnings before interest, tax, depreciation and amortization)	3,025.5	2,536.1	3,359.5
Profit before tax	1,136.3	453.8	1,197.9
Net Profit	762.1	353.9	595.3

(5) Foreign investments or collaborations, if any.	The foreign holding in the share capital of the Company as on 31st March 2017 was as under:-
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Foreign holding	No. of shares	Percentage of holding
Promoter (Cementum I B.V.)	157,244,693	69.39%
Foreign Institutional Investors	25,732,738	11.36%
Non-Resident Indians / OCBs	1,437,756	0.63%

## II. Information about the appointee:

(1) Background details.	<p>Mr. Sushil Kumar Tiwari, aged 61 years, is Engineer in Electrical as well as Electronics and Communication from the Institute of Engineers, Kolkata. In his career spanning over 38 years, Mr. Tiwari has rich and vast experience of over 31 years in the cement industry. He has worked with Raymond Limited (Cement Division), which was taken over by Lafarge India Private Limited in the year 2001.</p> <p>Mr. Tiwari joined HeidelbergCement India Limited in April 2007 as Unit Head of Company's Ammasandra Plant. 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. 1<sup>st</sup> September 2010. He was appointed as Whole-time Director of the Company w.e.f. 29<sup>th</sup> April 2011. He is a member of Corporate Social Responsibility Committee of the Company. He is also Chairman of Cochin Cements Limited.</p>
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(2) Past remuneration.	<p>The details of remuneration paid to Mr. Tiwari during last three financial years are as under:</p> <p>Year 2014-15: He was paid remuneration of ₹ 1,92,95,644/- during the period ended 31<sup>st</sup> March 2015 (fifteen months).</p> <p>Year 2015-16: He was paid remuneration of ₹ 1,50,03,941/- during the financial year ended 31<sup>st</sup> March 2016 (twelve months).</p> <p>Year 2016-17: He was paid remuneration of ₹ 2,39,10,783/- during the financial year ended 31<sup>st</sup> March 2017 (twelve months).</p>
(3) Recognition or awards.	<p>The Institution of Engineers (India) at its 21<sup>st</sup> National Convention 2005-06 held on 4<sup>th</sup> &amp; 5<sup>th</sup> day of February 2006, had honoured Mr. Tiwari for the outstanding achievements and contribution in the field of Electronics &amp; Telecommunication Engineering. The Award was presented to Mr. Tiwari by the then Hon'ble Governor of Chattisgarh, Mr. Krishna Mohan Seth.</p>
(4) Job profile and his suitability.	<p>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 31 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.</p>
(5) Remuneration proposed.	<p>Details are given in the Statement pursuant to Section 102 of the Act.</p>
(6) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person	<p>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 25<sup>th</sup> May 2017.</p>
(7) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any.	<p>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.</p>

### 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 measureable terms.	Not Applicable

Although the Company has shown growth and profit from its operations in the previous financial year and is expected to consistently earn profits in the coming years also, it is proposed to pass the resolution given at Item No. 6 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.



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- 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.6 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.

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**Item No. 7:**

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 ending 31<sup>st</sup> March 2018.

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 2017-18 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. 7 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.

