

HEIDELBERGCEMENT

India Presentation

6th May 2013



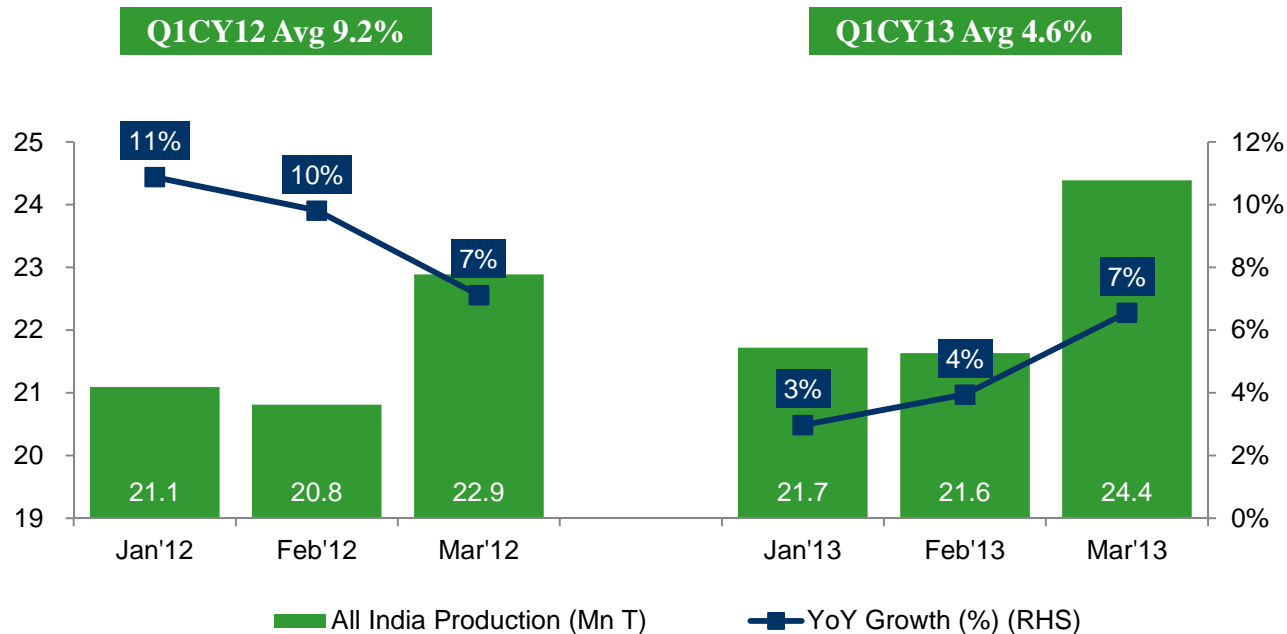
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Indian Cement Industry Developments during Q1CY13

- Q1CY13 reported production growth of 4.6% y-o-y as against Q1CY12 growth of 9.2% y-o-y.
- Based on the despatch data reported by few companies, there has been a de-growth for most of the Companies during Q1CY13.

(Source: Stock exchange filings and Industry Estimates)

- Companies who have expanded their capacities organically or through acquisition, have reported growth in their despatches.



Source: Cement Section, Department of Industrial Policy & Promotion – Cement Production

Expansion project in Central India (Damoh and Jhansi)

- ❑ Commercial production commenced , stabilization under process :
 - New plant at Jhansi (U.P.) on 16th January 2013 - from 0.8 mtpa to 2.7 mtpa
 - New plants at Narsingarh and Imlai in Damoh (M.P.) on 18th February 2013
 - Clinker manufacturing capacity increased from 1.2 to 3.1 mtpa
 - Cement grinding capacity increased from 1.0 to 2.0 mtpa

- ❑ Key highlights of the project being :
 - Kiln (5000 TPD new clinker line) , new cement ball mill & major equipment from FL Smidth (FLS) .
 - Vertical Roller Mill (VRM) at Jhansi from Loesche GmbH
 - Around 20 Kms long Overland Belt Conveyor (OLBC) from Macmet , which is one of the longest in the Country for transportation of limestone from the mines at Patharia to the clinkerisation unit at Narsingarh. OLBC will not only substantially reduce the dependence on road transport but also reduce the transportation costs.
 - Crusher of 1200 TPH capacity at the limestone mines in Patharia, District Damoh (M.P).
 - 20 Km long 33 KV Power transmission line for Patharia mines, 38 Km long 132 KV Power transmission line from Damoh to Narsingarh unit and 5 Km long 132 KV Power transmission line at Jhansi.
 - Improvement projects in the existing capacity such as modernisation of existing railway siding, packers etc.

