HeidelbergCement India Ltd. (HCIL)

Investors' Presentation

Q4 FY 2015-16



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Cautionary Statement

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

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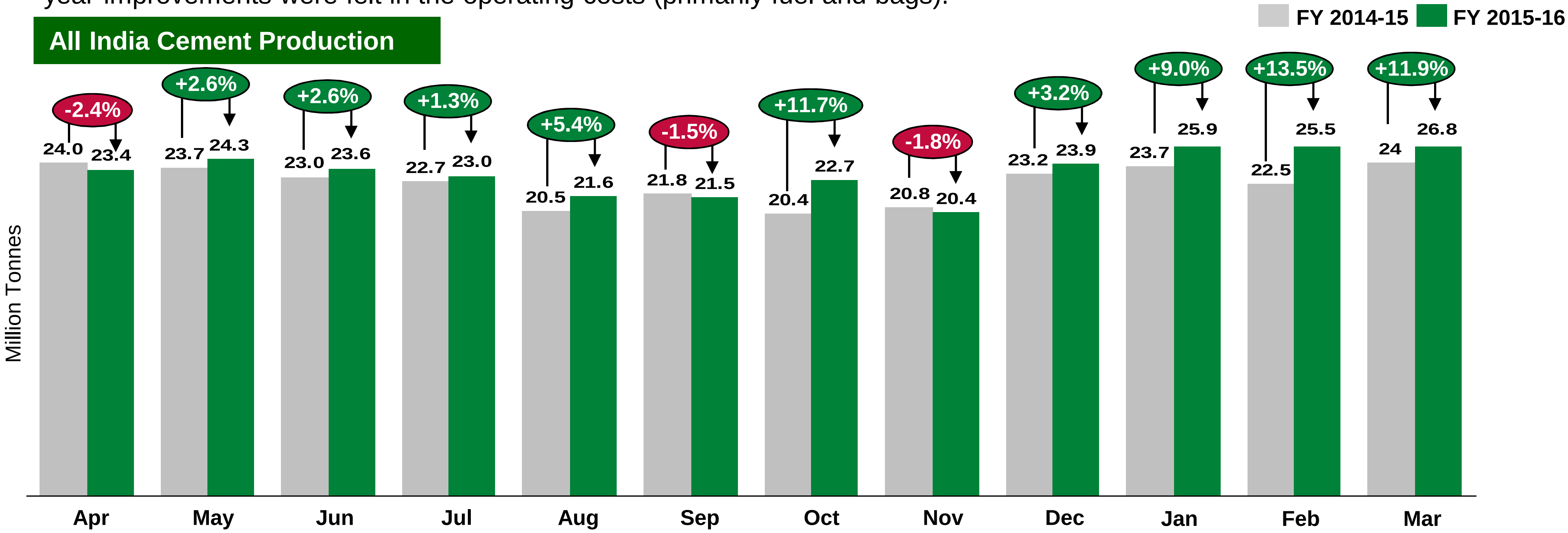
Overview FY 2015-16

- India installed cement capacity end March 2016 ~ 405 Mn T, while cement production during FY 2015-16 was ~ 282 Million t (+4.6% y-o-y). Pick up in production reported only during the last quarter of the fiscal (+11.4% y-o-y) due to base effect (contraction of 1% during Q4FY 2014-15).
- Sales Volume growth for HCIL during FY 2015-16 in line with the industry (+4.1% on a L-f-L basis).
- However, volume growth for the company remained muted during Q4 FY 2015-16 (+2% y-o-y) due to volume loss in Southern operations and lower clinker sales. Central India volumes still grew by ~ 6.5% y-o-y during the last quarter.
- HCIL's cement capacity utilization > 80% for FY 2015-16 against industry average ~ 70%.
- Pricing remained subdued due to weak market conditions for most parts of the year, while during the second half of the year improvements were felt in the operating costs (primarily fuel and bags).



