

HEIDELBERGCEMENT

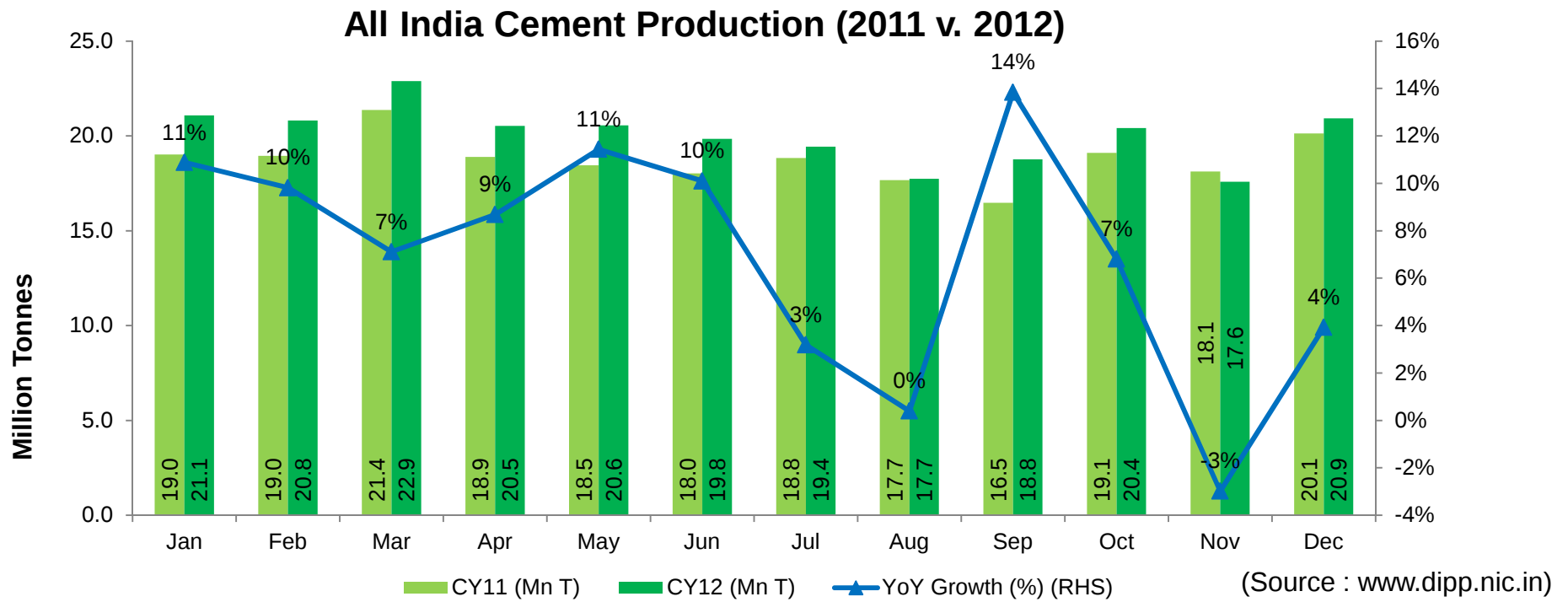
India Presentation

12th February 2013



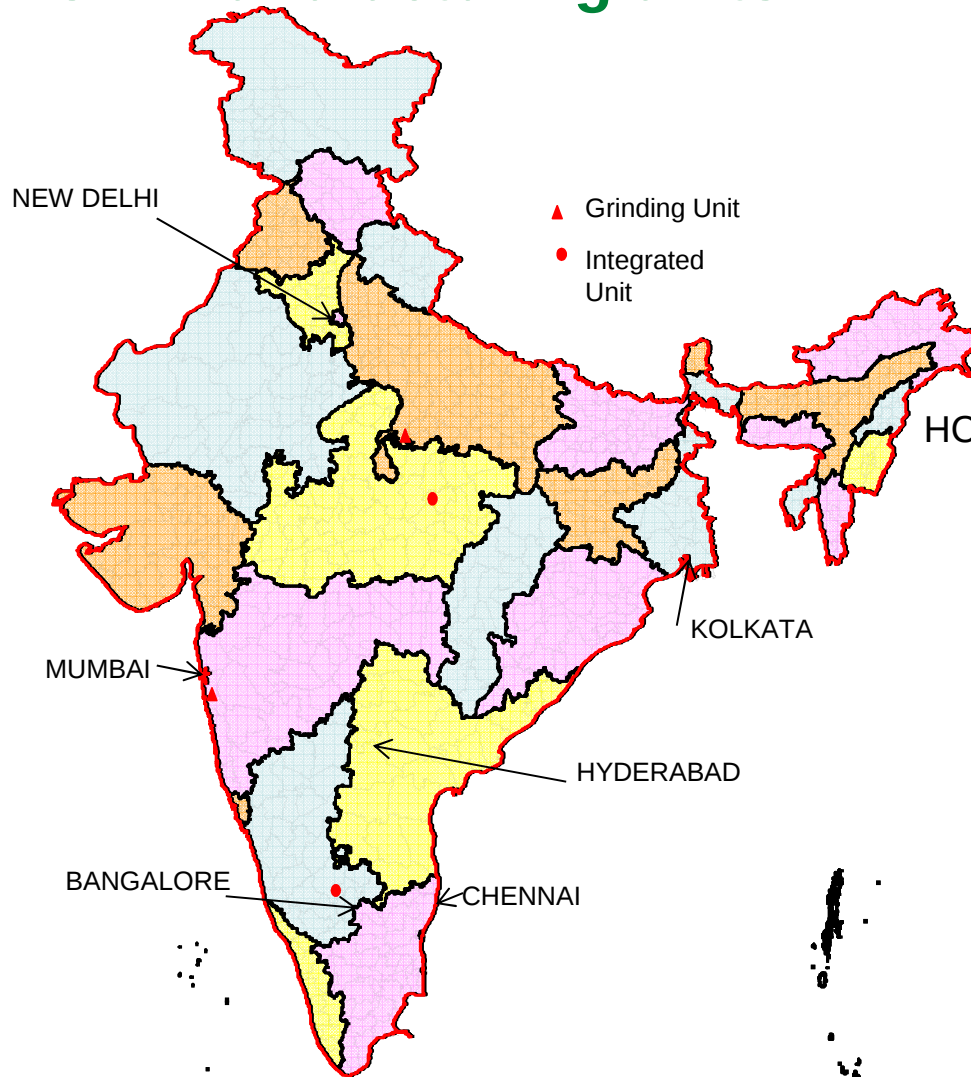
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Indian Industry Developments during 2012



- ❑ First nine months of the year reported growth of 8.3%, however in Q4CY12, growth was 2.7% resulting in Year on Year growth of 6.9% to 241 Mn T.
- ❑ During CY12 approx. 15 Mn T of cement capacity was added taking the overall installed capacity to approx. 330 Million t as on 31-Dec-12.
- ❑ Effective Capacity utilization during CY12 and CY11 remained constant around 80%. (Source: Industry Estimates)

HCIL manufacturing units



HCIL Manufacturing units :

- ❑ Damoh (Clinkerisation & Grinding plant) at Madhya Pradesh
- ❑ Jhansi (Grinding plant) at Uttar Pradesh
- ❑ Ammasandra (Clinkerisation & Grinding plant) at Karnataka
- ❑ Raigad (Grinding plant) at Maharashtra

Post expansion of facilities in Central India (Damoh and Jhansi) , HCIL's total cement capacity will increase to 6 Million tpa .

