

# MANAGEMENT DISCUSSION AND ANALYSIS



AS A RESPONSIBLE CEMENT MANUFACTURER, WE AT AMBUJA CEMENT, ARE DRIVING SUSTAINABLE INITIATIVES IN INDIAN CEMENT INDUSTRY. WE WERE THE FIRST INDIAN CEMENT COMPANY TO START SEA-TRANSPORTATION OF BULK CEMENT AND HAVE NOW INTRODUCED BIO-DIESEL BLENDS FOR OUR FLEET OF CAPTIVE SHIPS TO SIGNIFICANTLY REDUCE GREEN-HOUSE GAS EMISSION.





# HIGHLIGHTS 2020

## CAPACITY EXPANSION LARGELY ON TRACK

The nationwide lockdown imposed to contain the coronavirus spread brought construction activities at our upcoming integrated facility in Rajasthan to a halt. This resulted in the construction workers leaving the site and made it challenging for us to get adequate manpower to resume the construction activities once the lockdown was over. The project team worked closely with the contractors to source manpower to resume construction in full swing. As soon as the lockdown was eased, we quickly resumed work, strictly adhering to the health and safety protocols as suggested by the government. We are maintaining our Medical Emergency Response Capability 24x7 at the site. Proper sanitisation activities along with social distancing norms, which has not only kept our workers safe but is also helping us to keep pace with our project completion deadline.



## MOVING TOWARDS GREENER ENERGY

In a bid to increase the use of green energy and optimise resource utilisation, we have committed an investment of ₹525 crores towards installing waste heat recovery system across plants. This will not only help optimise energy cost per tonne of cement, but also fortify our position as a responsible cement manufacturer.



## ₹525 CRORES

Committed investment  
towards WHRS installation

## LEVERAGING GROUP SYNERGIES

We renewed our technical and knowhow agreement with our parent company, LafargeHolcim which will help us derive synergies across the Group globally. This agreement will help us excel in energy optimisation, manufacturing, procurement, commercial, innovation, sustainability and safety.



## DRIVING PRODUCT PREMIUMISATION

We launched Ambuja Kawach, a water-repellent cement in the premium category. The product gained immense traction among customers. This will help us in our aim towards product premiumisation.







#### IN A NUTSHELL

**₹985 CRORES**

Spent towards capex

**8%**

Reduction in power and fuel  
cost per tonne of cement

**₹53.97 CRORES**

Spent on CSR activities

**5<sup>TH</sup>**

Ranking in Dow Jones  
Sustainability Index for 2020

**600**

New dealers  
added

**142**

New recruits



## ECONOMIC REVIEW

### Global

The year 2020 started with the US and China signing the trade deal and stalemate over Brexit coming to end, which indicated some signs of recovery. That said, with the onset of COVID-19 and subsequent lockdowns imposed across the world to contain the virus spread, economic activities came to a standstill. This synchronised pause led to a significant contraction during the first half of 2020. With the easing of lockdown norms at the end of the second quarter, the economy rebounded sharply, though global output is estimated to decline by 3.5% for the full year, as against a growth of 2.8% reported in 2019.

#### Outlook

The global economy is projected to grow 5.5% in 2021 and 4.2% in 2022, reflecting additional policy support in a few large economies and expectations of a vaccine-powered strengthening of activity.

### Indian

The Indian economy was already grappling with a structural slowdown which resulted in six-year low GDP growth of 4.2% in 2019-20. The lockdown, which started at the end of 2019-20, remained in full swing during the first two months of 2020-21. This led to a contraction of 23.9% during the first quarter of 2020-21. However, the recovery has been 'V'-shaped after the restrictions were lifted during the second half of the year. According to the Economic Survey 2020-21, the Indian economy is likely to contract by 7.7% in 2020-21. A state-wise analysis suggests that states with a larger share in overall GDP were the ones most impacted

due to disruptions in people and trade movement. The services sector (particularly contact-based) remains more vulnerable than manufacturing.

The government announced its initial set of measures to limit the damage. This included direct cash transfers and food security measures to poor, followed by a special economic stimulus package, which was equivalent to 10% of India's GDP, with a call for building a self-reliant India.

## ₹20 LAKH CRORES

Size of stimulus package announced under Atmanirbhar Bharat Abhiyan 1.0

Measures were announced to provide relief to businesses, with major reforms in the labour sector by simplifying, amalgamating and rationalising 44 central labour laws, to provide effective social protection to migrant workers through national portability of ration cards.