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

HCIL Highlights – Q4FY 2015-16

Volumes increased by 2%

Gross Realisation per t lower by 3.2%

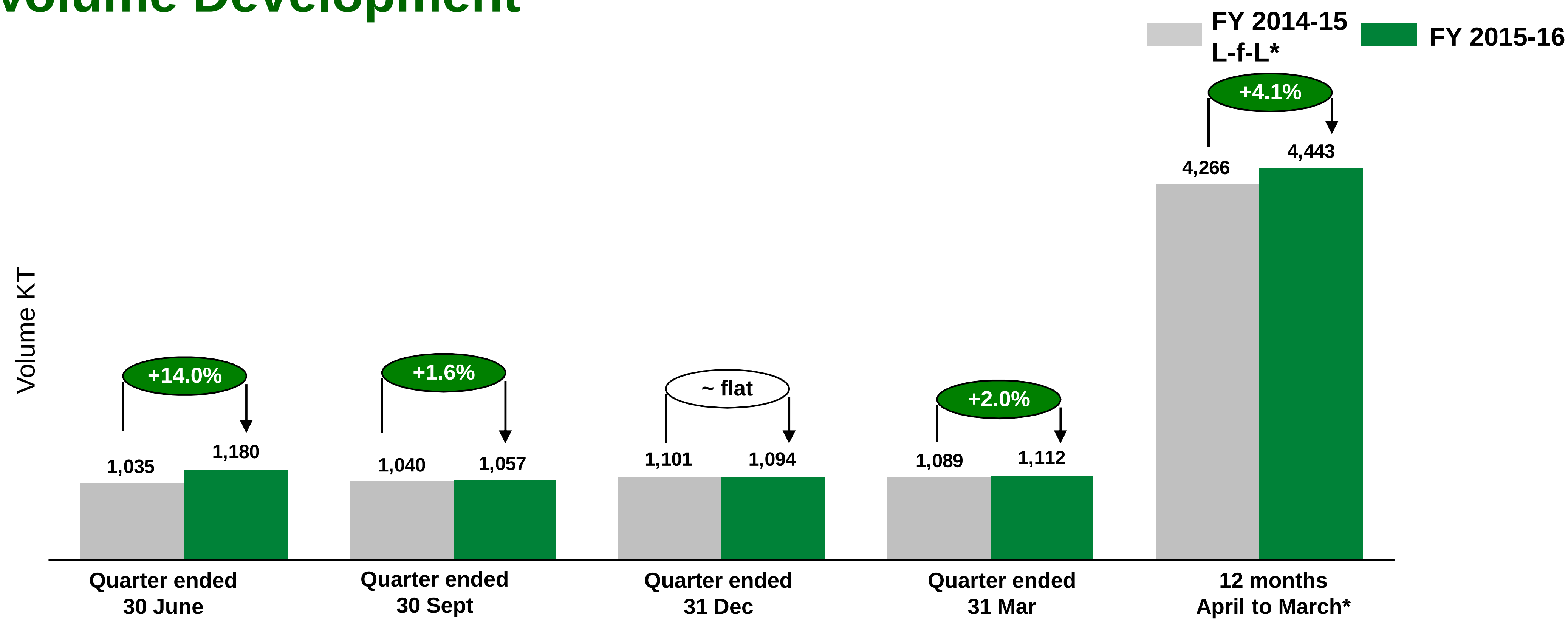
Total Costs per t lower by 3.9%

EBITDA higher by 8.7%

EBITDA % increased by 1.7%

Waste Heat Recovery based Power Generation Plant of ~ 12 MW commissioned at Narsingarh on 15th Feb 2016