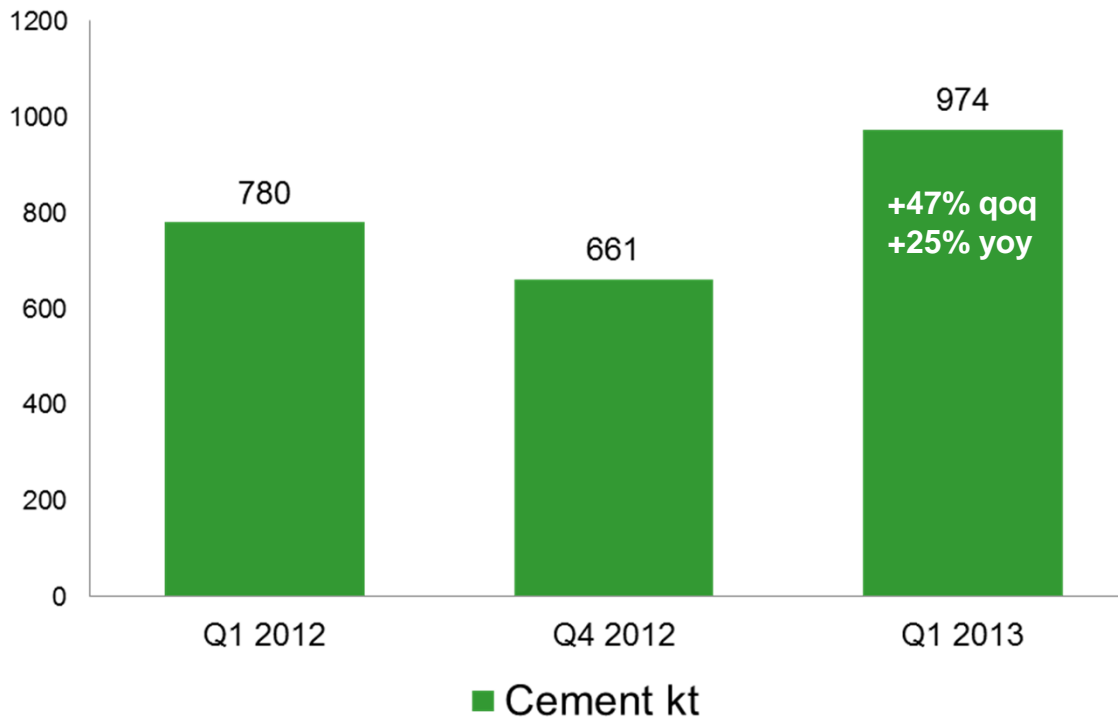
■ Brand “mycem”

- ❑ In Central India, our brand “mycem” is well established. The Company has also increased its network of dealers and retailers to expand its foothold in the markets keeping in mind the expansion of capacity.
- ❑ The sales team is fully committed to customers. Every endeavor is made to deliver quality product at competitive prices within the time frames agreed with the customers, which involves high level of synchronisation between our procurement, production, marketing and logistics teams.



- ❑ Increased brand visibility and faster delivery practices amongst many other customer friendly initiatives enabled the Company to strengthen its bond with the customers and the channel partners.