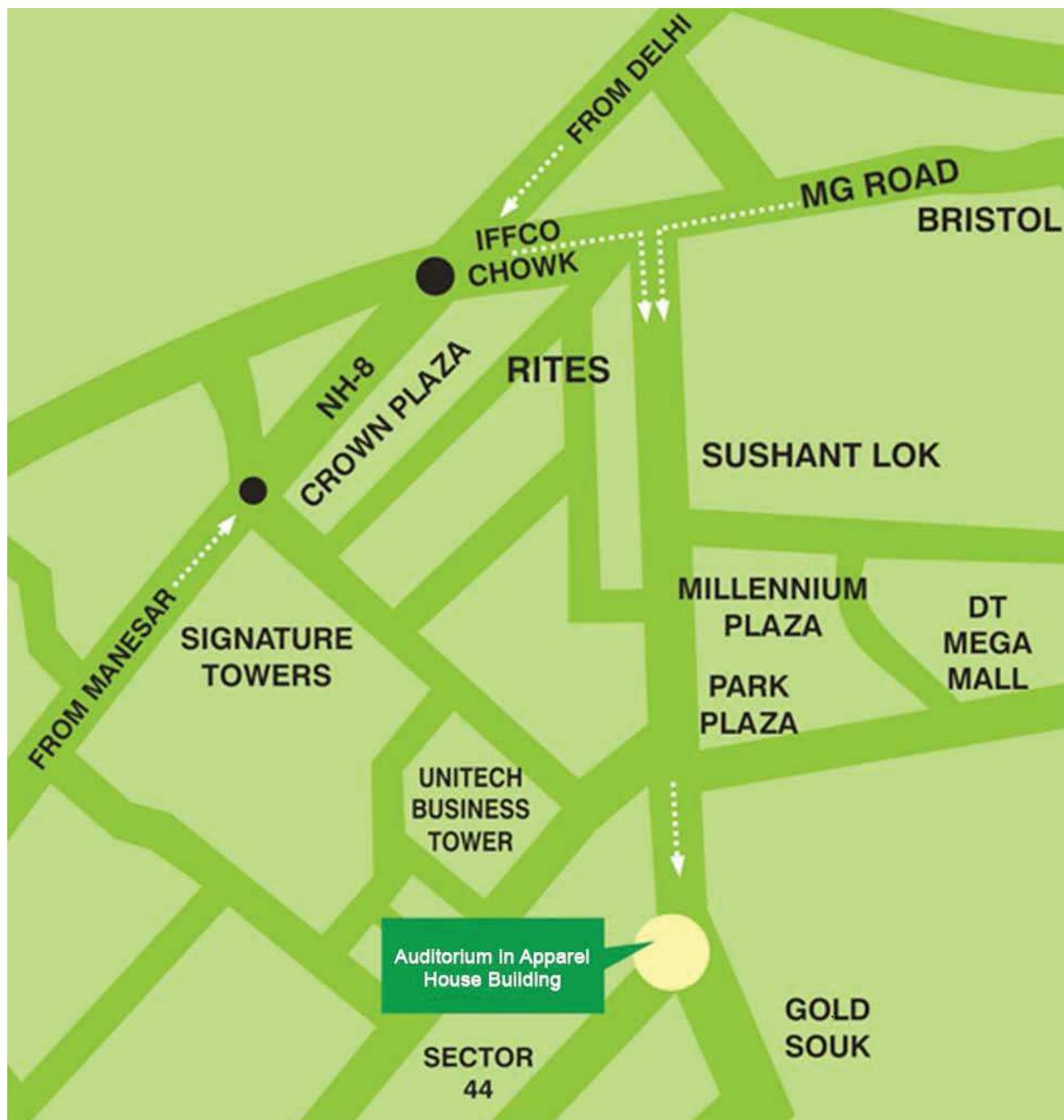
**By Order of the Board**

Date : 25<sup>th</sup> May 2017

Place : Gurugram

Rajesh Relan  
Legal Head & Company Secretary

**ROUTE MAP TO REACH AGM VENUE - AUDITORIUM IN APPAREL HOUSE BUILDING**  
(formerly known as 'Epicentre')



[illegible]

## HeidelbergCement India Limited

CIN: L26942HR1958FLC042301

Registered Office: 9th Floor, Infinity Tower "C", DLF Cyber City, Phase II, Gurugram, Haryana – 122002

Phone +91-124-4503700; Fax +91-124-4147698; Website: www.mycemco.com

### PROXY FORM

Name of the member(s):	
Registered address:	
E-mail Id:	
Folio No./ Client Id:	
DP/ID:	

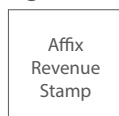
I/We, being the member(s) of HeidelbergCement India Limited holding \_\_\_\_\_ shares, hereby appoint

- (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 : \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 58th Annual General Meeting of the Company, to be held on the 22nd day of September 2017 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:

Sl. 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 31 <sup>st</sup> March 2017.		
2.	Declaration of dividend on Equity Shares.		
3.	Re-appointment of Dr. Albert Scheuer (holding DIN 02170574), as a Director.		
4.	Appointment of S.N. Dhawan & Co. LLP, Chartered Accountants, as Statutory Auditors from the conclusion of 58 <sup>th</sup> AGM until conclusion of 63rd AGM.		
SPECIAL BUSINESS			
5.	Re-appointment of Mr. Jamshed Naval Cooper (holding DIN 01527371) as Managing Director.		
6.	Re-appointment of Mr. Sushil Kumar Tiwari (holding DIN 03265246) as Whole-time Director.		
7.	Ratification of remuneration of Cost Auditors for the financial year 2017-18.		

Signed this..... day of..... 2017



Signature of shareholder

Signature of Proxy holder(s)

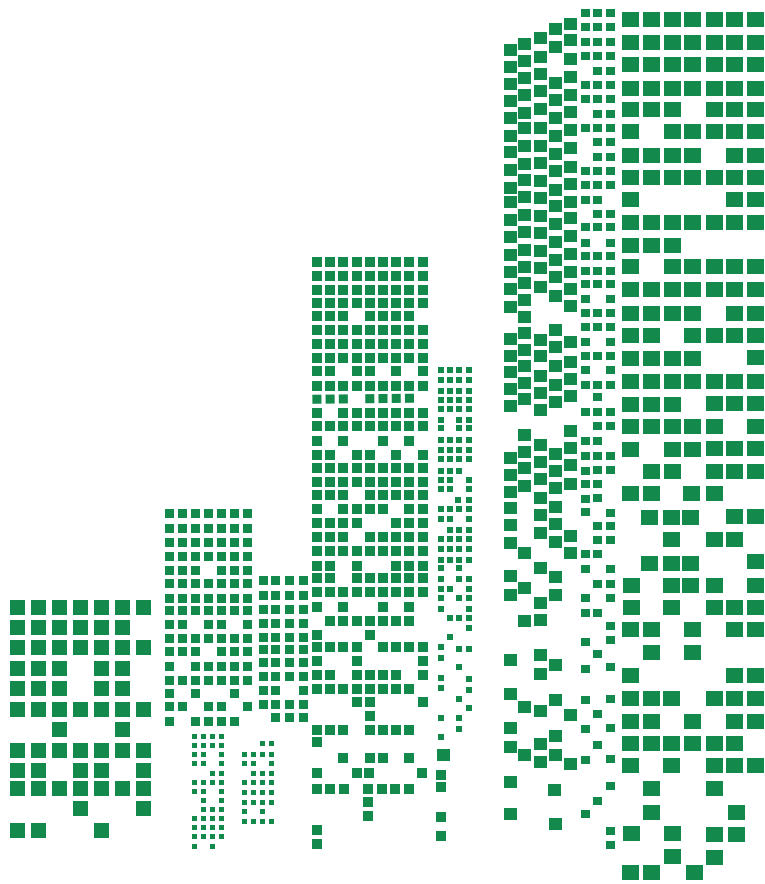
#### Notes :

- 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.
- For the Resolutions, Explanatory Statement and Notes, please refer to Notice of the 58th Annual General Meeting.
- 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.
- Please complete all details including details of member(s) in above box before submission.









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**cement** | for better building

Registered Office

**HeidelbergCement India Limited**

9th Floor, Infinity Tower "C", DLF Cyber City,  
Phase-II Gurugram, Haryana-122002