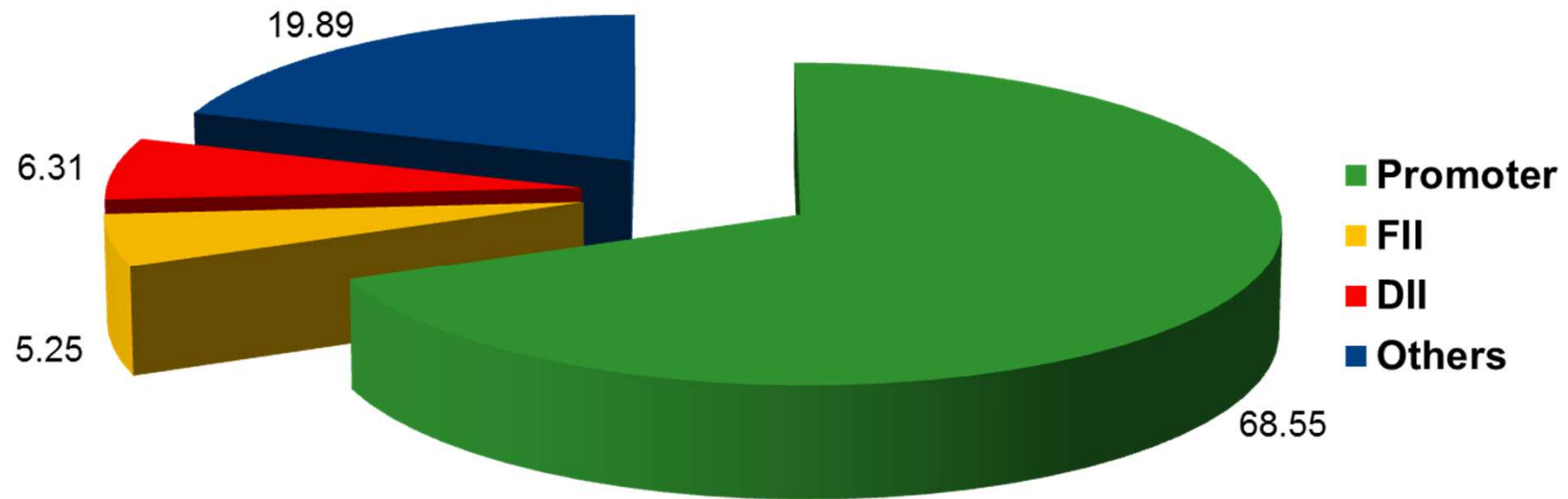
■ Brand “mycem”

- ❑ 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.



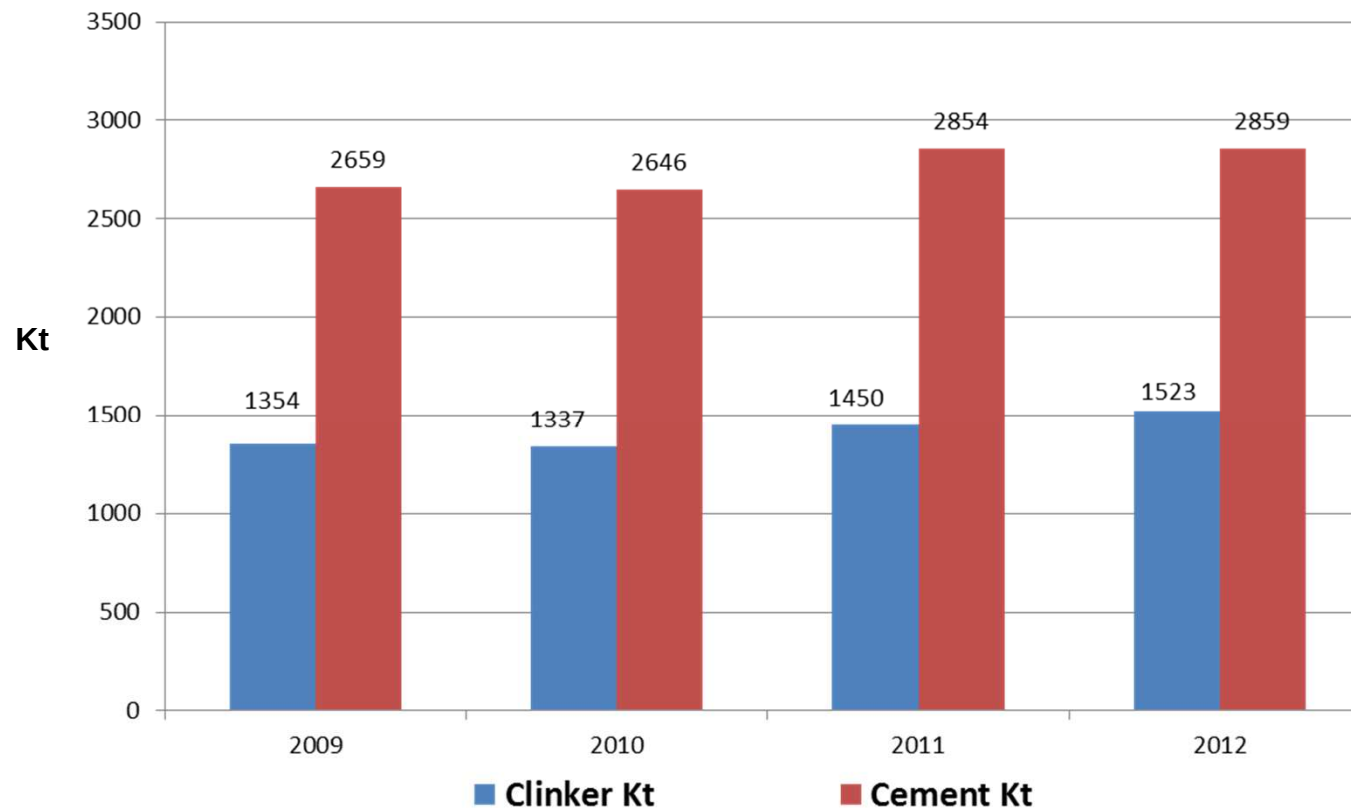
- ❑ Increased brand visibility and faster delivery practices amongst many other customer friendly initiatives enabled the Company to strengthen its bond with the customers and the channel partners.