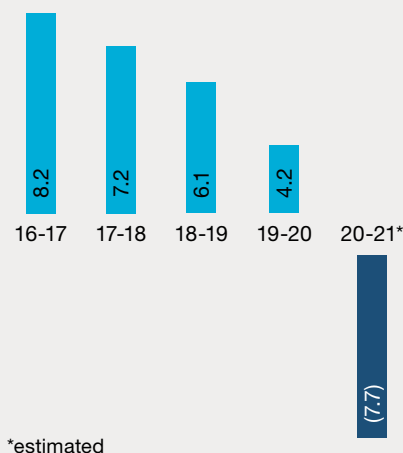
The rural sector received assistance with refinance support from NABARD, which included – injection of additional liquidity in the farm sector and by way of increased allocation for the Mahatma Gandhi National Rural Employment Guarantee Scheme (MGNREGS).

Growth was also triggered due to select measures taken by the government to revive economy. Four drivers that stand out in support of faster recovery are:

- Pent-up demand
- Support from agriculture and select export sectors
- Cost savings for corporates
- 'Learning to live' attitude

The sustained improvement in high-frequency indicators ignite optimism of improved economic performance and faster than expected recovery.

### India's GDP growth (%)



#### Outlook

India took decisive steps to deal with the COVID-19 crisis. This proactive stance by the government and policy makers will certainly help the country's faster economic revival. With the start of the vaccination drive, India is expected to track a faster recovery in 2021-22. The Economic Survey 2021 predicts 10-12% growth in 2021-22, and back on the trend of 6.5% in 2022-23.

### Industry insight

#### Cement industry

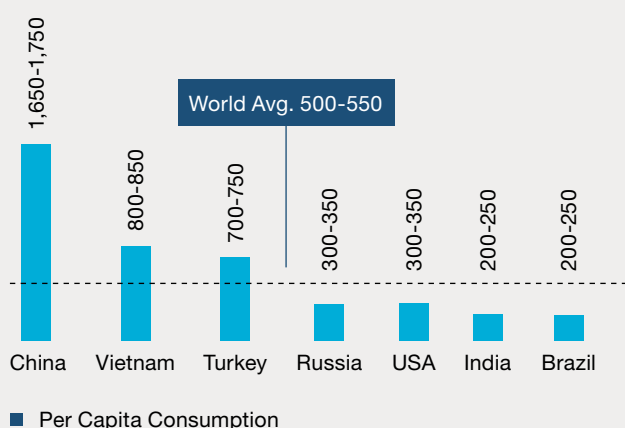
India is the second-largest cement producer in the world. According to Cement Manufacturers Association, the country accounts for over 8% of the overall global installed capacity. Region wise, the southern region comprises 35% of the total cement capacity, followed by the northern, eastern, western and central regions accounting for 20%, 18%, 14% and 13%, respectively. The total installed capacity of the industry stood at 509 MTPA. That said, India's per capita cement consumption at 200-250 kg remains significantly lower than the world average of 500-580 kg and China's 1,650-1,750 kg. Among the end-use sectors, housing remains the largest cement consumer in the country.

## 9.5%

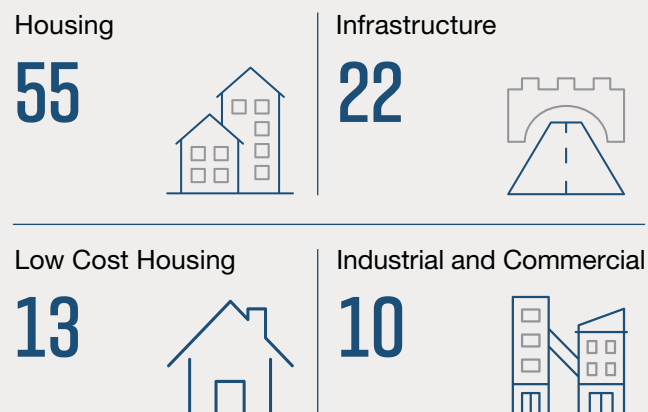
India's estimated fiscal deficit for 2020-21

[Source: HDFC Securities/ <https://www.constructionworld.in/cement-news/Cement-industry-may-remain-in-red-zone-till-Oct/23655>]

### Per capita cement consumption in India vis-à-vis other countries (in Kg)



### Sector-wise cement consumption break-up in India (%)



Cement demand in 2020 picked up in January and February, with the industry growing at 7-8%. However, volumes declined significantly in March due to the complete lockdown during the last 10 days of the month. Continued lockdown during April 2020 severely impacted production, sales and logistics.