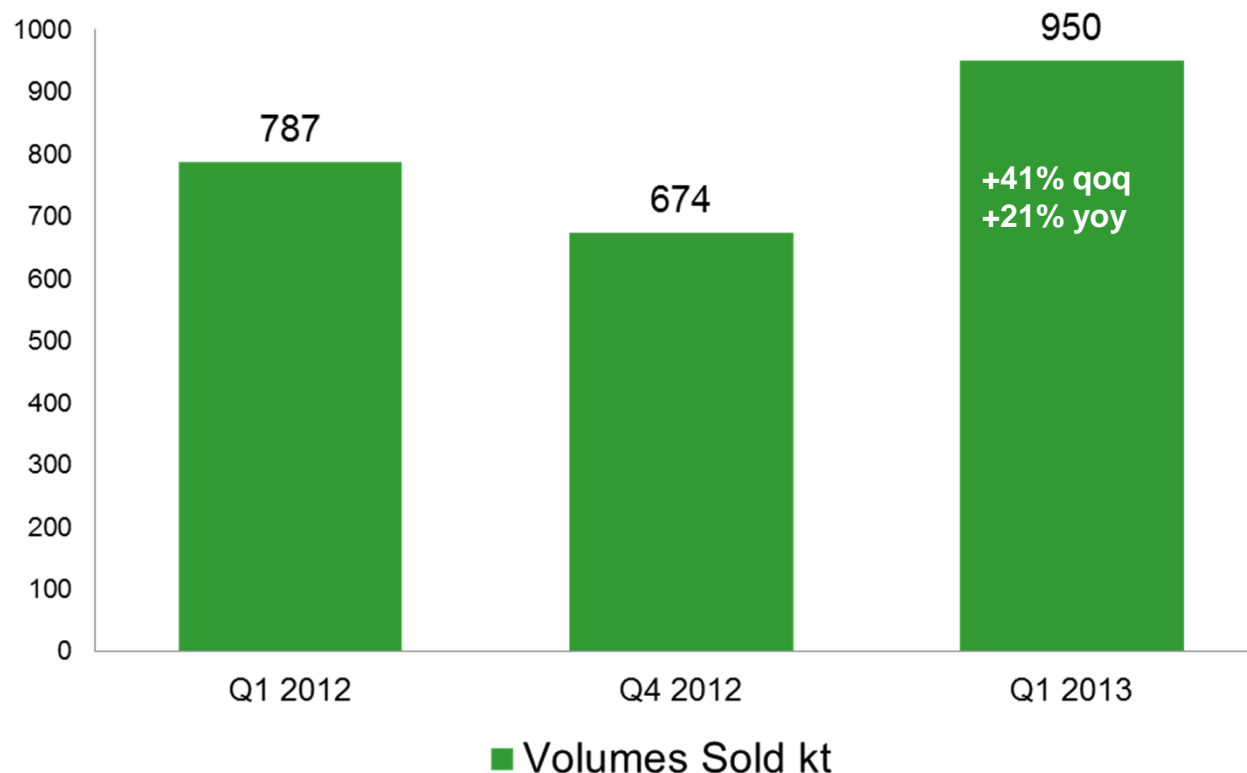
HCIL : Production Volumes increased in 1Q 2013 post commissioning of new facilities



With the commencement of new facilities in Central India , Cement Production volumes increased by 47% sequentially and by 25% yoy .

Note : Q4 2012 and Q1 2013 figures exclude production during the trial run phase at Damoh and Jhansi from the new lines .