■ HCIL : Share Holding Pattern as on 31st December 2012



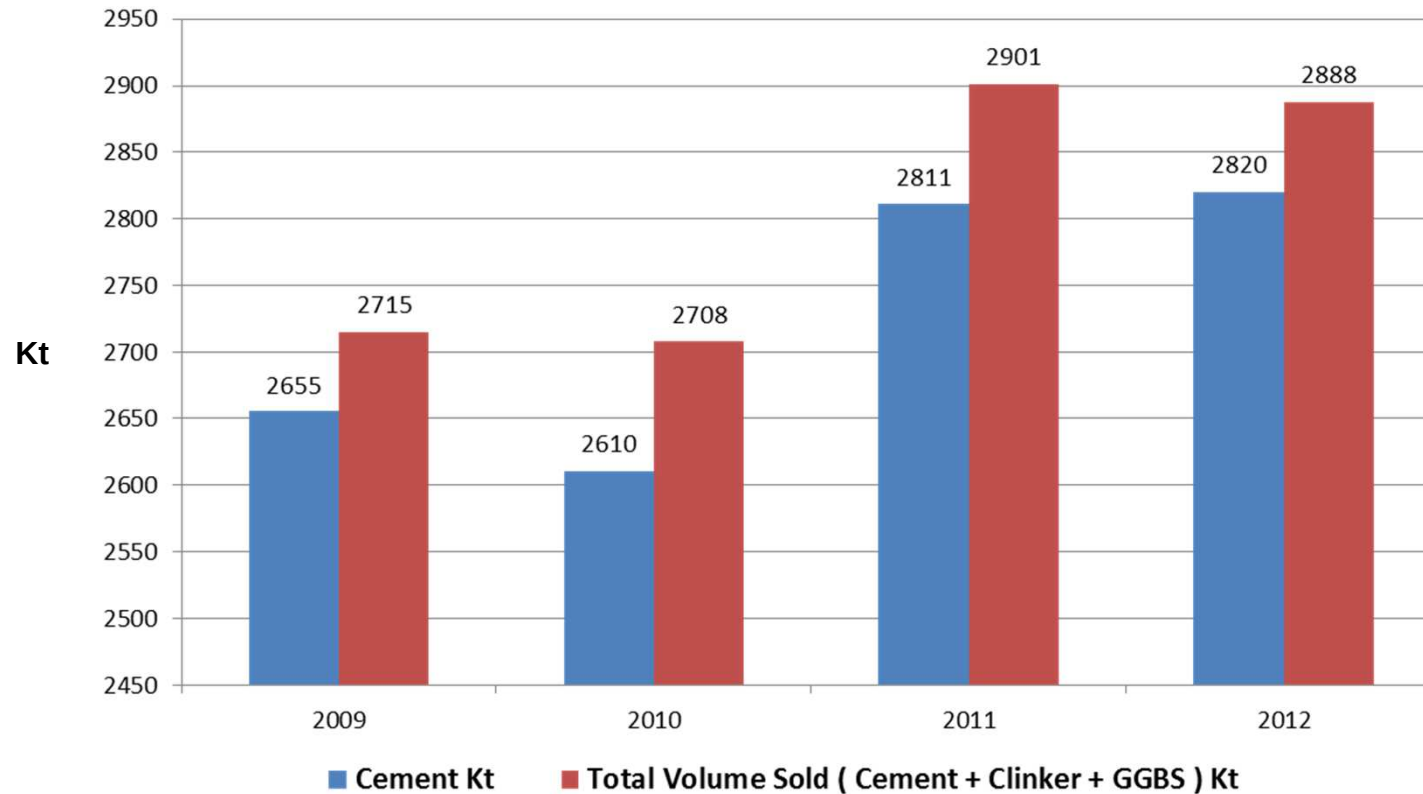
Equity Share Capital of the company : Rs. 226.62 Crores