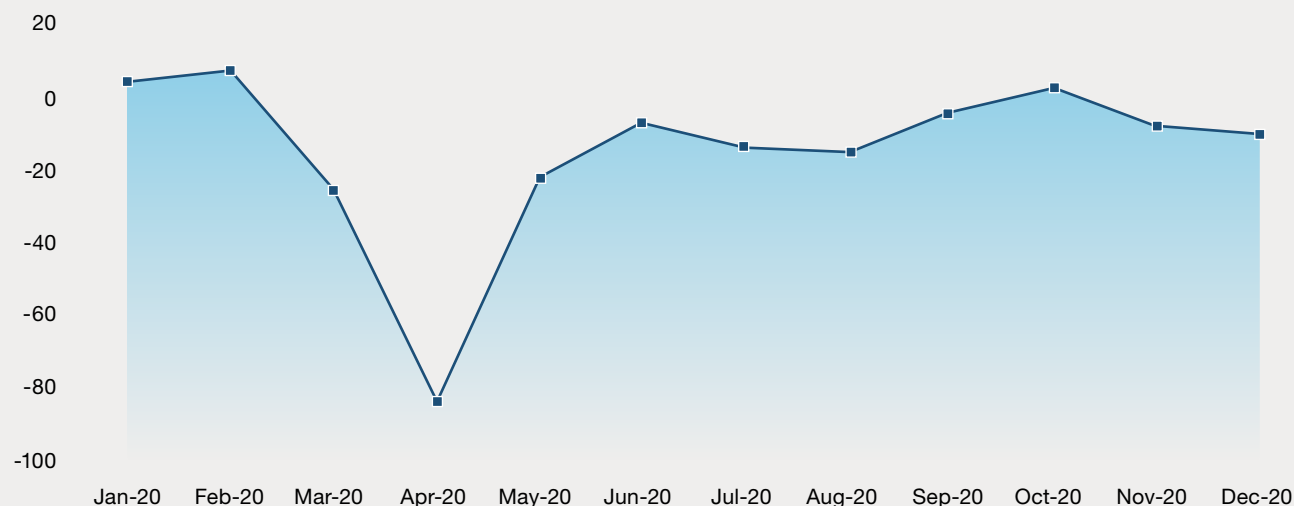
With the gradual unlocking of the economy, overall demand witnessed sharp revival led by rural demand.

Rural economy was relatively less impacted by the pandemic, especially in the Northern and Eastern regions. Improvement in labour availability at construction sites post Kharif harvest (mid-November) also aided revival. Within the housing sector, demand from the rural housing segment is recovering faster than urban housing.

Recovery was envisaged in the real estate sector with sale of ~33,000 units between July and September 2020,

2.5 times of the sales reported during April-June 2020, supported by a decline in home loan rates. The Reserve Bank of India's (RBI's) move to rationalise the risk weights and link them to loan-to-value ratio for all new housing loans sanctioned up to March 31, 2022, is expected to further give a fillip to the sector. To revive demand in the real estate sector, some of the states reduced the stamp duty on property registration.

### Month-wise performance of India's cement sector



[Source: [https://eaindustry.nic.in/eight\\_core\\_infra/Eight\\_Infra.pdf](https://eaindustry.nic.in/eight_core_infra/Eight_Infra.pdf)]



**Regional demand analysis**

**Northern region:** Demand momentum improved mainly supported by increasing movement of interstate road transport and revival in rural trade.

**Central region:** Favourable monsoon, bumper Rabi yields, and various government programmes supported the rural economy, resulting in improvement in rural demand.

**Eastern region:** Improving cash flows in the hands of farmers and rural population and migrant labourers coming back to their native places resulted in construction/extension of houses, which aided demand.

**Western region:** Recovery was relatively slow compared to other regions. Demand from real estate is expected

to remain tepid as inventory overhang is likely to continue with muted supply addition and construction of ongoing projects taking a hit.

**Southern region:** Demand scenario improved in non-metro areas mainly led by a sharp uptick in sales volumes for state government funded projects. Rural housing has also picked up pace on a low base.