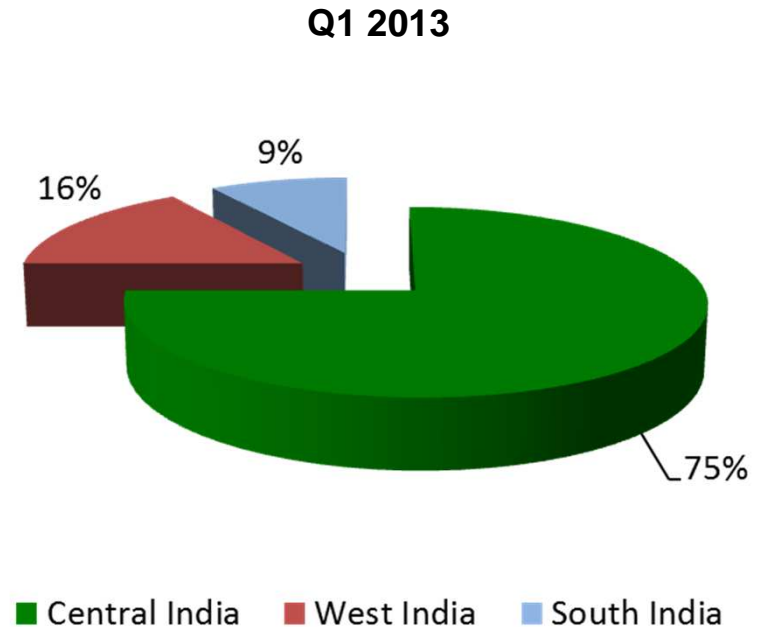
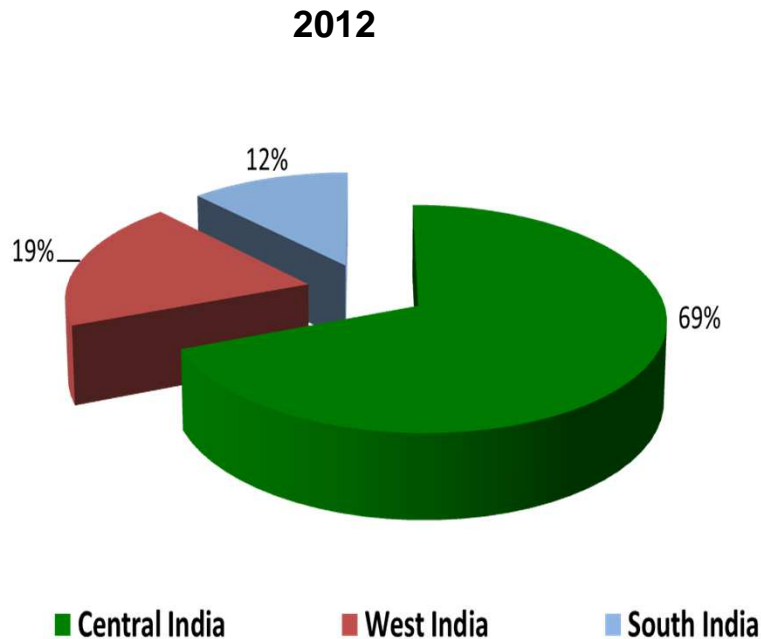
Resulting into higher sales volume



Total volumes sold (inclusive of clinker and GGBS sale) increased by more than 40% sequentially and by more than 20% yoy .

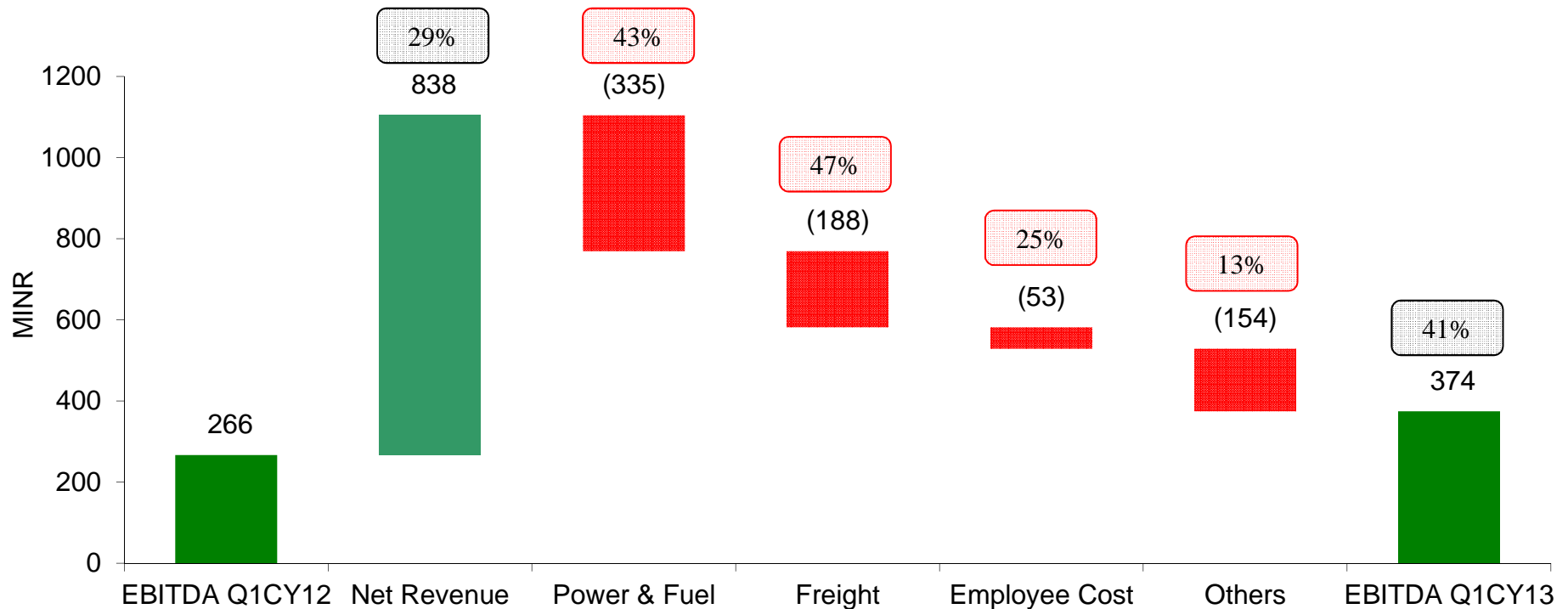
Note : Q4 2012 and Q1 2013 figures exclude sales out of production from the new lines during the trial run phase at Damoh and Jhansi .