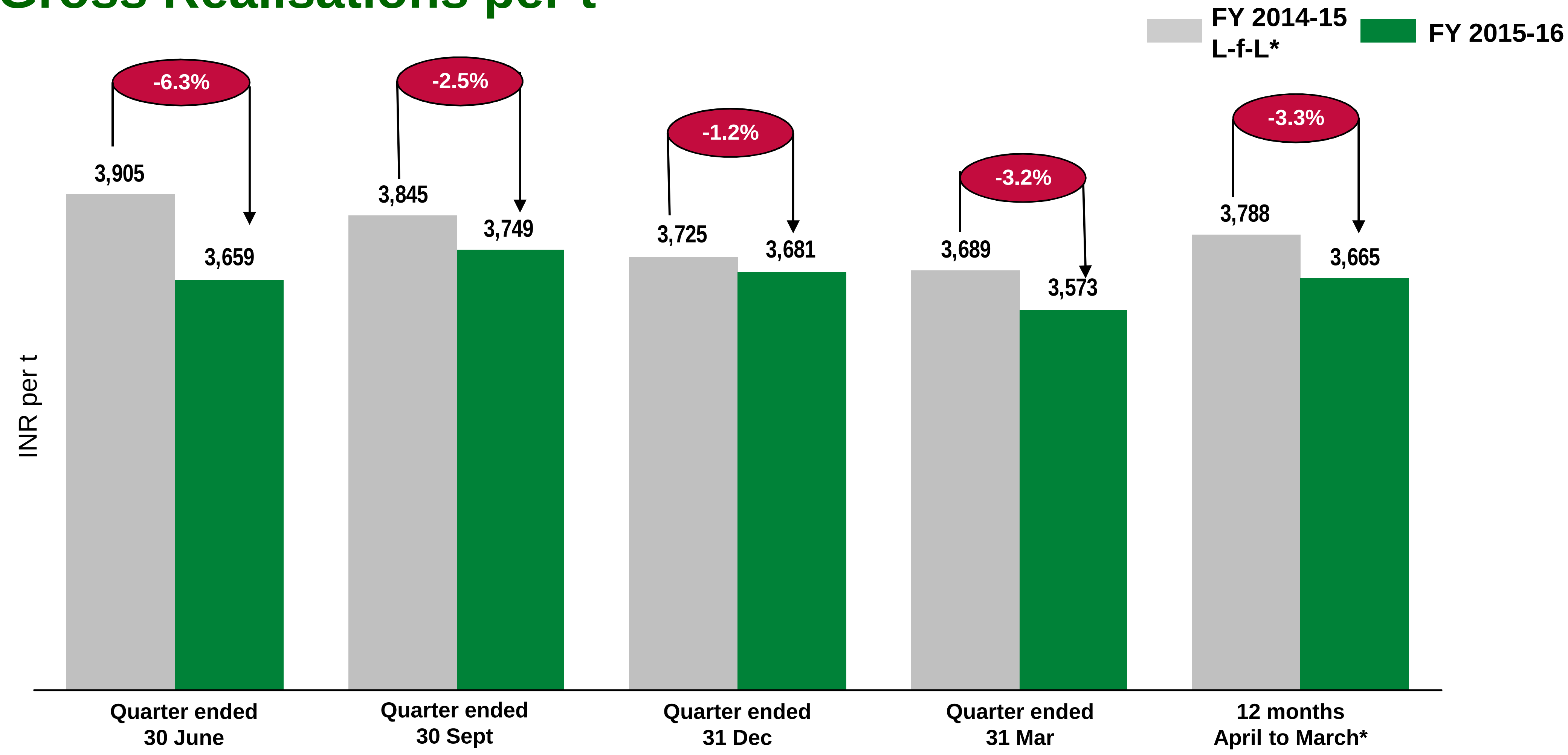
Volume Development



- Volumes growth in Q4 muted due to loss of volume in Southern operations and lower clinker sales. Central India volumes however grew by 6.5% y-o-y.
- Volume growth for the full fiscal year FY 2015-16 in line with the industry.
- Drought like conditions in some markets post 2 successive monsoon failures, sand mining restrictions, labour shortage were few of the factors which impacted demand during FY 2015-16
- Trade : Non Trade Mix ~ 80:20 for Central India .

* Since *FY 2014-15 covered15 months period (from January 2014 to March 2015), for L-f-L comparisons with the current fiscal year, preceding 12 month period from April 2014 to March 2015 has been considered .*

Gross Realisations per t



Prices remained lower than last year due to weak market conditions impacting margins.

* Since *FY 2014-15 covered15 months period (from January 2014 to March 2015), for L-f-L comparisons with the current fiscal year, preceding 12 month period from April 2014 to March 2015 has been considered .*