# ₹111 LAKH CRORES

Envisaged investment in National Infrastructure Pipeline by 2024-25

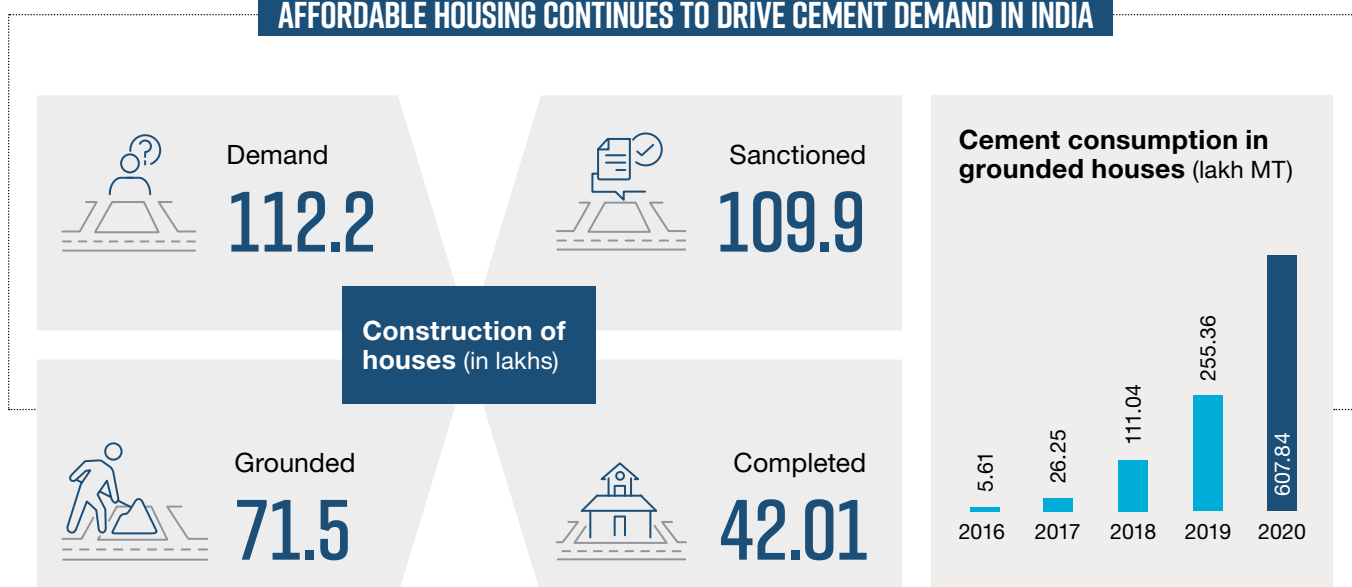
For a detailed discussion on the growth drivers, please refer [PAGE 26](#)

**Outlook**

Outlook for the cement sector in the medium term remains positive with continued focus on affordable housing. The government is aiming at completing construction of all houses under the scheme by 2022, which could accelerate the pace of demand recovery.

Over the medium term, we expect all India cement demand to grow at ~5-6% on average mainly on the back of rural housing (accounts for 30% of the cement consumption), followed by the infrastructure segment (20-25%), mainly railways, roads and housing for all.

## AFFORDABLE HOUSING CONTINUES TO DRIVE CEMENT DEMAND IN INDIA



[Source: PMAY (U) Achievements as on February 1, 2021]



## REVIEW OF THE BUSINESS

### Operational and financial performance

We are among India's leading cement manufacturers with a capacity of 29.65 MTPA and a diverse product portfolio of Ordinary Portland Cement (OPC), Pozzolana Portland Cement (PPC), and Pozzolana Composite Cement (PCC), along with other sustainable and innovative building materials and solutions.

### Navigating through challenging times

With the government of India announcing nation-wide lockdown towards the end of the first quarter of 2020 to contain the spread COVID-19 pandemic, the country witnessed complete shutdown of business and social activities. Ambuja Cement's plants across locations were shut during the lockdown. The plants restarted operations post-lockdown following the government protocols.

A Business Response Team (BRT) was formed at LafargeHolcim India level with COVID-19 Action Teams across all units and sites. The BRT, using its expertise in HR, health and safety, communications, operations, procurement, IT, legal, compliance, security and resilience provided monitoring, guidance, advice and reporting on the preparedness of our manufacturing, logistics and marketing organisations.

We reached out to our communities with targeted initiatives such as awareness campaigns, livelihood generation activities, creation and distribution of ration kits and financial aids for migrant and casual labourers.