■ HCIL : Production Volumes higher than in the past



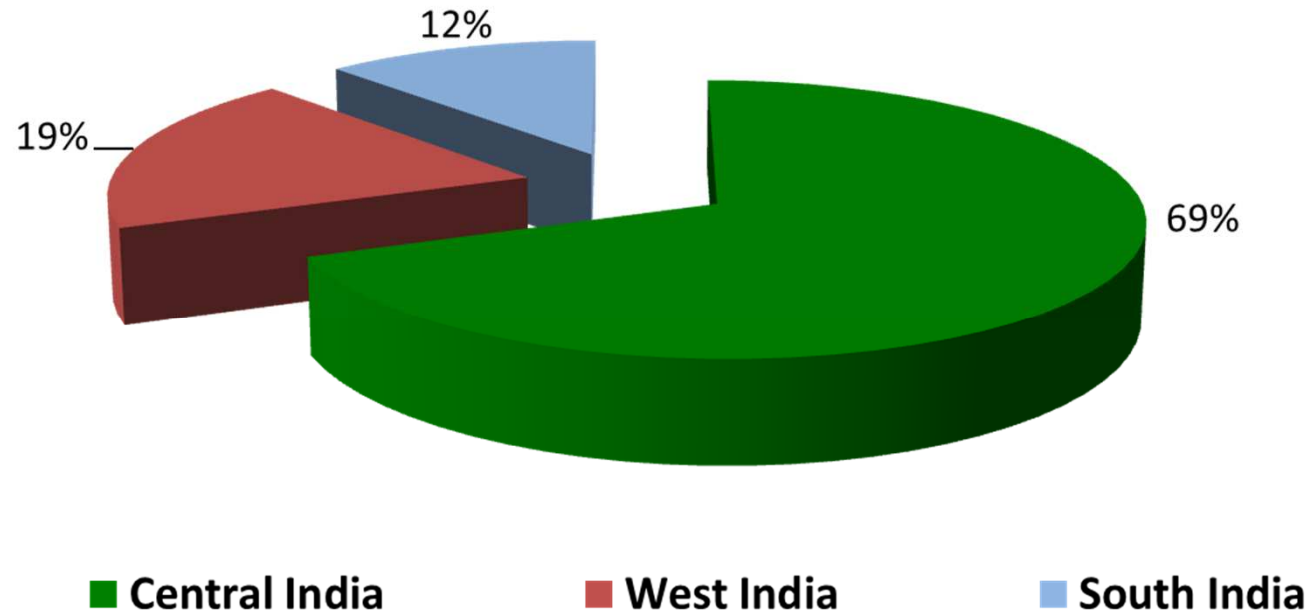
Note : 2012 figures exclude production during the trial run phase at Damoh and Jhansi from the new lines during Q4 2012