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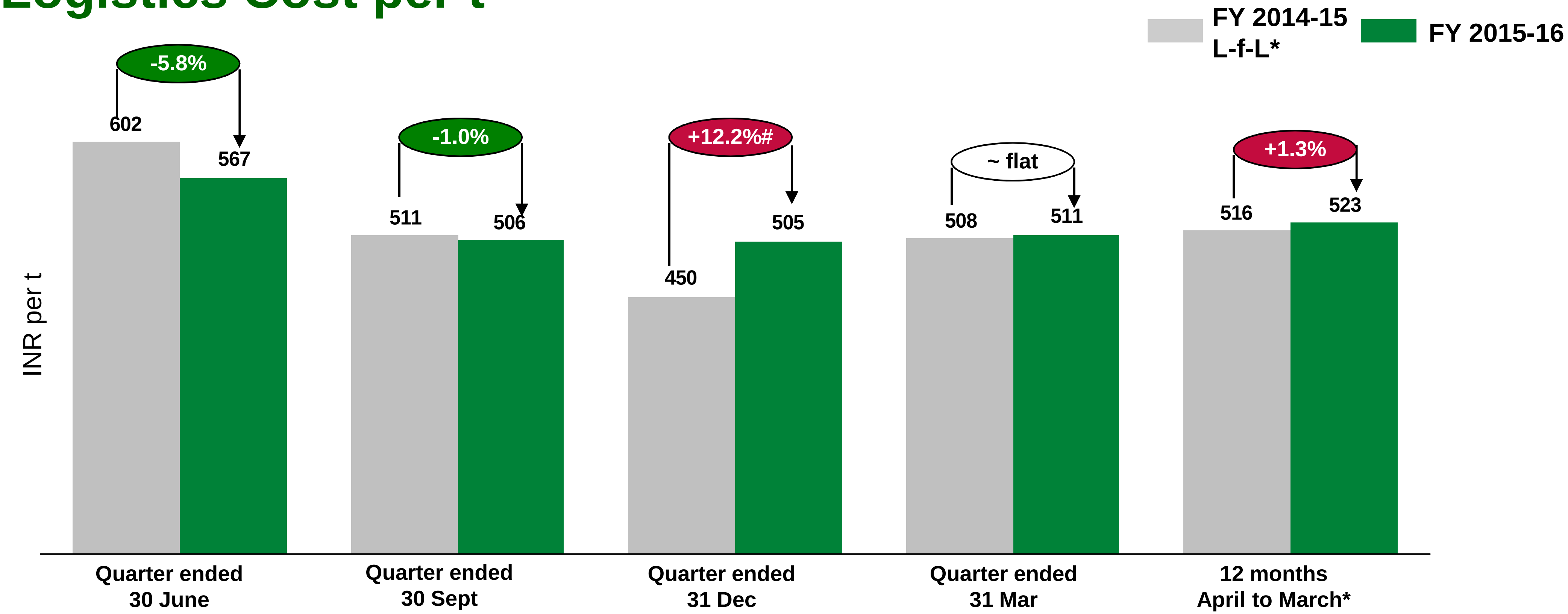
Logistics Cost per t



- Lower crude cost advantage during the year was partially offset by higher railway freight.
- Railway freight incentive reduced in FY 2015-16 vs. the last year.
- Rail : Road Mix ~ 50:50
- Avg. Lead Distance < 400 Kms

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 # Lower base due to positive impact of railway freight incentive last year .