We gradually resumed operation in line with the directives from the government. We ensured essential



managing, stabilised operations as per Standard Operating Procedures (SOPs) and subsequently ramped up capacity utilisation.

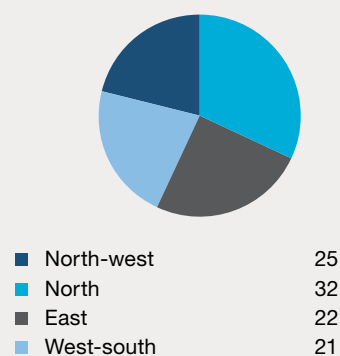
### Sales

- Cement sales volumes declined moderately by 6%, despite the onset of COVID-19 pandemic. We produced 22.26 million tonnes of cement during the year, a decline of 7% over 2019. Our strong retail presence cushioned us from a much sharper downturn witnessed by the industry
- Cement sales value declined 2%, owing to the reported reduction in volumes
- Average realisation per tonne of cement stood at ₹4,930 as against ₹4,718 in 2019, a growth of 5%
- Our strong market pull and push strategies helped achieve an average capacity utilisation of 75% (81% in 2019)
- The eastern market was the quickest to recover once the economy was opened for activities, though the northern market remained the largest contributor to our revenues

### Institutionalising COVID-19 related health and safety protocols

- Compliance to Personal COVID-19 Behaviour and Code of Conduct for all employees and workmen
- Health screening of employees and workers
- Maintenance of social distancing across plants, warehouses and in marketing
- Continued mental resilience programme for employees

### Region-wise revenue share (%)



**29.65 MTPA**  
Manufacturing capacity





### Financial performance

- Revenue from the operations for the year reported a 3% decline from ₹11,668 crores in 2019 to ₹11,372 crores in 2020, largely owing to the loss of sales on account of pandemic in the economy
- Stringent cost control measures helped us to report an operating EBITDA of ₹2,647 crores during the year under review, registering a growth of 23% over 2019. Net Profit for the year stood at ₹1,790 crores in 2020, a growth of 17% over 2019. Operating EBITDA and Net Profit margin for the year stood at 23.7% and 16.0%, respectively, reporting a growth of 480 basis points and 260 basis points, respectively over 2019
- Earnings per share stood at ₹9.02 for the year
- Despite a challenging year, total cost in absolute terms stood at ₹9,329 crores, 8% decline over ₹10,146 crores reported in 2019. Raw material cost stood at 9% of total cost against 10% in 2019
- Power and fuel cost stood at 24% of the total cost in 2020 against 26% in 2019
- Logistics cost as a percentage of total cost was same at 31% in 2020
- Cash generated from operations increased from ₹2,485 crores in 2019 to ₹2,606 crores in 2020

### KEY FINANCIAL RATIOS

#### Inventory turnover (days)

2020	13.14
2019	10.17

#### Current ratio (x)

2020	0.98
2019	1.54

#### Operating EBITDA margin (%)

2020	23.7
2019	18.9

#### Net Profit margin (%)

2020	16.0
2019	13.4

#### Return on average capital employed (%)

2020	11
2019	9

For a detailed discussion on the financial capital, please refer [PAGE 40](#)

### Performance of material subsidiary, ACC Limited

The Company's material subsidiary, ACC Limited, is one of the oldest and leading cement manufacturers of India. The summary of operational and financial performance of ACC is provided below:

- Cement sales volumes in 2020 stood at 25.5 million tonnes, 12% decline as against 2019
- Operating EBITDA for the year stood at ₹2,484 crores, against ₹2,413 crores in the previous year, reflecting a growth of 3%, driven by stringent cost control measures
- Profit After Tax for the year increased 4% to ₹1,430 crores against ₹1,378 crores in the previous year

### Market development

- We implemented several Above The Line (ATL) and Below The Line (BTL) activities for better market penetration.
- We launched Kawach, a premium water-repellent cement and Ambuja Plus, a higher strength cement into our premium products' range
- Maharashtra, Punjab, Gujarat, West Bengal, Rajasthan are some of our core markets. We are extending our presence in Bihar, Madhya Pradesh, and Eastern Uttar Pradesh and appointed ~600 dealers in these three markets. We also introduced various promotional schemes to drive sales in these markets

- We launched various dealer and influencer connect programmes to enhance brand recall
- The Transport Analytics Centre (TAC) and implementation of Blue Yonder software is helping us in optimising logistics cost as well as in effective dealer servicing