■ HCIL : Sales Volumes continue to rise as well



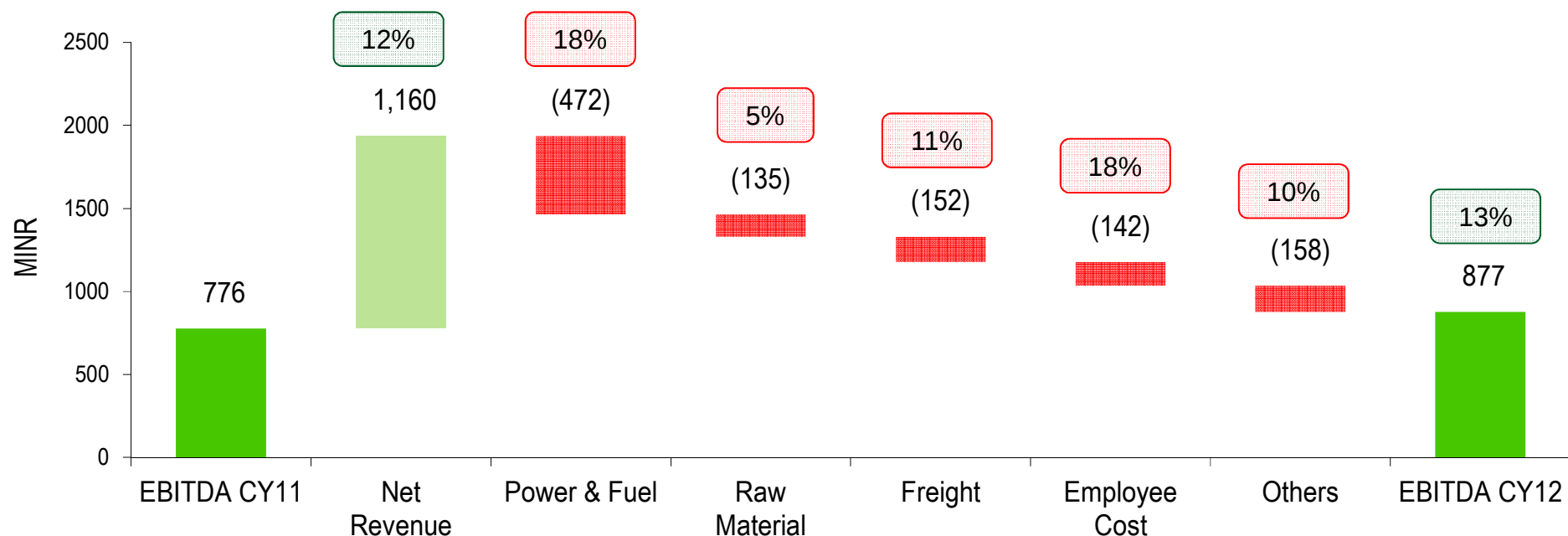
Note : 2012 figures exclude sales out of production from the new lines during the trial run phase at Damoh and Jhansi during Q4 2012

■ HCIL : Revenue Split for Year 2012



Central India contributed 69% of the total net revenues for the company in the year 2012