■ HCIL : Share of Central India in Revenues increased to 75% in Q1 2013 from 69% earlier



Central India's share of the total net revenues for the company has increased from 69% in the year 2012 , to 75% in Q1 2013 .

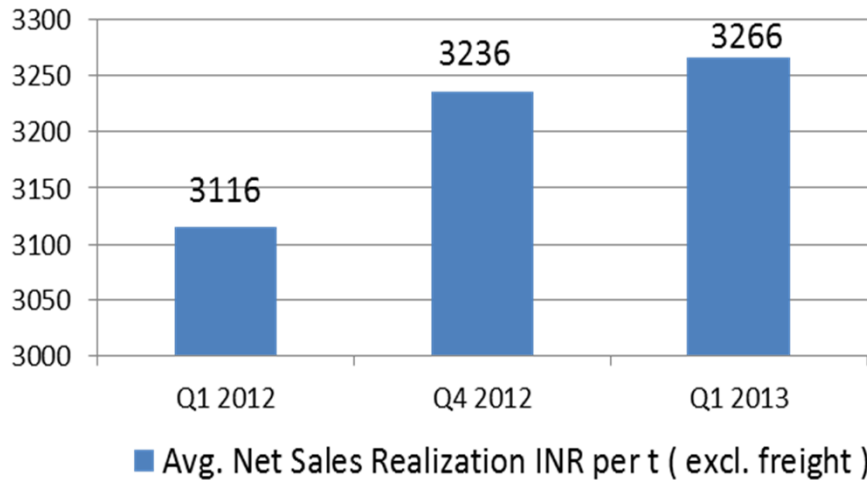
EBITDA Bridge: Q1CY13 vs. Q1CY12



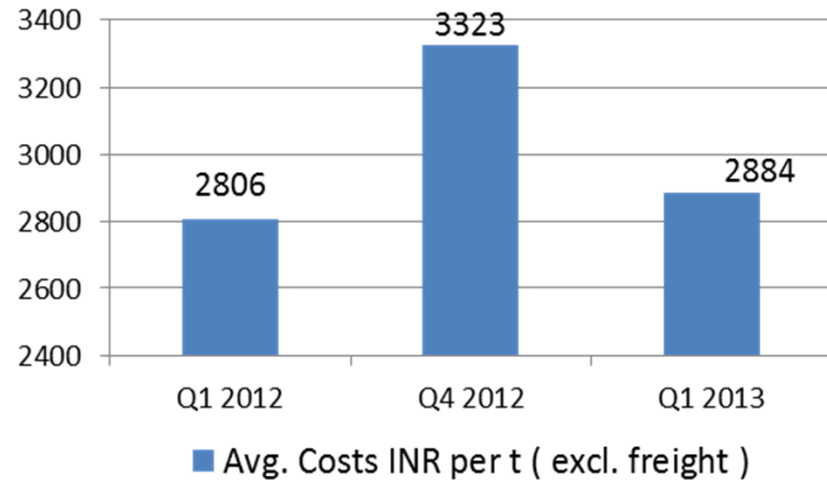
- HCIL's EBITDA increased from MINR 266 in Q1CY12 to MINR 374 in Q1CY13, an increase of 41%. EBITDA margin (% of net sales) increased from 9.3% in Q1CY12 to 10.1% in Q1CY13.
- EBITDA per tonne increased from INR 338 per tonne in Q1CY12 to INR 394 per tonne in Q1CY13, an increase of 17%.
- Increase in EBITDA is mainly contributed by 21% increase in volumes from 787KT in Q1CY12 to 949KT in Q1CY13 and 5% increase in NSR (net of freight and forwarding charges) from INR 3,117 per tonne to INR 3,270 per tonne. Increase in revenue is partially off-set by 43% increase in increase in power and fuel (3% of net revenue) and 47% freight cost (2% of net revenue).