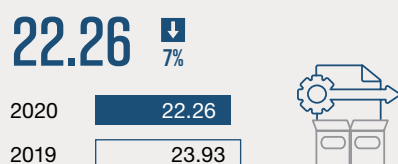
For a detailed discussion on the manufactured capital, please refer [PAGE 46](#)

### Road ahead

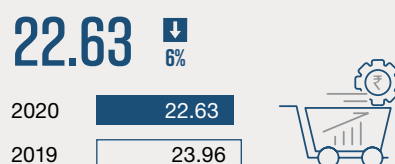
In the coming year, we aim to add more sustainable and innovative products, which would enhance our profitability. We will concentrate on deepening our presence further in our rural and semi-urban markets and earn higher margins. We also intend to capture all the white spaces in existing markets using our technical services and other engagement activities.

## PERFORMANCE SNAPSHOT

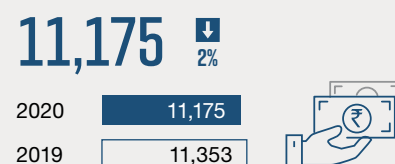
### Production (million tonnes)



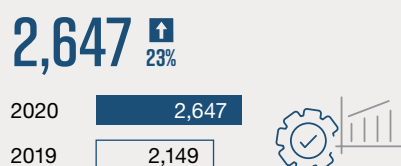
### Sales volume (million tonnes)



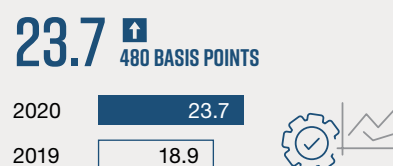
### Net sales (₹ crores)



### Operating EBITDA (₹ crores)



### Operating EBITDA margin (%)





## STRATEGIES

Keeping in mind the pandemic, we devised a short-term strategy, aimed at health, cost and cash to mitigate immediate risks. We focused on ensuring the health and safety of our employees, suppliers and channel partners, while initiating stringent measures to control costs and strengthen cash flows.

Our long-term strategies include increasing our market reach through capacity expansion, launch of innovative and superior quality products; enhance efficiency through digital transformation, cost optimisation and logistics efficiency; and achieve our sustainability goals through our targeted initiatives across four pillars of our sustainable development plan.

### Increase market share

With per capita cement consumption in India at an abysmal low against the global average coupled with significant investments in infrastructure and housing sector, cement demand in India will continue to be robust in the coming years. We are a trusted player in the retail segment and will continue to undertake initiatives to drive market share. Our upcoming facility in Marwar Mundwa, Rajasthan will enhance our cement capacities by 6% and we will continue to explore attractive opportunities, to expand our manufacturing capacities at strategic locations.

We already have a deep distribution network of channel partners, along with influencer connect initiatives driving supply and demand in the market. We are furthering our penetration through entry in new markets and appointing dealers to drive offtake.

# 1.8 MTPA

Additional cement capacity to come onstream, post completion of the Marwar Mundwa greenfield project

### Drive premiumisation

With our innovation team, we are focusing on identifying the key need gap areas of our customers to offer products which are in the premium category. This is expected to drive better traction for our brand on one hand and improve average realisation on the other. Our stringent monitoring across the value chain ensures highest quality standards for our products.

# 11%

Share of premium products in total income, 2020

### Enhance efficiency

The key goal of our efficiency enhancement strategy revolves around making us, the most competitive cement player in India. Our digital transformation journey will help improve efficiency across the value chain. We have initiated operational efficiency programme, which will enable us to optimise cost. We are undertaking specific initiatives in logistics to optimise cost and reduce our carbon footprint.

### Achieve sustainability goals

With the aspiration of being a leader in sustainable business practices, we are taking strong measures in reducing our environmental footprint. This is achieved through resource optimisation, reduction in Green House Gas (GHG) emission, water conservation, promotion of circular economy and community development initiatives.

# 463 kg

Targeted CO<sub>2</sub> emission per tonne of cement as SD Ambition 2030



For a detailed discussion on the strategic framework, please refer [PAGE 22](#)



## RISKS AND CONCERNS

Enterprise Risk Management (ERM) process is an integral part of yearly business plan at Ambuja Cement. It is valued as an important strategic tool for strengthening organisation's risk assessment. This process helps us identify variables (risks and opportunities) to which the Company may be exposed - internal or external, or emerging.