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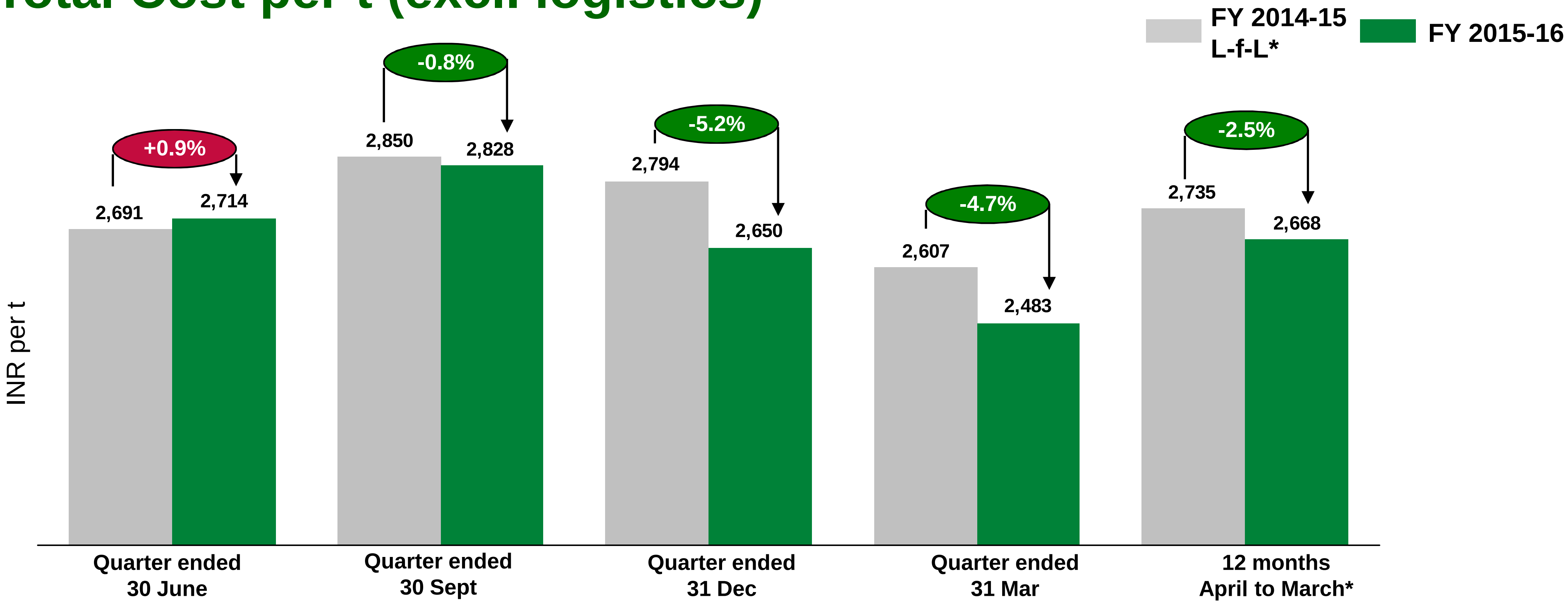
Total Cost per t (excl. logistics)



- Savings primarily driven by lower HSD, Petcoke and PP Granules cost – hardening already.
- Fuel Mix was further optimised during the year to take advantage of the fall in petcoke prices, Avg. Petcoke consumption > 60% of the total fuel.
- Power tariff increased in MP and UP last year - fresh tariff increase announced in MP and Karnataka in April 2016.
- Waste Heat Recovery based Power Generation Plant (WHRP) at Narsingarh operational since 15th Feb 2016, should help reduce the impact of these hikes.
- Impact of MMDR Act (new levies - DMF & NMET) factored in.

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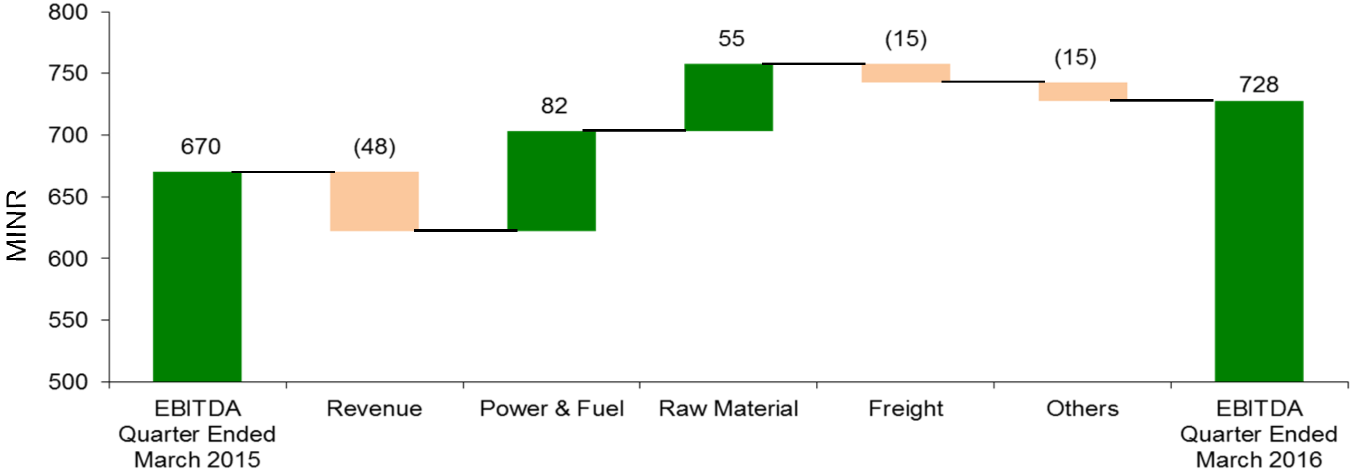
Financial Performance and EBITDA Bridge Q4 FY 2015-16