Prices , Costs and EBITDA Margin trends

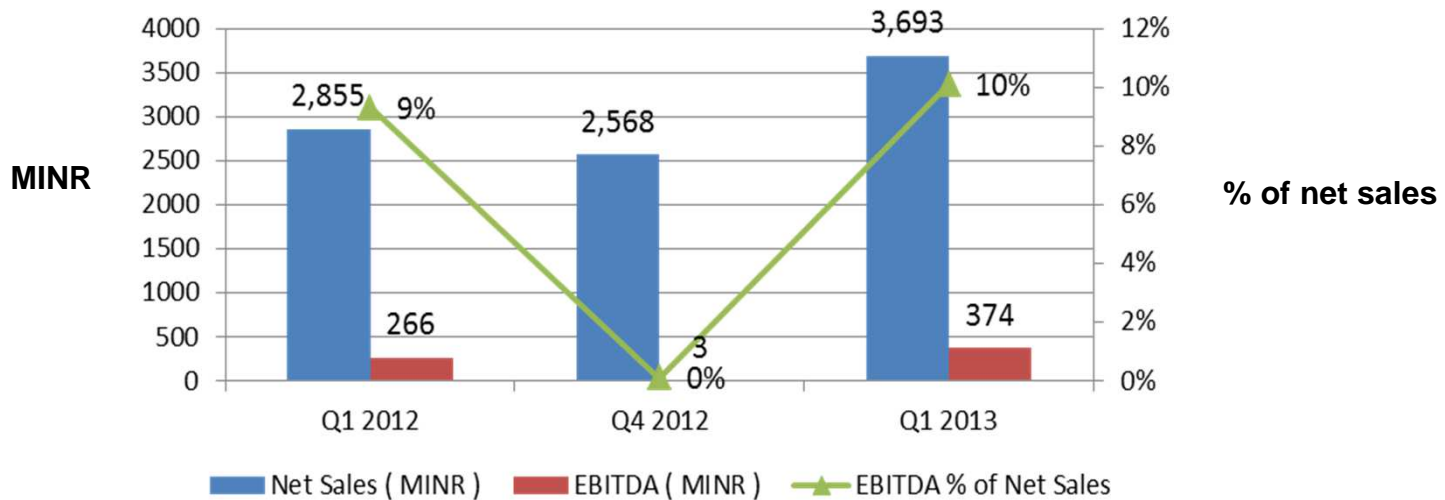
NSR per t



Cost per t



Net Sales and EBITDA



Major cost increases - Q1 2013 over Q1 2012

❑ Power Cost Increases :

- Madhya Pradesh State Electricity Board revised power tariff from April 2012 resulting into increase in power rate by 7.5%
- Karnataka State Electricity Board revised power tariff from May 2012 resulting in increase in power rate by 5.5%.
- Maharashtra State Electricity Board further increased power tariff from August 2012 by 17%. This was over and above last revision of 7% in June 2012.
- Uttar Pradesh state electricity board has increased tariffs from Oct'12 by 44%.

❑ Freight Increases :

- The railway freight has also been increased by 23% w.e.f 6th March 2012 . Railway further hiked peak season surcharge from 10% to 12% w.e.f Oct'12.
- The Indian government has increased the diesel prices by 5 INR/lit (~12%) w.e.f 14th September 2012 . The rate for the bulk diesel purchase has further been hiked by 25% from 18th January 2013 .

❑ Tax Increases :

- Govt. has increased basic Excise duty on Cement & Clinker by 2% from March 2012.
- Madhya Pradesh government increased Entry tax on cement from 1% to 2% w.e.f. April 2012.

■ Disclaimer

Cautionary statement regarding forward looking statements

This presentation may contain certain forward-looking statements relating to the Company's future business, developments and economic performance.

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■ Thank you

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**Safety is our
foremost priority**



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