Risk management at Ambuja Cement involves a systematic approach to identify, assess, manage and monitor risks that can affect the organisation's ability to achieve its objectives. Both 'top-down' and 'bottom-up' approaches are taken for assessing risks/opportunities, which is then consolidated/calibrated to get an overview of the entire organisation.

The Risk Management Committee is Chaired by Mr. Rajendra Chitale, Independent Director. The Committee reviews and discusses the risk trends, exposure and potential impact analysis (including sustainability and information security related risks).

The key risks were identified in the following areas:

- Maintaining market position in a highly volatile, uncertain, complex and ambiguous (VUCA) environment
- Securing key inputs to remain cost-competitive and ensure sustainable supply
- Protecting the environment to continuously focus on sustainability
- Cyber security risks
- Health and safety to progress towards Zero Harm

Effective mitigation strategies have been developed against each of the identified risks.

For a detailed discussion on the risk management, please refer [PAGE 34](#)





## HEALTH AND SAFETY

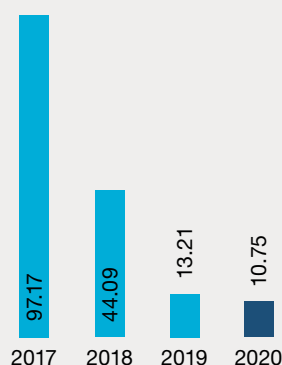
We believe that our employees and third parties visiting our facilities are entitled to a safe and healthy working environment and we ensure to provide it. With the outbreak of COVID-19, health and safety assumed more significance than ever.

The extensive focus on the development and implementation of workplace response plans to address COVID-19-related health and safety risks at each site ensured that our people felt safe and were informed about the necessary preventive measures.

We adapted to working against the backdrop of the pandemic and considered it as one of the risks. We continued to focus on the overall goal of 'Zero Harm' in the organisation.

Our concerted efforts have resulted in 30% reduction in Lost Time Injury Frequency Rate (LTIFR) and achieved zero fatality across the plants during the year.

### Lost time injury severity rate



For a detailed discussion on the human capital, please refer [PAGE 88](#)



## ENVIRONMENT AND SUSTAINABILITY

We have been setting benchmarks in creating a sustainable business operation in the industry. Continuous improvement, enhanced process efficiency and periodic capital expenditures have helped us position Ambuja Cement one of the most responsible cement manufacturers in the country.

In line with our parent LafargeHolcim, we have developed Sustainable Development Plan 2030, identifying four key pillars (climate and energy, circular economy, water and nature, and community) under which key initiatives are undertaken. Despite a challenging 2020, we were able to achieve considerable improvements across the targets and are on track with the agenda of 2030.

Our sustainability initiatives are aligned with United Nations' Sustainable Development Goals (UN SDGs) and reported in accordance with the latest Global Reporting Initiatives (GRI) Standards.

We have developed an Environment Product Declaration (EPD) after a detailed lifecycle assessment of

our PPC, low carbon products and composite cements. The EPD is available in the public domain for B2B communication and empowers customers to make informed decisions.

We are 8 times water positive and emerged 2.5 times plastic negative through co-processing of plastic wastes in our kilns.

The positive changes made through our sustainability efforts helped us win 5th position in Dow Jones Sustainability Index (DJSI) among construction materials companies globally. We are the only organisation to feature in the top five list, three years in a row.

# 531 KG

CO<sub>2</sub> emission per tonne of cementitious materials in 2020



For a detailed discussion on the natural capital, please refer [PAGE 62](#)





## DIGITAL TRANSFORMATION

The pandemic has led us to realign our strategy around digital transformation. We comprehensively rebuilt our digital strategy to build new capabilities during the year.

The digital transformation encompasses the entire value chain, including manufacturing, logistics, sales and marketing, consumer connect, finance and human resources.

Digital elements are intertwined in the business processes as a major media for capturing and disseminating information, analysing operational parameters and engaging with all stakeholders. It has had a direct impact on bettering customer services, relationship management, operational efficiency and monitoring of operational KPIs.

Our focused interventions during the year included implementation of tools of automation for our manufacturing operations to enhance efficiency and plant uptime, sales force automation, dealer connect applications and system for logistical integration, among others.

We are also leveraging the power of artificial intelligence and machine learnings to mitigate business risks and steer Ambuja Cement to meet the intended KPIs.