Caption	MINR March Qtr -16	MINR March Qtr -15	YoY Change%	MINR FY 2015-16 (12M)	MINR FY 2014-15 (15M)
Volumes (KT)	**1,112**	**1,089**	***2.0%***	**4,443**	**5,289**
Net sales	3,971	4,019	*-1.2%*	16,281	20,112
Other operating income	85	44	*94.5%*	272	331
Total income	**4,057**	**4,063**	***-0.1%***	**16,553**	**20,443**
Total Expenses	**3,329**	**3,393**	***-1.9%***	**14,176**	**17,222**
EBITDA	**728**	**670**	***8.7%***	**2,377**	**3,221**
Other income	45	39	*13.5%*	155	138
Depreciation	245	286	*-14.4%*	940	1,375
EBIT	**528**	**423**	***24.8%***	**1,592**	**1,984**
Finance costs	268	270	*-0.6%*	1,088	1,389
EBT	**260**	**153**	***69.4%***	**504**	**595**
Exceptional items	-	-	*n/a*	-	603
Tax	17	72	*-76.6%*	117	603
PAT	**243**	**82**	***197.8%***	**387**	**595**
EBITDA% of net sales	*18.3%*	*16.7%*	*1.7%*	*14.6%*	*16.0%*



Note: Change in inventory has been allocated to power & fuel and raw material for the EBITDA Bridge..
Others include other operating income, employee cost and other expenses.

- EBITDA / t improved to INR 655 during Q4 FY 2015-16
- Savings in power costs due to commissioning of WHRP, lower fuel costs and lower cost for bags were the prime drivers which helped mitigate the adverse impact of lower prices.
- Tax expense in Q4FY 2015-16 lower due to investment allowance benefit u/s 32AC of Income Tax Act

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Balance Sheet

Caption	MINR	
	As at 31-03-2016	As at 31-03-2015
A. Equity & Liabilities		
I. Shareholders' funds		
Share Capital	2,266	2,266
Reserves & Surplus	6,690	6,449
Sub-total Shareholders' funds	*8,956*	*8,716*
II. Non-Current Liabilities		
Long Term Borrowings	6,861	9,249
Deferred Tax Liabilities (Net)	749	652
Other Long Term Liabilities	30	29
Long Term Provisions	192	208
Sub-total Non-Current Liabilities	*7,832*	*10,138*
III. Current Liabilities		
Short Term Borrowings	700	-
Trade Payables	1,860	1,910
Other Current Liabilities	5,069	5,525
Short Term Provisions	2,075	1,908
Sub-total Current Liabilities	*9,704*	*9,344*
Total Equity & Liabilities	**26,492**	**28,197**
B. Assets		
I. Non-Current Assets		
Fixed assets	19,595	19,212
Long Term Loans and Advances	649	604
Other Non-Current Assets	275	1,034
Sub-total Non-Current Assets	*20,519*	*20,850*
II. Current Assets		
Inventories	1,782	1,910
Trade Receivables	258	191
Cash and cash equivalents	78	1,463
Short-term loans and advances	3,027	2,909
Other Current Assets	827	874
Sub-total Current Assets	*5,972*	*7,347*
Total Assets	**26,492**	**28,197**