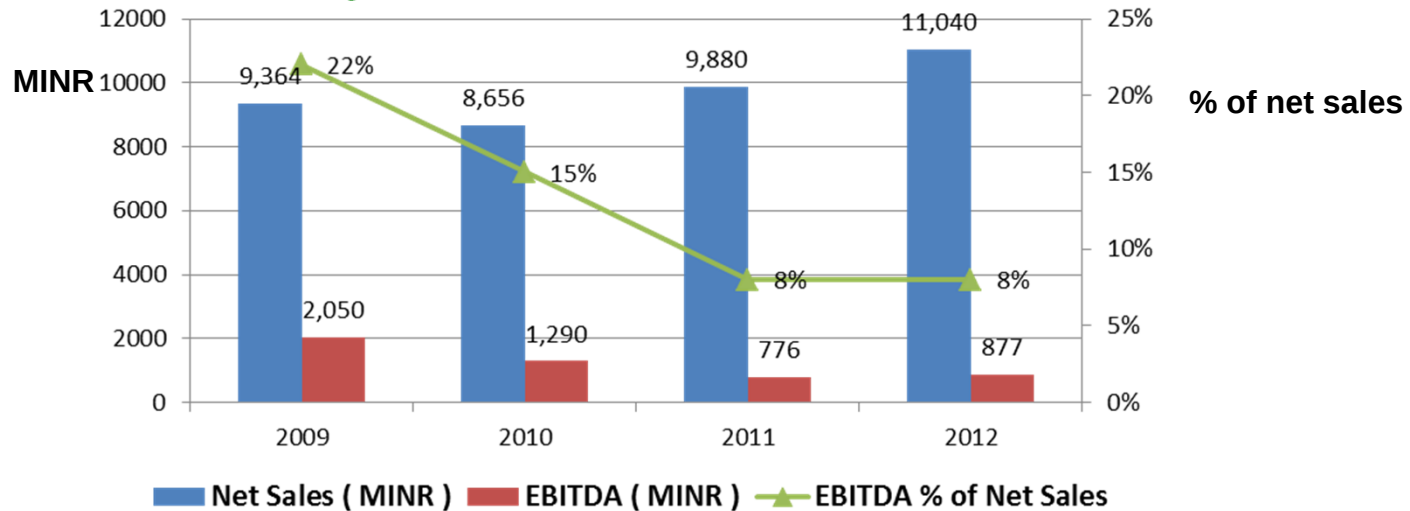
Company's Operating Performance for CY12 vs. CY11



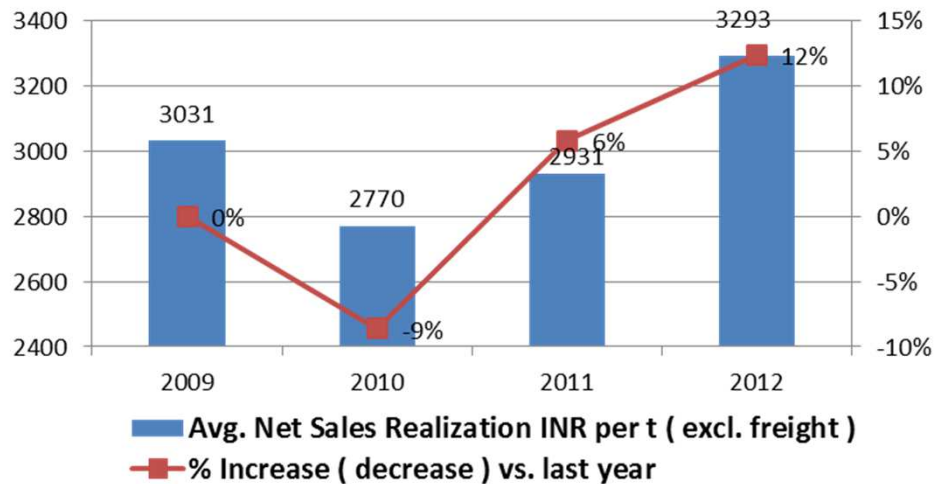
- Company's EBITDA increased from MINR 776 in CY11 to MINR 877 in CY12, an increase of 13%. EBITDA margin (% of net sales) increased marginally from 7.86% in CY11 to 7.94% in CY12.
- EBITDA per tonne increased from INR 268 per tonne in CY11 to INR 304 per tonne in CY12, an increase of 13%.
- The main reasons for increase in EBITDA is mainly due to increase in NSR (net of freight and forwarding charges) from INR 2,931 per tonne in CY11 to INR 3,293 per tonne in CY12, increase of 12%.