For a detailed discussion on the intellectual capital, please refer [PAGE 54](#)



## CORPORATE SOCIAL RESPONSIBILITY

Our community development initiatives are implemented at a local level through the business units, thereby channelling contributions to areas of greatest impact in the local context. We have been working towards the development of our community since the beginning of our corporate journey.

The activities are carried out through our CSR arm, Ambuja Cement Foundation (ACF). Through ACF, we reached 11 states covering 44 districts in India and has succeeded in bringing about change in the lives of 2.7 million people.

The key intervention areas include water resource management, skill and livelihood development, women empowerment and education for all.

The Community required our immediate assistance during the pandemic. This included development of village-level contact points for dissemination of information regarding the health and safety rules and regulations suggested by the state and central governments. We also designed digital campaigns for truckers and other village-level community members.

We also initiated manufacturing of face masks through the self-help groups we support, helping them to keep generating income.

We continuously focus on the existing initiatives and embarked on new projects in our key intervention areas.

Details on the CSR expenditure mandated as per the relevant laws, is presented under Annexure 2 of the Directors' Report. The CSR Policy of Ambuja Cement is available on the website.

# 2.7 MILLION

Lives touched through our interventions



For a detailed discussion on the social capital, please refer [PAGE 72](#)



## HUMAN RESOURCES

At Ambuja Cement, our relentless focus is on attracting, retaining and nurturing the best of talents to lead the organisation towards achieving its strategic goals. We ensure a work culture free of discrimination and bias and provide equal opportunity to all.

### Talent acquisition

Based on the gaps identified between the talents of today and requirements of tomorrow, hiring programmes were initiated for various functions. During the year, 142 new hires were recruited of which 9% were female.

### Learning and development

Keeping in mind the external environment, we designed our learning and development programmes for the digital platform. The programmes focused on specific needs of sales units and plants. The organisation-wide activities emphasised health, cost and cash – our key priority during the pandemic. Specific programmes were





also initiated based on the requirements of functional heads. Employees also used our online platforms and the in-house learning platform, Super Assisted Intelligent Learning (SAIL).

### Succession planning

We have institutionalised structured talent review and succession planning process to identify the leaders of tomorrow and encourage internal employees to take on strategic roles. The pool of ready successors will help us in achieving our long-term strategic goals.



### INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The establishment of an effective corporate governance and internal control system is essential for sustainable growth and long-term improvements in corporate value, and accordingly Ambuja Cement works to strengthen such structures. We believe that a strong internal control framework is an important pillar of Corporate Governance.

The current system of Internal Financial Controls is aligned with the requirement of the Companies Act, 2013 and is in line with globally accepted risk-based framework as issued by the Committee of Sponsoring Organisations (COSO) of the Treadway Commission. This framework includes entity-level policies, processes and Standard Operating Procedures (SOP). The compliance with these policies and procedures is ingrained into the management review process. Moreover, we regularly review them to ensure both relevance and comprehensiveness.

We use IT-supported platforms to keep the Internal Financial Control (IFC) framework robust.

We periodically assess design as well as operational effectiveness of our internal controls across multiple functions and locations through extensive internal audit exercises. Based on the assessment of internal audit function, process owners undertake corrective action in

their respective areas, and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board.

We have a strong in-house Internal Audit (IA) department, which functionally reports to the Chairman of the Audit Committee, thereby maintaining its objectivity and independence. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter. Over a period, the IA department has acquired in-depth knowledge about the Company, our businesses, our systems and procedures, which is now institutionalised. Our Internal Audit function is ISO 9001:2015 certified.

The IA department develops a risk-based annual internal audit plan, which is approved by the Audit Committee. The IA department carries out risk-focused audits across all locations, enabling identification of areas where risk management processes may need to be strengthened. Significant audit observations and corrective action plans are presented to the Audit Committee. Over the years, formal and independent evaluation of internal controls and initiatives for remediation of deficiencies by IA department has resulted in a robust framework for internal controls. This formalised system of internal control and risk management framework facilitate effective compliance of Section 138 of the Companies Act, 2013 and relevant statute applicable to the LafargeHolcim Group.

**₹669 CRORES**

Employee benefit expenses during 2020



**11 HOURS**

Man-hours of training per employee



### Outlook

With anticipated growth in the coming years, we will continue to remain an attractive employment proposition for talent. We will realign the skills of employees to suit the evolving requirements of the industry. We will continue to provide an empowering and encouraging workplace for the people.

For a detailed discussion on the human capital, please refer [PAGE 88](#)