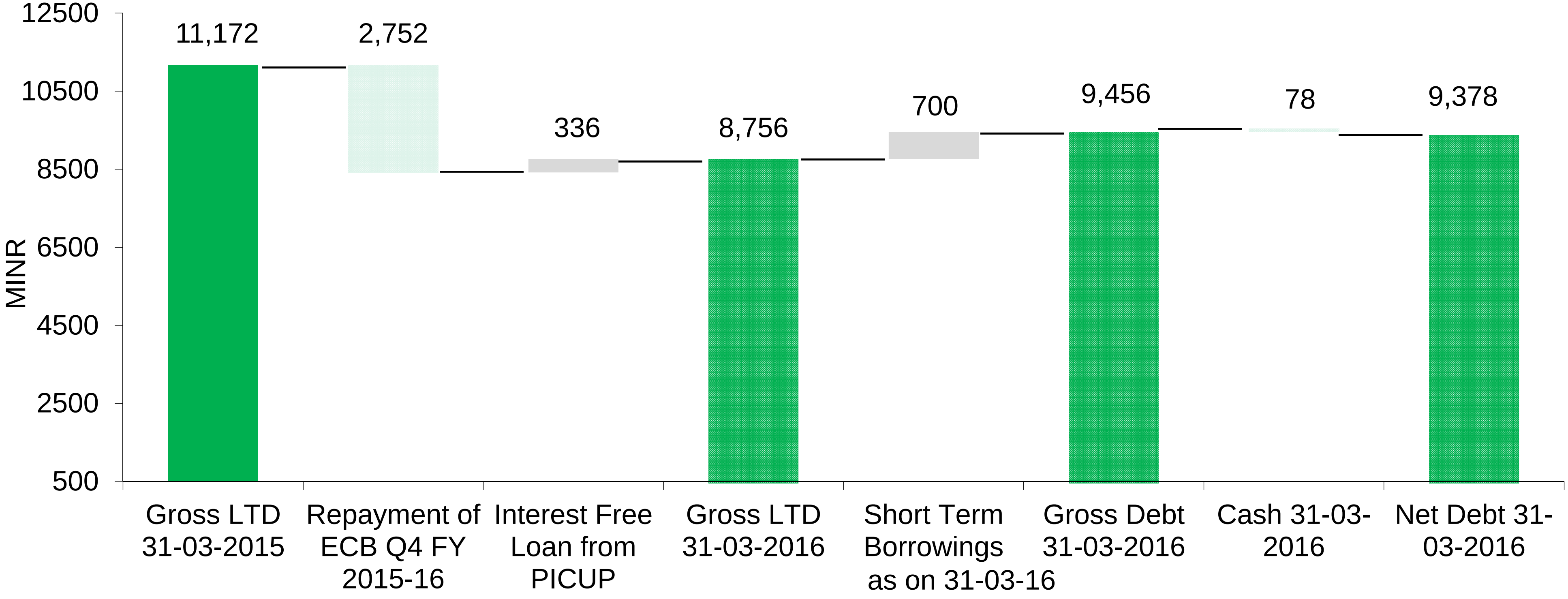
- First 3 tranches of ECB due for repayment in Q4 FY 2015-16 (Total MINR 2,752) – Repaid Already.
- Gross Long Term Debt reduced to MINR 8,756 (as at 31st March 2016) from MINR 11,172 (as at 31st March 2015).
- Net Debt reduced to MINR 9,378 (as at 31st March 2016) from MINR 9,709 (as at 31st March 2015).
- WHRP Capitalized on 15th Feb 2016.

Note :

1. Gross Long Term Debt = Long Term Debt (LTD) including current potion of the LTD maturing in the next 1 year but excludes impact of Mark to Market on the USD External Commercial Borrowings (ECB) which were hedged using Cross Currency Swaps.

2. Net Debt = Gross Long Term Debt + Short Term Borrowings – Cash & Cash Equivalents

Debt Position 31.03.2016



- First 3 tranches of ECB due for repayment in Q4 FY 2015-16 (Total MINR 2,752) – Repaid Already.
- Interest Free Loan of MINR 336 received from "The Pradeshiya Industrial & Investment Corporation of U.P. Ltd" (PICUP) repayable after 7 years.
- Repayments of MINR 2,125 scheduled in FY 2016-17.

Note :
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2. Net Debt = Gross Long Term Debt + Short Term Borrowings – Cash & Cash Equivalents

Outlook FY 2016-17

Opportunities

- Prospects of better monsoons
- Increased focus & outlay for agriculture, infrastructure and affordable housing
- Thrust on construction of cement concrete roads
- Launch of smart cities and urban infrastructure development
- Upcoming elections in Uttar Pradesh and Uttrakhand
- Possibility of further interest rate cuts
- WHRP to help reduce power costs
- Optimize fuel mix to take advantage of lower fuel costs

Challenges

- Drought like conditions and scarcity of water
- Oversupply may restrict the ability to pass on any input cost increases.
- Any trend reversal in the commodity prices (petcoke and diesel) may adversely impact margins
- Increase in power tariffs

Cement demand growth expectations for FY 2016-17 ~ 6-7%

Thank You

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for better building

Safety is our foremost priority