Rising costs without adequate increase in prices have continued to keep margins low over the years

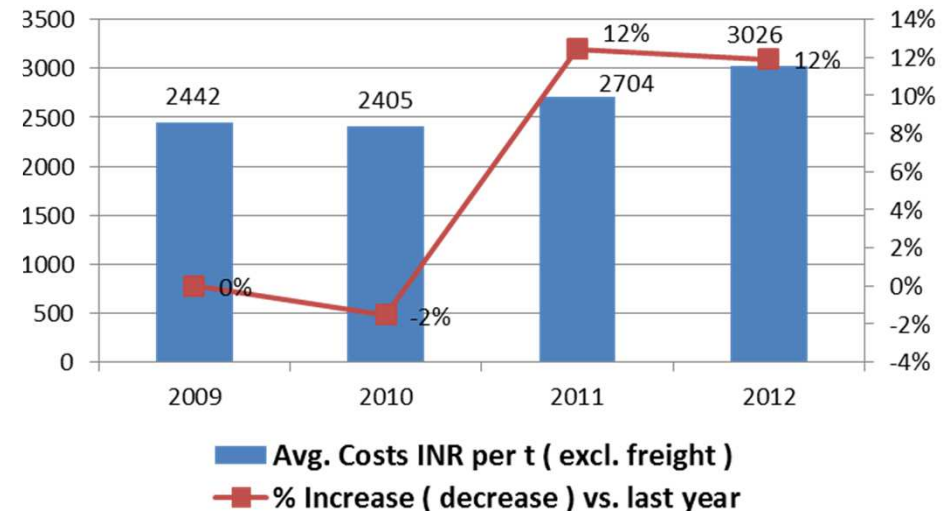
Net Sales and EBITDA



NSR per t over the years



Cost per t over the years



Major cost increases during 2012

❑ Fuel Cost Increase :

- Coal India Ltd. had introduced a new system of coal pricing based on gross calorific value with effect from January 2012, which was rolled-back partially. The impact on the cement industry being 10-15%. Further coal royalty was also increased in May 2012 to 14%.

❑ 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 .

❑ 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.

Status of the expansion project in Central India (Damoh and Jhansi)

- ❑ Commercial production from the new plant at Jhansi (U.P.) commenced on 16th January 2013.
- ❑ Trial runs at the new plants at Narsingarh and Imlai in Damoh (M.P.) have started and commercial production is expected to commence shortly.
- ❑ Key highlights of the project are as under :
 - Kiln (5000 TPD new clinker line) , new cement ball mill & major equipments from FL Smidth (FLS) .
 - Vertical Roller Mill (VRM) at Jhansi from Loesche GmbH
 - Civil construction work carried out by Larsen & Toubro Limited at all locations.
 - 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.

■ Profitability drivers post expansion

- ❑ Increase in volumes will help realize economies of scale in terms of fixed cost i.e. Personnel and General & Administration cost.
- ❑ Savings in transportation costs as belt conveyor will be used to transport limestone from quarry to the plant for both existing and incremental production.
- ❑ Savings from reduction in power consumption and fuel consumption for the new line.
- ❑ MP govt. has granted us certain tax and other benefits for the new line which will further enhance return on the project.

■ Preparedness for the new capacity

- ❑ Organisational structure revamped for sales, marketing and customer services staff in Central India.
- ❑ Increased market share in home markets .
- ❑ Identification of new market – Punjab for additional volumes
- ❑ Addition of new channel partners in process
- ❑ Long term agreements with major suppliers to provide dedicated trucks for cement transportation
- ❑ Annual Dealers Meets (ADMs) followed up by several meets with C&Fs, Dealers, Architects and Engineers to share organisational expectations.
- ❑ Increased focus on advertisement and promotion - Electronic Media, Hoardings, Transportation Media, Print Media and Wall paintings
- ❑ Increased customer service activities have been increased to build customer and channel confidence. Mobile vans, channel training etc. are being focused.

■ 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.

Such statements may be subject to a number of risks, uncertainties and other important factors, such as but not limited to (1) competitive pressures; (2) legislative and regulatory developments; (3) global, macroeconomic and political trends; (4) fluctuations in currency exchange rates and general Financial market conditions; (5) delay or inability in obtaining approvals from authorities; (6) technical developments; (7) litigation; (8) adverse publicity and new coverage, which could cause actual developments and results to differ materially from the statements made in this presentation. HCIL assumes no obligation to update or alter forward-looking statements whether as a result of new information, future events or otherwise

■ Thank you

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for better building

Safety is our
foremost priority

